

**TERMS OF REFERENCE AND PROCEDURE OF THE REMUNERATION  
AND ASSESSMENT COMMITTEE OF CHINA TIANRUI GROUP CEMENT  
COMPANY LIMITED**

(A company incorporated in Cayman Islands with limited liability)

Adopted and passed by the Board on 12 December 2011

Revised on 23 March 2012

**Definitions**

<b>Company</b>	China Tianrui Group Cement Company Limited  (中國天瑞集團水泥有限公司)
<b>Board</b>	the board of Directors of the Company
<b>Committee</b>	the remuneration committee of the Board of the Company
<b>Director(s)</b>	the director(s) of the Company
<b>Independent Non-executive Director(s)</b>	the independent non-executive director(s) who has (have) satisfied the requirements under the Listing Rules.
<b>Stock Exchange</b>	the Stock Exchange of Hong Kong Limited
<b>Listing Rules</b>	the Rules Governing the Listing of Securities on the Stock Exchange
<b>Senior Management</b>	the type of staff that is deemed by the Board to be senior management pursuant to the applicable laws and the Listing Rules

## **Purpose of the Establishment of the Committee**

The purpose of the establishment of the Committee is to ensure a formal and transparent procedure of the Company in its formulation of remuneration packaging policies for Directors and Senior Management.

## **Constitution of the Committee**

1. The Committee was established under the written resolution passed by the Directors on 12 December 2011..

## **Membership**

2. The Committee's members shall be appointed by the Board, and shall consist of not less than three Directors, the majority of which shall be Independent Non-executive Directors.
3. The Chairman of the Committee shall be appointed by the Board and shall be an Independent Non-executive Director. If the numbers of votes for and against any resolution are the same, the chairman of the Committee shall cast an additional or decisive vote.
4. The secretary of the Committee shall be served by the Company Secretary.
5. Directors other than members of the Committee shall not hold the office of and replace or remove members of the Committee unless a resolution is passed by the Board.

## **Interests Disclosure**

6. Any member of the Committee shall disclose to the Committee any of its personal financial interests in any matter determined by the Committee and any potential conflict of interests arising therefrom. Any member entitled to such interests or involved in such potential conflict of interests shall abstain from voting on the resolution of the Committee in relation to such interests or potential

conflict of interests and from participating in any discussion in relation to such resolutions. If required by the Board, such member shall submit resignation with the Committee.

7. No Director (including any member of the Committee) shall be involved in the resolution to determine his own remuneration.

### **Meeting Procedures**

8. Notice of meetings:
  - (i) Unless agreed by all the members of the Committee, the notice period for meeting shall be not less than 7 days;
  - (ii) Notice of meetings can be given in writing by any member of the Committee to the secretary of the Committee, who can then notify other members in written or by other means. Alternately any member can directly notify other members in written or orally. The secretary of the Committee can also convene the meeting by sending a written notice. The aforesaid “written” notices include the notice sent by facsimile;
  - (iii) Any meeting convened orally shall be confirmed in writing by the secretary of the Committee as soon as possible (and before convene of the meeting); and
  - (iv) A written notice or oral notice shall specify the purpose, time, venue, date and agenda of the meeting and related documents shall be provided to all members and the secretary of the Committee for review. The documents shall be given together with the agenda which shall be given together with the notice of meeting (or written notice confirming the oral notice).
9. A quorum for the meeting shall be two members, of which one shall be an Independent Non-executive Director. The members may participate in the meeting in person or through telephone conferencing or other communication equipment by means of which all persons participating in the meeting are capable of hearing each other.

10. The chairman of the Committee may propose to convene an extraordinary meeting at least once (or times required by the Listing Rules or provisions of other regulatory authorities applicable to the Company) a year to formulate the policies on the Directors' remuneration and to determine each Director's remuneration packages.

### **Rights**

11. The Board authorises the Committee:

- (i) to investigate the compensation of directors and Senior Management of other companies of similar size in the same industry;
- (ii) to seek independent legal advice or professional opinions from other independent third parties with related experience and expertise at the expense of the Company, if necessary;
- (iii) to ensure that any persons with related experience and expertise can participate in the meeting of the Committee if the Committee thinks fit;
- (iv) to obtain sufficient resources provided by the Company to discharge the Committee's duties;
- (v) to review all service contracts to be entered into prior to the signing of such contracts by the Company with Directors and Senior Management, and to recommend on the change of provisions of these service contracts to the human resource department of the Company;
- (vi) to request the Board to convene general meeting for dismissal of Directors or Senior Management when evidence shows or it is suspected that such Directors or Senior Management are negligent in performing their duties; and
- (vii) to have the power the Committee thinks necessary and beneficial in reasonably performing its responsibilities under Article 12.

## **Functions and Duties**

12. The functions and duties of the Committee:

- (i) to make recommendations to the Board on procedures and standards of appointing Directors and Senior Management of the Company, to assess the qualifications and appointment criteria of Directors and Senior Management of the Company, and to make recommendations on the appointment of Directors and Senior Management;
- (ii) to make recommendations to the Board on the overall remuneration policies and structure of Directors and Senior Management of the Company and on the formulation of a formal and transparent procedure for developing such remuneration policy ;
- (iii) to consider and advice on implementation of proposal for the remuneration, bonus and benefits of Directors and other Senior Management;
- (iv) to determine on behalf of the Board specific remuneration packages of all individual executive directors and Senior Management, including benefits in kind, pension rights and compensation payments (including compensation payable for loss or termination of offices or appointments) and to recommend to the Board on the remuneration of the Non-executive Directors and Independent Non-executive Directors. During the course, the Committee shall consider such factors as salaries paid by comparable companies, Directors' time commitment and responsibilities, employment conditions of other positions in the Company and its subsidiaries (the "**Group**"), whether the remuneration shall be determined based on the performance, the result of the Company and each Executive Directors' personal performance;
- (v) to recommend on procedures for assessing performance determining the remuneration of Directors and Senior Management, to assess performance (including monitoring and reviewing assessment result of the Chief Executive and other Senior Management), and to review and approve the management's remuneration proposals with reference to the corporate goals and objectives of the Company resolved by the Board from time to time;
- (vi) to review and approve compensation payable to executive directors and Senior Management for any loss or termination of office or appointment to ensure that it is consistent with contractual terms and is otherwise fair and reasonable and not excessive;

- (vii) to review and approve compensation arrangements relating to dismissal or removal of Directors for misconduct to ensure that they are consistent with contractual terms and are otherwise reasonable and appropriate;
- (viii) to ensure that no Director or any of his/her associates is involved in deciding his/her own remuneration;
- (ix) to recommend to shareholders of the Company on how to vote in connection with Directors' service contracts which are required to be approved by shareholders of the Company pursuant to related provisions of the Listing Rules or the provisions of any other regulatory authorities applicable to the Company;
- (x) to seek advice from the chairman and/ or the Chief Executive of the Company regarding the level of remuneration of other executive directors; and
- (xi) to conduct interview for any outgoing Director and Senior Management to understand the reasons for their leaving (regarding remuneration);
- (xii) to consider engaging anyone to act as a member of the Committee to fill casual vacancy or act as an additional member, or to consider the dismissal of any member; and
- (xiii) to consider issues proposed by the Board to the Committee.

### **Other Provisions**

13. The Committee shall provide the Board with the information necessary for assisting the Board in reporting to the shareholders of the Company pursuant to the Listing Rules or the requirements of other regulatory authorities applicable to the Company in connection with remuneration policies and individual Directors' remuneration annually.
14. The Committee shall appoint at least one of its members to participate in the annual general meeting of the Company to answer questions raised by shareholders of the Company regarding Directors' remuneration and other remuneration policies.

### **Circulation of Minutes of Meetings**

15. Minutes of meetings of the Committee shall be prepared and kept by the Secretary of the Committee and shall be open for inspection at any reasonable

time on reasonable notice by any Director. The Secretary of the Committee shall, within reasonable time after the conclusion of the meeting at which he/she acts as the secretary, submit preliminary and final versions of the minutes to all members of the Committee for their comment and records.

16. The Committee shall report to the Board all its decisions or suggestions.

#### **Continuing Application of the Articles of Association of the Company**

17. The provisions of the articles of association of the Company regulating the meeting procedures of the Board, so far as the same are applicable and are not replaced by the provisions in these terms of reference, shall apply to the meeting procedures of the Committee.

#### **Rights of the Board**

18. The Board may, subject to compliance with the articles of association of the Company and the Listing Rules (including Appendix 14 to the Listing Rules), amend, supplement and revoke at any time all rules of the resolution provided that no amendments, supplementation and revocation thereof shall invalidate any prior act and resolution of the Committee.