Honghua Group Limited

(*Incorporated in the Cayman Islands with Limited Liabilities)*

(“The Company”)

Terms of Reference for the Nomination Committee

(*Approved on the Board meeting held on January 17,2012*)

1. Company Constitution

The board of the Company ("Board”)established a Committee subordinated to it known as the Nomination Committee (“Committee”) subject to the “Corporate Governance Code” on the Stock Exchange Hong Kong Limited.

2. Membership

2.1 Members of the Nomination Committee shall be appointed by the Board and the Nomination Committee shall consist of at least three members. The majority of the members shall be independent non-executive directors.

2.2 The chairman of the Nomination Committee shall be appointed by the Board.

2.3 Members of the Nomination Committee shall share the same term of office with that of the Directors. The members may, upon the expiry of their term in office, offer themselves for relection. During this period, if any member is no longer the Director of the Company, his/her qualification for being a Committee member shall be terminated automatically. The board shall fill the vacancy according to Clause 2.1 and 2.2.

3 Duties and authorities

3.1 To review the structure, size and composition of the Board and make recommendations regarding any proposed changes of the Company;

3.2To develop and formulate relevant procedures for nomination and appointment of directors;

3.3 To identify suitable candidates for appointment as directors;

3.4 To assess the independence of independent non-executive directors;

3.5 To make recommendations to the Board on appointment or re-appointment of and succession planning for directors ; and

3.6 Other rights authorized by the Board.

4. Procedures

4.1 The Nomination Committee shall hold regular meetings and temporary meetings. Regular meeting shall be convened at least once a year. Temporary meeting could be convened upon a proposal made by a Committee member.

4.2 A Nomination Committee meeting shall be called by the chairman, in case that the chairman fails to perform his/her duty, the meeting shall be called by any other member designated by the chairman of the Committee.

4.3 The notice of a regular meeting shall be served to all the members at least 14 days prior to the meeting while the notice of a temporary meeting shall be served within a reasonable period prior to the meeting. The meeting proposals and relevant materials shall be served to all the members and other attending personnel within a reasonable period prior to the meeting.

4.4 The Nomination Committee meeting at which majority members are present shall be competent to make resolutions. Each member shall have one vote. Any resolution made in the meeting should be passed by more than half members present at the meeting. Should the votes equally divided, the chairman of the Nomination Committee is entitled to make the final decision.

4.5 The Nomination Committee meeting shall be presided by the chairman. Should the chairman fail to perform his/her duty, the meeting shall be presided by any other member designated by the chairman of the Committee.

4.6 If necessary, Directors of the Board and other senior executives shall be invited to attend the Nomination Committee meeting.

4.7 The company should provide sufficient resources to the Nomination Committee to perform its duties. If necessary, the Nomination Committee may consult independent professionals at the company's expense.

5. Written Resolution

The resolution passed and signed by all the members of the Nomination Committee in written shall be valid.

6. Reporting Procedure

Minutes of the Committee meeting shall be kept by the board secretary office. Draft and final version of the minutes shall be sent to all the members for their comments and records within a reasonable time after the meeting. The endorsed Committee meeting minutes shall be submitted to the Board.

7.The Authority of the Board

7.1 The Board reserves the ultimate right of interpretation to this Terms of Reference.

7.2 This Terms of Reference shall come into force after being reviewed and approved by the Board.