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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)

(S A A : 6655)

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A A 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 "**C a**") has established the Remuneration and Assessment Committee (the "**C** ") 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.

A A 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.

A A 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.

A A 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.

A A 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*

A A 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).

A A 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.

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

A A 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.

A A 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.

A A 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;

A A 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.

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A A 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.

A A 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.

A A 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.

A A 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.

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

A A 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

A A 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.

A A 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.

A A 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.

A A 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.

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A A 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

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