

China Flooring Holding Company Limited
中國地板控股有限公司

**Terms of reference of
the Executive Committee
of the Board of the Company**

Adopted on 3 May 2011

DEFINITIONS

In these terms of reference, unless the context otherwise requires, the following terms have the meaning set out below:

“Board”	means the Board of Directors of the Company;
“Committee”	means the Executive Committee of the Board of the Company;
“Company”	means China Flooring Holding Company Limited;
“Executive Directors”	means the executive directors of the Company, and “Executive Director” means any one of them;
“Group”	means the Company and its subsidiaries;
“Listing Rules”	means the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited;
“senior management”	means the persons referred to in the Company’s corporate communications as senior management from time to time.

Members

- 1** The Committee shall comprise not less than two Executive Directors.
- 2** The chairman of the Committee shall be appointed by the Board.
- 3** The secretary of the Committee shall be the Company's secretary or any person designated as such by the Committee from time to time.

Proceedings

- 4** The quorum for meetings of the Committee shall be any two of its members.
- 5** The chairman of the Committee may convene meetings at his discretion.
- 6** The member of the Committee may participate in any meeting of the Committee by means of conference telephone or other communications equipment through which all members present at the meeting can hear each other and such participation shall constitute attendance at meeting as if those participating were present in person.
- 7** A resolution in writing, signed by all members of the Committee for the time being shall be valid and effectual as if it had been passed at a meeting of the Committee duly convened and held.

Authority

- 8** The Committee is authorised by the Board to investigate into any activity within its terms of reference. It is authorised to seek any information it requires from any employee and all employees are directed to co-operate with any request made by the Committee.
- 9** The Committee is authorised by the Board to obtain outside legal or other independent professional advice and to secure the attendance of any person with relevant experience and expertise at Committee meeting as it considers appropriate.

Duties

- 10** The duties of the Committee are:
 - 10.1** to prepare and approve the specific plans for the implementation of the general operation plan, financial forecast and budget of the Group as approved by the Board;
 - 10.2** to monitor and oversee the implementation of the budget as approved by the Board, and to make reasonable and appropriate adjustment to the budget within a range of 20% according to the specific operation needs of the Group;
 - 10.3** to implement the business plan and company strategies as approved by the Board and develop specific implementation plan;
 - 10.4** to approve the plan for establishment and dissolution of any subsidiary (wholly-owned or non-wholly-owned), branch of the subsidiary or associated company or representative office of the subsidiary;

- 10.5** to consider and approve any lending, guarantee, mortgage or pledge given by the Company to its subsidiaries or between subsidiaries;
- 10.6** to appoint or remove senior management of the Group other than the directors of the Company and the chief executive officer and chief financial officer of the Group, and to recommend the appointment of chief executive officer and chief financial officer of the Group to the Board;
- 10.7** to consider and approve salaries, bonuses and remuneration packages for employees of the Group (other than the directors of the Company and the chief executive officer, chief financial officer and senior management of the Group);
- 10.8** to consider and approve any single transaction of the Group in an amount of not more than RMB50 million (except for any transaction which constitutes notifiable transaction or connected transaction as defined under the Listing Rules); and
- 10.9** to consider other matters as referred to the Committee by the Board.

Miscellaneous

- 11** Minutes of meetings of the Committee shall be kept by the secretary to the meetings of the Committee and such minutes shall be open for inspection at any reasonable time on reasonable notice by any Director of the Company. The secretary to any meeting of the Committee shall circulate the minutes of the meeting of the Committee for which he has acted as secretary in both draft and final form to all members of the Committee within a reasonable time after such meeting is held.
- 12** The Committee shall report back to the Board on all of their decisions or recommendations.