

BILLION INDUSTRIAL HOLDINGS LIMITED
(the “Company”)

**Terms of Reference of the Corporate Governance Committee (the “Committee”)
of the Board of Directors (the “Board”) of the Company**

1. Duties

The Committee is established pursuant to a resolution passed by the Board at its meeting held on 28 February 2012 with its responsibilities:

- (a) to develop and review the Company’s policies and practices on corporate governance and make recommendations to the Board;
- (b) to review and monitor the training and continuous professional development of the Company’s directors and senior management;
- (c) to review and monitor the Company’s policies and practices on compliance with legal and regulatory requirements;
- (d) to develop, review and monitor the code of conduct and compliance manual (if any) applicable to the Company’s employees and directors; and
- (e) to review the Company’s compliance with the Corporate Governance Code set out in Appendix 14 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”) and disclosure in the Corporate Governance Report.

2. Membership

- 2.1 Members of the Committee shall be appointed by the Board from amongst the directors of the Company and shall consist of not less than three members.

- 2.2 The chairman of the Committee shall be appointed by the Board.
- 2.3 The appointment of the members of the Committee may be revoked, or additional members may be appointed to the Committee by separate resolutions passed by the Board and by the Committee.
- 2.4 The secretary of the Company shall act as the secretary of the Committee.
- 2.5 The constitution of the Committee shall comply with the requirements of the Listing Rules as amended from time to time.

3. Frequency and proceedings of meetings

- 3.1 The Committee should meet at least once per year. The chairman of the Committee may convene additional meetings at his discretion.
- 3.2 Notice of Meeting
 - (a) Unless otherwise agreed by all the Committee members, a meeting shall be convened by at least fourteen (14) days' notice.
 - (b) A Committee member may at any time summon a Committee meeting.
 - (c) Notice shall be given to each Committee member in person orally or in writing or by telephone or by facsimile transmission or email at numbers or addresses from time to time notified to the secretary of the Company by such Committee member or in such other manner as the Committee members may from time to time determine.
 - (d) Any notice given orally shall be followed by confirmation in writing before the meeting.
 - (e) Notice of meeting shall state the time and place of the meeting and shall be accompanied by an agenda together with other documents which may be required to be considered by the members of the Committee for the purposes of the meeting.
- 3.3 The quorum of the Committee meeting shall be two members of the Committee.
- 3.4 Other Board members shall also have the right of attendance.

4. Alternate Committee members

4.1 A Committee member may not appoint any alternate.

5. Authorities of the Committee

5.1 The Committee has the authority delegated to it from the Board to deal with the matters set out in clause 1.1 above.

5.2 The Committee shall be provided with sufficient resources to perform all of its duties. Where necessary, the Committee should seek independent professional advice, at the Company's expense, to perform its responsibilities.

6. Minutes of meetings

6.1 Full minutes of Committee meeting shall be kept by the secretary of the Company and should be open for inspection at any reasonable time on reasonable notice by any director of the Company. The secretary of the Company shall circulate the draft and final version of minutes of Committee meetings to all the Committee members for their comments and records within a reasonable time after the meeting.

7. Written resolutions

7.1 Written resolutions may be passed by all Committee members in writing. This provision is without prejudice to any requirement under the Listing Rules for a Board or Committee meeting to be held.

8. Reporting procedures

8.1 The Committee should report back to the Board on its decisions or recommendations, unless there are legal or regulatory restrictions on its ability to do so (such as a restriction on disclosure due to regulatory requirements).

9. Continuing application of the articles of association of the Company

9.1 The articles of association of the Company regulating the meetings and proceedings of the directors of the Company so far as the same are applicable and are not replaced by the provisions in these terms of reference shall apply to the meetings and proceedings of the Committee.

10. Powers of the Board

- 10.1 The Board may, subject to compliance with the articles of association of the Company and the Listing Rules (including Appendix 14 (Corporate Governance Code and Corporate Governance Report) to the Listing Rules), amend, supplement and revoke these terms of reference and any resolution passed by the Committee provided that no amendments to and revocation of these terms of reference and the resolutions passed by the Committee shall invalidate any prior act and resolution of the Committee which would have been valid if such terms of reference or resolution had not been amended or revoked.

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