

Chuangxin Industries Holdings Limited

創新實業集團有限公司

(incorporated in the Cayman Islands with limited liability)

(Stock Code: 02788)

TERMS OF REFERENCE OF THE CONNECTED TRANSACTION CONTROL COMMITTEE

Set out below are the terms of reference (the “**Terms of Reference**”) of the connected transaction control committee (the “**Committee**”) of Chuangxin Industries Holdings Limited (the “**Company**”).

1. PURPOSE

- 1.1 The purpose of the Committee is to assist the board (the “**Board**”) of directors of the Company (the “**Directors**”) in monitoring the continuing connected transactions and potential commercial opportunities and ensuring the continuing connected transactions are conducted on normal commercial terms, in order to mitigate the risk and safeguards the interests of the shareholders as a whole.

2. COMPOSITION

- 2.1 The Committee shall be appointed by the Board from time to time and shall consist of a majority of independent non-executive Directors who shall meet the independence requirements from time to time as stipulated in the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”) (as amended from time to time).
- 2.2 The Board shall appoint one member of the Committee as the chairman (the “**Chairman**”).

3. MEETINGS

- 3.1 Unless otherwise specified hereunder, the provisions contained in the Company’s memorandum and articles of association (the “**Articles**”) (as amended from time to time) for regulating meetings and proceedings of Directors shall apply to the meetings and proceedings of the Committee.
- 3.2 Members of the Committee may attend meetings of the Committee either in person or through other electronic means of communication or in such other manner as the members may agree.
- 3.3 The Committee shall meet at least once annually, or more frequently if circumstances require.
- 3.4 Members of the Committee may be represented at a meeting of the Committee by an alternate appointed by him/her.
- 3.5 The Chairman shall be responsible for leading the Committee, including scheduling meetings, preparing agendas and making regular reports to the Board.

- 3.6 A meeting of the Committee may be convened by any of its members.
- 3.7 A quorum shall be two members of the Committee.
- 3.8 Unless otherwise agreed by all the members of the Committee, notice of at least seven days shall be given for a regular meeting of the Committee. For all other meetings of the Committee, reasonable notice shall be given. The Chairman shall determine whether or not a meeting of the Committee is a regular meeting.
- 3.9 The agenda and accompanying supporting papers shall be sent to all members of the Committee and to other attendees as appropriate at least three days before the date of the meeting (or such other period as the members may agree).
- 3.10 Each member shall have one voting right. Subject to the Articles, questions arising at any meeting of the Committee shall be decided by a majority of votes, and in case of an equality of votes, the Chairman shall have a second or casting vote.
- 3.11 The members of the Committee shall appoint a secretary of the Committee (the “**Secretary**”) to take minutes. In the absence of the Secretary, his/her delegate(s) or any person elected by the members present at the meeting of the Committee, shall attend the meeting of the Committee and take minutes. Any such minutes shall be conclusive evidence of any such proceedings if they purport to be signed by the Chairman or the Secretary of the meeting or succeeding meeting.
- 3.12 Full minutes of meeting of the Committee shall be kept by the Secretary or any one of the joint company secretaries of the Company. They shall be open for inspection at any reasonable time on reasonable notice by any Director.
- 3.13 Minutes of meetings of the Committee and the record of individual attendance at such meetings shall be prepared by the Secretary which shall be sent to all members of the Board within a reasonable time after the conclusion of any meeting of the Committee for their comment and records. For the purposes of recording attendance only, the attendance of an alternate of members of the Committee will not be counted as attendance by the relevant member of the Committee himself/herself. The minutes of meetings shall record details of the matters considered and decisions reached, including any concerns raised by Directors or dissenting views expressed.
- 3.14 Without prejudice to any requirement under the Listing Rules, a resolution in writing signed by all of the members of the Committee (or their respective alternate) shall be as valid and effectual as if it had been passed at a meeting of the Committee duly convened and held.

4. ACCESS

- 4.1 The Committee shall have full access to management and may invite members of management or others to attend its meetings.
- 4.2 The Company should provide the Committee with sufficient resources to discharge its duties including but not limited to obtaining independent professional advice and assistance from internal or external legal, accounting or other advisors at the expense of the Company if necessary.

5. REPORTING PROCEDURES

- 5.1 The Committee shall evaluate and assess its effectiveness and the adequacy of these Terms of Reference from time to time and recommend any proposed changes to the Board.
- 5.2 The Committee shall report back to the Board on their decisions or recommendations, unless there are legal or regulatory restrictions on their ability to do so (such as a restriction on disclosure due to regulatory requirements).

6. AUTHORITY

- 6.1 The Committee is authorized by the Board to investigate any activity within these Terms of Reference. It is authorized to seek any information it requires from any employee and all employees will be directed to co-operate with any request made by the Committee.

7. RESPONSIBILITIES AND DUTIES

- 7.1 Without prejudice to any requirement under the CG Code, the Committee shall perform the following duties:
 - (a) managing matters related to connected transactions, reviewing the management system for connected transactions, conducting duties as required by the Rules for the Management of Connected Transactions, supervising its implementation and making recommendations to the Board;
 - (b) reviewing material connected transactions required to be approved by the Board or Shareholders and submitting recommendations to the Board;
 - (c) reviewing and approving our connected transactions and other related matters to the extent authorized by the Board;
 - (d) providing information for the independent non-executive Directors and auditors to perform their periodical review of the connected transactions;
 - (e) reviewing factors considered for determining the prices in the connected transactions and ensuring that the connected transactions are conducted on normal commercial terms; and
 - (f) other matters required by laws, administrative regulations, departmental rules and authorized by the Board.

8. ANNUAL GENERAL MEETING

- 8.1 The Chairman or in his/her absence, another member of the Committee or failing this, his/her duly appointed delegate, shall attend the annual general meeting (the “AGM”) of the Company and be prepared to respond to questions at the AGM on the Committee’s work and responsibilities.