



**Huaxin Cement Co., Ltd.\***  
**華新水泥股份有限公司**

*(a joint stock company incorporated in the People's Republic of China with limited liability)*  
**(Stock code: 6655)**

**Rules of Procedures for the Remuneration and Assessment Committee to the Board of Directors**

**Chapter One: General Provisions**

- Article 1** Pursuant to the *Company Law of the People's Republic of China, Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited, Code of Corporate Governance for Listed Companies, Independent Director Systems of Listed Companies, Articles of Association of Huaxin Cement Co., Ltd.(Articles of Association), Rules of Procedures of the Board of Directors of Huaxin Cement Co., Ltd.* and other relevant provisions, Huaxin Cement Co., Ltd. (the “**Company**”) has established the Remuneration and Assessment Committee (the “**Committee**”) and formulated these Rules of Procedures, so as to further establish and refine the assessment and remuneration management system of the Directors and Senior Management and to improve the governance structure of the Company.
- Article 2** The Committee is a special organization under the Board and is responsible mainly for formulating the assessment criteria and carrying out assessment for the Directors and Senior Management of the Company, formulating and examining the remuneration policies and schemes of the Directors and Senior Management of the Company, and assisting the Board in maintaining a Board and Top Management team that have an appropriate mix of skills and experience to be effective.
- Article 3** The Company shall provide to the Committee adequate resources (including but not limited to free and unfettered access to all personnel and other parties (internal and external)), as required by the Committee to carry out its duties.
- Article 4** In performing the duties, the Committee may seek independent professional advice for company related matters, at Huaxin's reasonable expense.
- The expense budget of the Committee for the aforementioned purposes shall be submitted to the chairman of the Company for approval.
- Article 5** The Committee shall conduct regular review and assessment annually over the duty performance of the Committee and the implementation of these Rules of Procedures.

\* For identification purpose only

**Article 6** The Secretary to the Board or the delegate appointed by the Committee shall act as the Secretary to the Committee, and be responsible, in conjunction with the Chairman of the Committee, for drawing up and deciding the meeting agenda (supported by explanatory documentation and papers).

**Article 7** The Board Office of the Company shall be responsible for the liaison, conference organization, document circulation, file archiving and other routines of the Committee.

## **Chapter Two: Composition**

**Article 8** The Committee shall comprise five Directors approved by the Board, with Independent and Non-executive Directors taking up the majority.

**Article 9** The Committee shall have one Chairman (Convener). An Independent and Non-executive Director shall take the position of Chairman and be approved by the Board.

**Article 10** The term of office of the Committee shall be in congruence with that of the Board, and its members may be re-elected and re-appointed upon expiry of the current term of office. If any member no longer acts as a director of the Company during his/her term of office, he/she shall automatically cease to hold the Committee membership, and the vacancy shall be filled by someone appointed in accordance with the abovementioned provisions of Articles 8 and 9.

**Article 11** The Chairman of the Committee shall exercise power as follows:

- (1) Determining the agenda of the Committee meetings;
- (2) Presiding over the Committee meetings and taking reasonable measures to ensure proper functioning of the Committee, including the proper conduct of meetings and an appropriate level of discussion;
- (3) Making decisions regarding whether some pre-identified issues shall be put to a vote or deferred, depending on whether the discussion over such issues by the Committee has led to a consensus or disputes;
- (4) Taking reasonable measures to report resolutions made on one or more matters and any disputes, etc. to the Board;
- (5) Reviewing any written resolutions, minutes of meetings and action plans to be circulated for perusal and approval by the Committee; and
- (6) Exercising powers on behalf of the Committee upon due authorization by the Committee.

**Article 12** Chairman of the Committee shall attend Annual Shareholders' General Meeting (if the Chairman is not able to attend, the Chairman of the Board shall invite another member of the Committee to attend the meeting; if the member invited is not able to attend, the delegate appointed by the member shall attend the meeting), and answer questions on the work and responsibilities of the Committee.

### **Chapter Three: Terms of Reference**

**Article 13** The main terms of reference of the Committee are as follows:

- (1) Formulating the remuneration policy, structure, plans and/or evaluation schemes according to the main management domains, duties and importance of the Directors and Senior Management as well as the remuneration plans for related positions in other enterprises of the same or similar kind; The remuneration policy, structure, plans and/or evaluation schemes mainly include, but not limited to, the performance evaluation standards and procedures, main evaluation systems, main reward and punishment schemes and systems, and the like;
- (2) Making suggestions to the Board on setting up formal and transparent procedures for remuneration policy;
- (3) Review and approve the remuneration proposal of senior management in accordance with the corporate guidelines and targets formulated by the Board;
- (4) Consult Chairman of the Board and/or CEO on the suggested remuneration of other executive directors;
- (5) Determine the terms of the remuneration plan of executive directors and senior management (including benefit in kind, pension benefit and compensation (including the compensation of losing or terminating the position or the appointment))
- (6) Making suggestions to the Board on the remuneration of non-executive directors;
- (7) Review the duty performance of directors and senior management and evaluate the annual performance;
- (8) Review and approve the compensation of executive directors and senior management losing or terminating the position or the appointment to ensure the congruence between the compensation and terms of contract; in case of inconsistency between the compensation and terms, the compensation shall be fair and reasonable and not be excessive;

- (9) Review and approve the arrangement of compensation of some directors who are dismissed or removed due to misconduct to ensure the congruence between the compensation and terms of contract; in case of inconsistency between the compensation and terms, the compensation shall be proper and reasonable;
- (10) Ensure any director or other contacts are not involved in determining the remuneration per se;
- (11) Supervising the implementation of the remuneration system of the Company; and
- (12) Other authority regulated by laws, regulations, listing rules of the listing venue and authorized by the Board.

**Article 14** Put forth by the Committee, the remuneration plans for Directors of the Company shall be implemented upon approval of the Board and consideration and approval of the general meeting of shareholders. The remuneration distribution schemes for Senior Management of the Company shall be submitted to the Board for approval.

**Article 15** The Committee shall recommend to the Board matters related to the remuneration of the CEO and other Senior Management and Top Management:

- (1) Annual short-term incentive performance targets and missions;
- (2) Assessing annual duty performance against such targets and missions, and determining the annual incentive remuneration (bonus) for the CEO and other Senior Management and Top Management according to the assessment results;
- (3) Annual adjustments to the base salary;
- (4) Long-term incentive opportunity; and
- (5) Any special, supplemental or other perquisites.

**Article 16** The Committee shall review the remuneration policies at least once a year and report the results to the Board, which involves:

- (1) Assessing the effectiveness of the remuneration policies and their compliance with pertinent laws and regulations; and
- (2) Reviewing material changes to the Remuneration Policy, including remuneration structure, retention and termination policies for all staff.

## Chapter Four: Rules of Procedure

**Article 17** The Committee holds regular and provisional meetings. All members shall be notified seven days prior to the convening of a meeting.

**Article 18** The Committee shall hold at least two regular meetings each year. For the Committee to fulfill its responsibilities, the Chairman of the Committee may organize provisional meetings when necessary.

**Article 19** A meeting of the Committee shall be convened only with the presence of no less than two thirds of its members. In general, the members shall attend a meeting in person or authorize another member to attend on his/her behalf. In circumstances deemed appropriate by the Chairman, a meeting can be held over phone or by other circular means.

Each member shall accept no more than one authorization from other members. If a member who is an Independent and Non-executive Director is unable to attend a meeting for any reason, he/she shall authorize another member who is also an Independent and Non-executive Director to attend on his/her behalf.

**Article 20** Meetings shall be presided over by the Chairman of the Committee. In case the Chairman cannot attend a meeting out of special reasons, the members present at the meeting shall elect an Independent and Non-executive Director to chair the meeting.

**Article 21** Directors, Supervisors and Senior Management or any third parties may be invited to sit in on the Committee meetings when necessary. Only members of the Committee are entitled to vote in the meeting.

Non-members of the Committee may be asked by the Chairman to withdraw from all or any part of a meeting.

**Article 22** Each member shall have one vote on proposals or issues to be reviewed by the Committee. The Chairman shall have just one vote like all other members.

**Article 23** Where the Chairman puts a proposal or issue to a vote, the proposal or issue shall become a valid resolution only when it is passed by a simple majority.

**Article 24** Where a member of the Committee is the interested person/party of any matter being discussed by a meeting, such member shall withdraw from the voting process. In the event that the Committee is unable to form a valid opinion on a certain matter due to the withdrawal of any of its members, such matter shall be reviewed directly by the Board of the Company.

- Article 25** Any meetings of the Committee shall have minutes of the meetings signed by all members present at such meetings. The secretary to the Committee shall be responsible for the preparation, circulation and signing and archiving of such minutes.
- Article 26** Committee shall answer for the Board. Any opinions made and resolutions passed at a meeting of the Committee shall be reported in written form to the Board of the Company.
- Article 27** The convening procedure, voting procedure and proposals passed in the meeting shall abide by pertinent laws, regulations, listing rules of the listing venue, Articles of Association and these Rules of Procedure.
- Article 28** All participants at a meeting shall be obliged to keep confidential all matters discussed in such a meeting and shall not disclose any relevant information without due authorization.

### **Chapter Five: Supplementary Provisions**

- Article 29** These Rules of Procedures shall be put in force on the date when domestically listed foreign shares are listed on Hongkong Stock Exchange. From the effective date of these Rules of Procedures, current effective Rules of Procedures become invalid automatically.
- Article 30** Any matters that are not covered in these Rules of Procedures, or any conflicts with any provisions of the laws, regulations, listing rules of listing venue and Articles of Association issued or revised later, shall be implemented according to pertinent laws, regulations, listing rules of listing venue, current or revised Articles of Association of the Company and these Rules of Procedure shall be amended immediately and approved by the Board.
- Article 31** The right to interpret these Rules of Procedures shall vest in the Board of the Company.

*English translation of this document is for reference only, if there are discrepancies between the Chinese version, the Chinese version shall prevail.*