



**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 Strategy Committee to the Board of Directors**

### **Chapter One: General Provisions**

- Article 1** Pursuant to the *Company Law of the People's Republic of China, Code of Corporate Governance for Listed Companies, Articles of Association of Huaxin Cement Co., Ltd., Rules of Procedures for the Board of Directors of Huaxin Cement Co., Ltd.* and other relevant provisions, Huaxin Cement Co., Ltd. (the “**Company**”) has established the Strategy Committee (the “**Committee**”) under the Board of Directors (the “**Board**”) and formulated these Rules of Procedures, so as to well establish the investment decision-making procedure, uplift the scientificity and quality of major investment decisions, improve the oversight of risk management, improve the governance structure of the Company and enhance the core competitiveness of the Company.
- Article 2** The Committee is a special organization under the Board to carry out studies and put forth suggestions over the Company's long-term development strategies and major investment decisions, and to assist the Board with its responsibilities for the organization's mission, vision and strategic direction.
- Article 3** The Committee shall have 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.
- Article 6** The secretary to the Committee shall be appointed by the Committee and shall be responsible, in conjunction with the Convener of the Committee (the Convener), for drawing up and deciding the meeting agenda (supported by explanatory documentation and papers).

\* For identification purpose only

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

## **Chapter Two: Composition and Convener**

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

**Article 9** The Committee shall have one Convener 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 Convener 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.

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

**Article 12** The main terms of reference of the Committee are as follows:

- (1) Ensuring the Company has suitable processes in place for risk management and strategy development and the professional managers in place who are able to follow these processes;
- (2) Carrying out studies and putting forward suggestions on the long-term strategic development planning of the Company;
- (3) Carrying out studies and putting forward suggestions on major investment and financing plans that are subject to the approval of the Board as stipulated in the Articles of Association of the Company;
- (4) Carrying out studies and putting forward suggestions on major capital and asset operations that are subject to the approval of the Board as stipulated in the Articles of Association of the Company;
- (5) Carrying out studies and putting forward suggestions on other major issues that may affect the development of the Company;
- (6) Checking and examining the implementation of the aforesaid matters; and
- (7) Other matters authorized by the Board.

**Article 13** The role of the Committee in supervising the Company's risk control mainly involves:

- (1) The Committee shall lay an emphasis on the Company's investment risks, business risks and other risks have not been covered by other committees; and
- (2) The Committee shall discuss with the Top Management about the major risks that have been revealed and measures taken by the Top Management against such risks, including the Company's risk assessment methodology and risk management policies.

**Article 14** The role of the Committee in supervising the Company's strategic planning mainly involves:

- (1) The Committee shall assist the Board in ensuring that Top Management develops, executes, assesses and, as necessary, modifies the Company's strategy for long-term growth, profitability and shareholder value.
- (2) The Committee shall attach special importance to:
  - Ensuring the Top Management has an effective set of procedures to plan and implement long-term strategies;
  - Evaluating the strategies put forth by the Top Management;
  - Challenging underlying assumptions and substances if necessary;
  - Assessing in a timely manner the competence of the Company in implementing strategies;
  - Monitoring execution of the strategy against milestones; and
  - Suggesting changes or adjustments to the Company's strategies when necessary.
- (3) The Committee shall supervise how top management fulfills its duties and responsibilities in strategic planning from the following aspects:
  - Developing the corporate strategy;
  - Obtaining approval of the Committee and the Board for the strategies;
  - Developing plans to implement and communicate the strategies;
  - Informing the Committee and the Board on a regular basis of the implementation of and changes to the strategies, when necessary.

**Article 15** The Committee shall be entitled to regular receipt of the following reports from the Company:

- Progress on strategic plan implementation (quarterly);
- Operational and financial assessment (quarterly);
- Industry trends summary/business environment assessment (annual);
- Competitor assessment (annual); and
- Investment Scorecards (annual).

#### **Chapter Four: Rules of Procedure**

**Article 16** The Committee holds regular and ad hoc meetings. All members shall be notified seven days prior to the convening of a meeting.

**Article 17** The Committee shall hold at least two regular meetings each year. For the Committee to fulfill its responsibilities, the Convener of the Committee may organize ad hoc meetings when necessary.

The Convener shall convoke a meeting of the Committee when other Directors, the CEO or the Head of Strategy of the Company demand such a meeting.

**Article 18** 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 Convener, a meeting can be held over phone or by other communication means.

Each member shall accept no more than one authorization from other members.

**Article 19** Meetings shall be presided over by the Convener of the Committee. In case the Convener cannot attend a meeting due to special reasons, the members present at the meeting shall elect a Director to chair the meeting.

**Article 20** A Director who is not a member of the Committee may attend a meeting of the Committee as a nonvoting delegate of his/her own accord. Senior Management of the Company and any third parties may be invited to a Committee meeting without voting rights.

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

- Article 21** Each member shall have one vote on proposals or issues to be reviewed by the Committee. The Convener shall have just one vote like all other members.
- Article 22** Where the Convener 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 23** 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 24** 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 of such minutes.
- Article 25** 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 26** 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 27** These Rules of Procedures shall be put in force on the date of passing the relevant resolution by the Board.
- Article 28** Any matters that are not covered in these Rules of Procedures shall be implemented according to the national laws, regulations and the Articles of Association of the Company; In the event of any conflicts with any provisions of the laws and regulations promulgated by the State or Articles of Association amended through legal processes after these Rules of Procedures become effective, the latter shall prevail and these Rules of Procedures shall be forthwith amended and submitted to the Board for reviewing and approval.
- Article 29** 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.*