

# Huaxin Cement Co., Ltd.\*

(a joint stock company incorporated in *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 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 17.43 Tmrd

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**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 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) Proposing to the Board of Directors regarding the formulation or amendment of equity incentive plans, employee stock ownership plans, and the conditions for incentive recipients to obtain or exercise their rights and interests;
- (12) Proposing to the Board of Directors on the arrangements for directors and senior management to implement stock ownership plans in the proposed spin-off subsidiaries;
- (13) Supervising the implementation of the remuneration system of the Company; and
- (14) 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

**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** ETy/P 1 439.54 713.14 Tm[C]-12(o)-9(m)-11(m)-11(i)-1539( )ETBT14295.13 727.3