



CELESTIAL ASIA SECURITIES HOLDINGS LIMITED

(“Company”)

**TERMS OF REFERENCE
of the Board in respect of corporate governance function
of the Company
adopted on 7 February 2012**

1. Constitution

- 1.1 The board of directors of the Company (“Board”) resolved to be responsible for performing the corporate governance duties.
- 1.2 These terms of reference were proposed by the board of executive directors of the Company and were adopted by the Board.

2. Membership

- 2.1 Members shall be directors of the Company.
- 2.2 The company secretary of the Company shall be the secretary.

3. Frequency and proceedings of meetings

- 3.1 Meetings shall be held not less than once a year before the finalization of the audited annual financial statements of the Company.
- 3.2 Additional meetings shall be arranged if the Board considers necessary.
- 3.3 Each meeting of the Board shall be attended, physically or by phone, and the quorum of meeting of the Board shall be two directors in accordance with the provisions of Bye-laws of the Company.

4. Functions, duties and power

The Board shall:

- 4.1 develop and review the Company's policies and practices on corporate governance and make recommendations to the Board;
- 4.2 review and monitor the training and continuous professional development of directors and senior management;
- 4.3 review and monitor the Company's policies and practices on compliance with legal and regulatory requirements;
- 4.4 develop, review and monitor the code of conduct and compliance manual (if any) applicable to employees and directors; and
- 4.5 review the Company's compliance with the code and disclosure in the Corporate Governance Report.

5. Reporting procedures

The secretary shall arrange the records of the meetings of the Board in the following manner:

- 5.1 draft and final versions of minutes of the meetings should be sent to all members of the Board present in the meeting for comments and records within a reasonable time after the meeting;
- 5.2 full minutes of meetings of the Board should be kept by the secretary.