

CHINA LENDING CORPORATION RELATED PARTY TRANSACTIONS POLICY

I. BACKGROUND AND PURPOSE

This Related Party Transactions Policy (“Policy”) sets forth the manner in which China Lending Corporation (the “Company”) shall consider, evaluate and where appropriate conduct transactions with related parties. The Company recognizes that Related Party Transactions (as defined below) can involve potential or actual conflicts of interest and pose the risk that they may be, or be perceived to have been, based on considerations other than the Company’s best interests. Accordingly, as a general matter, the Company exercises caution with regard to such transactions and approaches them with particular care.

However, the Company recognizes that in some circumstances transactions between a related party and the Company may be in, or may not be inconsistent with, the best interests of the Company. This Policy therefore does not prohibit Related Party Transactions, but rather provides for their timely review, approval and public disclosure of Related Party Transactions.

This Policy supports and supplements the Company’s Code of Business Conduct and Ethics, Conflict of Interest Policy and Audit Committee Charter. With respect to parties and transactions specifically encompassed within the provisions of this Policy, the procedures set forth herein for review, oversight and public disclosure shall apply. With respect to any other potential conflict of interest situations, the Company’s Code(s) or Policy(ies) which relates to the particular circumstances involved shall apply.

II. PARTIES COVERED BY THIS POLICY

This Policy applies to the following parties (each a “Related Party” and, collectively, “Related Parties”):

- each director or officer of the Company;
- any nominee for election as a director of the Company;
- any security holder who is known to the Company to own of record or beneficially more than five percent (5%) of any class of the Company’s voting securities; and
- any immediate family member, including a person’s spouse, parents, children, siblings, whether by blood, marriage or adoption, or anyone residing in such person’s home.

A person who served as a director or officer of the Company, or was a nominee for election as a director or a more than five percent (5%) beneficial owner of any class of the Company’s voting securities, at any time during a fiscal year shall be considered subject to this Policy, even if the person has ceased to have such status during the year.

A transaction by the Company with a company or other entity that employs a Related Party or is controlled by a Related Party, or in which a Related Party has a material ownership or financial interest, shall be considered a transaction with a Related Party for purposes of this Policy.

III. TRANSACTIONS COVERED BY THIS POLICY

A. Definition of a “Related Party Transaction”. For purposes of this Policy, a “Related Party Transaction” means a transaction, arrangement or relationship (or any series of similar transactions, arrangements or relationships) in which the Company was, is or will be a participant and the amount involved will or may be expected to exceed \$120,000, and in which any Related Party had, has or will have a direct or indirect material interest) including any transactions requiring disclosure under Item 404 of Regulation S-K promulgated under the Securities Exchange Act of 1934, as amended. A transaction in which any subsidiary of the Company or any other company controlled by the Company participates shall be considered a transaction in which the Company participates.

A Related Party’s direct or indirect interest in a transaction or arrangement shall be presumed to be material unless it is clearly immaterial in nature or magnitude, or has been determined in accordance with this Policy to be immaterial. A charitable contribution or pledge by the Company to an organization that is considered a Related Party (for example, because a director is an employee of the organization) shall be considered a Related Party Transaction, except where it is conducted pursuant to an established procedure by which the Company matches contributions made by directors or officers. An amendment to an arrangement that is considered a Related Party Transaction (even though such arrangement has been reviewed under this Policy) shall, unless clearly immaterial in nature, be considered a separate Related Party Transaction.

B. Examples. Common examples of transactions that could be considered Related Party Transactions if made with Related Parties include:

- sales, purchases or other transfers of real or personal property;
- use of property and equipment by lease or otherwise;
- services received or furnished;
- the borrowing and lending of funds, as well as guarantees of loans or other undertakings; and
- the employment by the Company of an immediate family member of a Related Party, or a material change in the terms or conditions of the employment of such an individual.

C. Exclusions. The following transactions or arrangements shall not be considered Related Party Transactions for purposes of this Policy given their nature, size and/or degree of significance to the Company:

- reimbursement of business expenses incurred by a director or officer of the Company in the performance of his or her duties and approved for reimbursement by the Company in accordance with the Company's customary policies and practices;
- compensation arrangements for non-employee directors for their services as directors that have been approved by the Company's Board of Directors (the "Board") or an appropriate committee thereof;
- compensation arrangements, including base pay and bonuses (whether in the form of cash or equity awards), for employees or consultants (other than a director or nominee for election as a director) for their services that have been approved by the Company's Compensation Committee, and employee benefits regularly provided under plans and programs generally available to employees; however, personal benefits from the use of Company-owned or provided assets ("perquisites"), including but not limited to personal use of Company-owned or -provided aircraft and housing, not used primarily for Company business purposes are considered Related Party Transactions;
- a transaction where the rates or charges involved are determined by competitive bids, or which involves the rendering of services as a common or contract carrier, or public utility, at rates or charges fixed in conformity with law or regulation or by governmental authority; and
- a transaction involving services as a bank depository of funds, transfer agent, registrar, trustee under a trust indenture, or similar services.

Subject to the provisions below for ongoing review of recurrent or continuing transactions or arrangements, a transaction or arrangement that has been approved in accordance with this Policy will not thereafter be subject to the review, reporting and approval requirements of this Policy.

IV. TRANSACTIONS TO BE REPORTED

A. Reporting; Disclosures. Except as otherwise provided in this Policy (including any delegation of review and approval authority), (i) any director, nominee for election as a director or officer who intends to enter into a Related Party Transaction shall disclose that intention and all material facts with respect to such transaction to the Audit Committee of the Board (the "Committee"), and (ii) any other employee of the Company who intends to cause the Company to enter into any Related Party Transaction shall disclose that intention and all material facts with respect to the transaction to his or her superior, who shall be responsible for seeing that such information is reported to the Committee.

B. Identification of Related Parties

Directors, Executive Officers and Nominees. On an annual basis, each director and executive officer shall submit to the Company's General Counsel the following information: (a) a list of his or her immediate family members (as defined above); (b) for each person listed and, in the case of a director, for the director, the person's employer and job title or brief job description; (c) for each person listed and the director or executive officer, each firm, corporation or other entity in which such person is a partner or principal or in a similar position or in which such person has a 5% or greater beneficial ownership interest; and (d) for each person listed and the director or executive officer, each charitable or non-profit organization for which the person is actively involved in fundraising or otherwise serves as a director, trustee or in a similar capacity.

Any person nominated to stand for election as a director shall submit to the Company's General Counsel the information described above no later than the date of his or her nomination.

Any person who is appointed as a director or an executive officer shall submit to the Company's General Counsel the information described above prior to such person's appointment as a director or executive officer, except in the case of an executive officer where due to the circumstances it is not practicable to submit the information in advance, in which case the information shall be submitted as soon as reasonably practicable following the appointment.

Directors and executive officers are expected to notify the Company's General Counsel of any updates to the list of Related Parties, their employment, entities in which he or she has a 5% beneficial interest, and relationships with charitable organizations.

The Company's General Counsel shall prepare, maintain, and update the list of Related Parties as appropriate. Where appropriate in this Policy, references to the General Counsel may include an individual designated by the General Counsel to aid the General Counsel in the performance of his or her duties.

Five Percent Owners. The Company's General Counsel shall periodically examine the SEC website and such other resources as the Company's General Counsel may deem appropriate in order to identify all persons or entities who may be the beneficial holders of five percent (5%) or more of any class of the Company's voting securities. At the time the Company becomes aware of a person's status as a beneficial owner of 5% or more of any class of the Company's voting securities, the Company's General Counsel shall create a list, to the extent the information is readily available, of (a) if the person is an individual, the same information as is requested of directors and executive officers under this policy and (b) if the person is a firm, corporation or other entity, a list of principals or executive officers of the firm, corporation or entity, and shall update the list on an annual basis.

C. Maintenance and Dissemination of Lists. To assist the Company's officers and employees in identifying Related Party Transactions, the Company's General Counsel shall compile the information collected pursuant to the procedures described in Section B above and create a master list of Related Parties. The Company's General Counsel shall distribute the master list (and the periodic updates thereof) to (a) business unit and function/department leaders

responsible for purchasing goods or services for the Company or licensing or selling the Company's goods or services and (b) appropriate management personnel responsible for Accounts Payable and Accounts Receivable. The recipients of the master list shall utilize the information contained therein, in connection with their respective business units, departments and areas of responsibility, to effectuate this Policy.

V. ACTIONS BY THE COMMITTEE

A. Committee Reviews. The Committee shall review all Related Party Transactions and approve such transactions in advance of such transaction being given effect (subject to a delegation of authority as provided in this Policy). If a member of the Committee has an interest in a Related Party Transaction and, after such Committee member excuses himself or herself from consideration of the transaction there would be fewer than two members of the Committee available to review the transaction, the transaction shall instead be reviewed by an ad hoc committee of at least two independent directors designated by the Board (which shall thereupon be considered the "Committee" for purposes of this Policy). If a member of the Committee is involved in the transaction, the vote of such individual shall not be counted in determining whether the Related Party Transaction is approved by the Committee; however, such person may be counted in determining the presence of a quorum at a meeting of the Committee acting on the transaction. Subject to the foregoing provision for the appointment of an ad hoc committee of the Board to act as the Committee, in the event the vote of the remaining members of the Committee is insufficient to constitute an act of the Committee, approval shall be by the unanimous vote of the independent directors excluding any independent director who is involved in the transaction. At the discretion of the Committee, consideration of a Related Party Transaction may be submitted to the full Board.

The Committee shall have the authority to (i) determine categories of Related Party Transactions that are immaterial and not required to be individually reported to, reviewed by, and/or approved by the Committee, and (ii) approve in advance categories of Related Party Transactions that (unless the Committee determines otherwise in a particular instance) need not be individually reported to, reviewed by, and/or approved by the Committee, but may instead be reported to and reviewed by the Committee collectively on a periodic basis, which shall be at least annually.

B. Errors; Prompt Consideration. In the event the Company in error enters into a Related Party Transaction that requires pre-approval by the Committee, such transaction shall promptly upon discovery of such error be presented to the Committee for its review. The Committee shall then consider and make a recommendation to management and/or the Board, as appropriate, whether rescission or any modification of the transaction is appropriate, and whether any disciplinary action should be taken or changes in the Company's controls and procedures made in connection with such error.

C. Recurring Transactions. Annually, the Committee shall review any previously approved Related Party Transaction that is continuing, and determine, based on the then-existing facts and circumstances, including the Company's existing contractual or other obligations, if it is in the best interests of the Company to continue, modify or terminate the transaction.

VI. DELEGATION OF AUTHORITY

The Committee may delegate its authority to review and approve specified Related Party Transactions or categories of Related Party Transactions, other than a transaction involving a member of the Committee, to one or more members of the Committee where the Committee determines that such action is warranted. The Committee may delegate its authority to review and approve specified Related Party Transactions or categories of Related Party Transactions to the Company's Chief Executive Officer and Chief Financial Officer, acting collectively, other than transactions involving any such delegated officer or Related Party of such delegated officer, or a director. Any determinations made by such Committee member or members or officers pursuant to such delegated authority shall be promptly reported to the full Committee, which may ratify or reverse such determination as it deems appropriate.

VII. STANDARDS

In connection with approving or ratifying a Related Party Transaction, the Committee shall carefully and diligently consider all of the relevant facts and circumstances relating to whether the transaction is in the best interests of the Company, including consideration of the following factors:

- the position within or relationship of the Related Party with the Company;
- the materiality of the transaction to the Related Party and the Company, including the dollar value of the transaction, without regard to profit or loss;
- the business purpose for and reasonableness of the transaction (including the anticipated profit or loss from the transaction), taken in the context of the alternatives available to the Company for attaining the purposes of the transaction;
- whether the transaction is comparable to a transaction that could be available with an unrelated party, or is on terms that the Company offers generally to persons who are not Related Parties;
- whether the transaction is in the ordinary course of the Company's business and was proposed and considered in the ordinary course of business;
- the effect of the transaction on the Company's business and operations, including on the Company's internal control over financial reporting and system of disclosure controls or procedures; and
- any additional conditions or controls (including reporting and review requirements) that should be applied to such transaction.

VIII. APPROVALS TO BE REPORTED TO THE BOARD

The Committee shall notify the Board in writing on a quarterly basis of all Related Party Transactions approved by the Committee.

IX. DISCLOSURE

This Policy requires that all Related Party Transactions shall be publicly disclosed to the extent and in the manner required by applicable legal requirements and listing standards. In addition, the Committee may determine that public disclosure of a Related Party Transaction considered by the Committee shall be made even where not so required, if the Committee considers such disclosure to be in the best interests of the Company and its stockholders, or otherwise necessary, appropriate or advisable.