

DONGWU CEMENT INTERNATIONAL LIMITED

東吳水泥國際有限公司

(Incorporated in the Cayman Islands with limited liability)

Terms of Reference of the Remuneration Committee

Adopted and passed on 28 May 2012

Definition

Company	means Dongwu Cement International Limited
Group	means the Company and its subsidiaries
Board	means the board of Directors of the Company
Remuneration Committee	means the Remuneration Committee of the Board of the Company
Director(s)	means director(s) of the Company
Independent Non-Executive Directors	means the independent non-executive Directors of the Company as defined in the Listing Rules
Stock Exchange	means the Stock Exchange of Hong Kong Limited
Listing Rules	means the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited
Senior Management	means the staff regarded as senior management under the Listing Rules

Purpose of the Remuneration Committee

The purpose of the Remuneration Committee is to ensure that the Company has a formal and transparent procedure for developing the remuneration policy of Directors and Senior Management of the Company.

Constitution

1. The Remuneration Committee is established by a resolution passed in the Board meeting on 28 May 2012.
2. The members of the Remuneration Committee shall be appointed by the Board and shall consist of not less than three Directors, a majority of whom should be Independent Non-Executive Directors.
3. The chairman of the Remuneration Committee shall be appointed by the Board and shall be an Independent Non-Executive Director. In the case of equality of votes, the chairman of the Remuneration Committee shall have a second or casting vote.
4. The secretary of the Remuneration Committee shall be the company secretary of the Company.
5. With resolution passed in the meeting of the Board, Director may be appointed as additional member or replacement member of the Remuneration Committee, or be removed as member of the Remuneration Committee.

Declaration of Interest

6. Each member in the Remuneration Committee shall declare to the Remuneration Committee any of his/her personal finance interest in connection with any matter to be resolved by the Remuneration Committee and any potential conflict of interest in connection with such matter. Any member with such interest or relates to such potential conflict of interest shall be abstained from voting in the Remuneration Committee's resolution and discussion in respect of the related matters. The interested member shall resign if requested by the Board.
7. No Director (including the Remuneration Committee members) shall participate in deciding his/her own remuneration.

Meeting Procedures

8. Notice of meeting:
 - (i) Unless otherwise agreed by all members of the Remuneration Committee, at least seven days' prior notice must be given to all members before meeting;
 - (ii) Any member may convene a meeting by notifying the secretary of the Remuneration Committee in writing, and then the secretary of the Remuneration Committee shall notify the other members in writing or by other ways, or alternatively any member of the Remuneration Committee may notify the other members directly in writing or orally. The secretary of the Remuneration Committee may also convene a meeting by notice in writing. The aforesaid "notice in writing" includes notice by facsimile transmission;
 - (iii) For any meeting convened pursuant to oral notice, the secretary of the Remuneration Committee shall issue a written confirmation as soon as practicable and before the meeting; and
 - (iv) Any written and oral notice shall state the purpose, time, place, date, agenda of the meeting and shall be accompanied by the relevant documents which may be required to be considered by the members and the secretary of the Remuneration Committee. Documents should be provided together with meeting agenda which shall be sent together with meeting notice (or written confirmation of an oral notice).
9. The quorum of the meeting of the Remuneration Committee shall be two members. They may attend meetings in person or through telephone conference or other communication facilities by means of which all attendees of the meeting are capable of hearing each other.
10. The chairman of the Remuneration Committee may convene interim meeting. However, the Remuneration Committee meeting shall be held at least once a year. (or in accordance with the requirements set out in the Listing Rules or other regulations of regulatory

authorities applicable to the Company) in order to determine the remuneration policy of the executive Directors and remuneration packages of each Director.

Authority and Duties

11. The Remuneration Committee is authorized by the Board to:
 - (i) conduct research on remuneration of directors and senior management of other corporations of similar size in the same industry;
 - (ii) seek independent legal advice or other professional advice from independent third party with relevant experience and professional expertise, if necessary. Fees of such engagement shall be paid by the Company;
 - (iii) ensure individuals with relevant experience and expertise attending the Remuneration Committee meetings, if it considers necessary ;
 - (iv) be provided with sufficient resources to perform its duties;
 - (v) review all service agreements of Directors and Senior Management of the Company before execution, and to make recommendations to the human resources department of the Company with respect to the amendments to the provisions contained therein;
 - (vi) request the Board to convene a shareholders' meeting for the purpose of removing Director(s) or Senior Management of the Company if there is evidence showing or suspecting that they fail to perform their duties; and
 - (vii) be provided with necessary and valid power in order for the Remuneration Committee to reasonably discharge its duties under Clause 12 below.

12. The duties of the Remuneration Committee:
 - (i) to make recommendations to the Board on the Company's policy and structure for all Directors' and the Company's Senior Management remuneration and on the establishment of a formal and transparent procedure for developing remuneration policy;
 - (ii) to consider and provide advice on the recommendations regarding remuneration, bonus and benefits, etc. for executive Directors and other members of Senior Management of the Company;
 - (iii) to review and approve the management's remuneration proposals with reference to the Board's corporate goals and objectives;
 - (iv) to have the delegated responsibility to determine the remuneration packages of individual executive Directors and Senior Management of the Company, or to

make recommendations to the Board on the remuneration packages of individual executive Directors and Senior Management of the Company, including benefits in kind, pension rights and compensation payments (including any compensation payable for loss or termination of their office or appointment);

- (v) to make recommendations to the Board on the remuneration of non-executive Directors;
- (vi) to consider salaries paid by comparable companies, time commitment and responsibilities and employment conditions elsewhere in the Group when determining the remuneration packages of individual Directors or making recommendations to the Board on the remuneration packages of individual Directors;
- (vii) to make recommendations on performance evaluation procedure for determining remuneration of Directors and Senior Management of the Company, including monitor and review the evaluation results performed by the chief executive officer on other members of Senior Management of the Company;
- (viii) to review and approve the compensation payable to executive Directors and Senior Management of the Company for any loss or termination of office or appointment to ensure that it is consistent with contractual terms and is otherwise fair and not excessive;
- (ix) 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;
- (x) to ensure that no Director or any of his associates is involved in deciding his own remuneration;
- (xi) to advise shareholders on how to vote with respect to any service agreement of Directors that require shareholders' approval (under the Listing Rules or other regulations of regulatory authorities applicable to the Company);
- (xii) to consult the Chairman and/or chief executive officer of the Company on the remuneration levels of the executive Directors;
- (xiii) to conduct exit interview with resigning Directors and Senior Management of the Company in order to ascertain their resignation reason (in relation to remuneration);
- (xiv) to consider appointing any person to the Remuneration Committee to fill casual vacancy, adding Remuneration Committee member or removing any existing member of the Remuneration Committee; and
- (xv) to consider any other matters as raised by the Board.

Other Matters

13. The Remuneration Committee should provide the Board relevant information which is essential to assist the Board to report to the shareholders of the Company in accordance with the Listing Rules or other regulations of regulatory authorities in respect of the remuneration policy and individual Director's remuneration.
14. The chairman of the Remuneration Committee shall attend the annual general meeting of the Company to respond to the questions raised by the shareholders of the Company on Director's remuneration and other remuneration policy matters.
15. Minutes of the Remuneration Committee meetings should be prepared and kept by the secretary of the Remuneration Committee and such minutes should be available for inspection by Directors at any reasonable time by reasonable notice. Draft and final versions of minutes of the Remuneration Committee meetings should be circulated to all members of the Remuneration Committee for their comment and records respectively, in both cases by the secretary of the Remuneration Committee within a reasonable time after the meeting.
16. The Remuneration Committee shall report all its resolutions or recommendations to the Board.
17. The terms of reference of the Remuneration Committee shall be made available to the public on the websites of the Stock Exchange and the Company.

Application of the Articles of Association of the Company

18. For anything not included in these terms of reference, those applicable provisions of the Articles of Association of the Company regulating the procedures of the Directors' meetings shall apply.

Rights of the Board

19. The Board may, subject to the Articles of Association of the Company and the Listing Rules (including the Code on Corporate Governance Practices under Appendix 14), amend, supplement and revoke the terms of reference and procedures of the Remuneration Committee provided that no such amendments and supplements and revocation shall invalidate the resolutions resolved or action taken by the Remuneration Committee prior to any relevant actions and resolutions of the Remuneration Committee.

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