

ASIA CEMENT (CHINA) HOLDINGS CORPORATION
(the “Company”)

TERMS OF REFERENCE OF THE BOARD OF DIRECTORS OF THE COMPANY

The Board

1. The board of directors of the Company (the “Board”) shall regularly review the contribution required from a Director of the Company (“Director”) to perform his responsibilities to the Company, and whether the Director is spending sufficient time performing them.
2. The Board shall meet regularly and board meetings shall be held at least four times a year at approximately quarterly intervals. Regular board meetings shall normally involve the active participation, either in person or through other electronic means of communication, of a majority of Directors entitled to be present. A regular meeting shall not include obtaining board consent through circulating written resolutions.
3. Arrangements shall be in place to ensure that all Directors are given an opportunity to include matters in the agenda for regular board meetings.
4. Notice of at least 14 days shall be given for a regular board meeting to give all Directors an opportunity to attend. For all other board meetings, reasonable notice shall be given.
5. Minutes of board meetings and meetings of board committees shall be kept by the Company Secretary or a duly appointed secretary of the meeting and shall be open for inspection at any reasonable time on reasonable notice by any Director.
6. Minutes of board meetings and meetings of board committees shall record in sufficient detail the matters considered and decisions reached, including any concerns raised by Directors or dissenting views expressed. Draft and final versions of minutes of board meetings shall be sent to all Directors for their comment and records respectively within a reasonable time after the board meeting is held.
7. The Board shall resolve to provide separate independent professional advice to Directors as required to assist them in performing their duties to the Company.

8. A physical board meeting rather than a written resolution shall be held to deal with matters that a substantial shareholder or a Director has a conflict of interest and has been determined by the Board as material.
9. The Directors shall at least annually conduct a review of the effectiveness of the Company's and its subsidiaries' internal control systems and report to shareholders that they have done so in their Corporate Governance Report. The review shall cover all material controls, including financial, operational and compliance controls and risk management functions.
10. The Board's annual review shall, in particular, consider the adequacy of resources, staff qualifications and experience, training programmes and budget of the Company's accounting and financial reporting function, and in particular, consider:
 - a) the changes, since the last annual review, in the nature and extent of significant risks, and the Company's ability to respond to changes in its business and the external environment;
 - b) the scope and quality of management's ongoing monitoring of risks and of the internal control system, and where applicable, the work of its internal audit function and other assurance providers;
 - c) the extent and frequency of communication for monitoring results to the Board (or board committee(s)) which enables it to assess control of the Company and the effectiveness of risk management;
 - d) significant control failings or weaknesses that have been identified during the period. Also, the extent to which they have resulted in unforeseen outcomes or contingencies that have had, could have had, or may in the future have, a material impact on the Company's financial performance or condition; and
 - e) the effectiveness of the Company's processes for financial reporting and Listing Rule compliance.

Corporate Governance Functions

11. As part of fulfilling its corporate governance functions, the Board shall:
 - (a) develop and review the Company's policies and practices on corporate governance;

- (b) review and monitor the training and continuous professional development of Directors and senior management;
 - (c) review and monitor the Company's policies and practices on compliance with legal and regulatory requirements;
 - (d) develop, review and monitor the code of conduct and compliance manual (if any) applicable to employees and Directors; and
 - (e) review the Company's compliance with the code and disclosure in the Corporate Governance Report.
12. The Board shall be responsible for performing the corporate governance duties set out above or it may delegate the responsibility to a committee or committees.

Chairman and the Chief Executive

13. The roles of chairman and chief executive shall be separate and shall not be performed by the same individual. The division of responsibilities between the chairman and chief executive shall be clearly established and set out in writing.
14. The chairman shall ensure that all Directors are properly briefed on issues arising at board meetings.
15. The chairman shall be responsible for ensuring that Directors receive, in a timely manner, adequate information, which must be accurate, clear, complete and reliable.
16. The chairman shall ensure that the Board works effectively and performs its responsibilities, and that all key and appropriate issues are discussed by it in a timely manner. The chairman shall be primarily responsible for drawing up and approving the agenda for each board meeting. The chairman shall take into account, where appropriate, any matters proposed by the other Directors for inclusion in the agenda. The chairman may delegate this responsibility to a designated Director or the Company Secretary.
17. The chairman shall take primary responsibility for ensuring that good corporate governance practices and procedures are established.
18. The chairman shall encourage all Directors to make a full and active

contribution to the Board's affairs and take the lead to ensure that it acts in the best interests of the Company. The chairman shall encourage Directors with different views to voice their concerns, allow sufficient time for discussion of issues and ensure that board decisions fairly reflect board consensus.

19. The chairman shall at least annually hold meetings with the non-executive Directors (including independent non-executive Directors) without the executive Directors present.
20. The chairman shall ensure that appropriate steps are taken to provide effective communication with shareholders and that their views are communicated to the Board as a whole.
21. The chairman shall promote a culture of openness and debate by facilitating the effective contribution of non-executive Directors in particular and ensuring constructive relations between executive and non-executive Directors.

Board Composition and Delegation by the Board

22. The Board shall have a balance of skills and experience appropriate for the requirements of the Company's business. The Board shall ensure that changes to its composition can be managed without undue disruption. It shall include a balanced composition of executive and non-executive Directors (including independent non-executive Directors) so that there is a strong independent element on the Board, which can effectively exercise independent judgement. Non-executive Directors shall be of sufficient calibre and number for their views to carry weight.
23. The independent non-executive Directors shall be identified in all corporate communications that disclose the names of Directors.
24. The Board shall give clear directions to management on the matters that must be approved by it before decisions are made on the Company's behalf.
25. When the Board delegates aspects of its management and administration functions to management, it shall, at the same time, give clear directions as to the management's powers, in particular, where management shall report back and obtain prior Board approval before making decisions or entering into any commitments on the Company's behalf.

26. The Board shall not delegate matters to a board committee, executive Directors or management to an extent that would significantly hinder or reduce the ability of the Board as a whole to perform its functions.
27. Directors shall clearly understand delegation arrangements in place. The Company shall have formal letters of appointment for Directors setting out the key terms and conditions of their appointment.
28. Where board committees are established to deal with matters, the Board shall give them sufficiently clear terms of reference to enable them to perform their functions properly. The board committees shall report back to the Board on their decisions or recommendations, unless there are legal or regulatory restrictions on their ability to do so (such as a restriction on disclosure due to regulatory requirements).

Appointments, Re-election and Removal

29. Non-executive Directors shall be appointed for a specific term, subject to re-election.
30. All Directors appointed to fill a casual vacancy shall be subject to election by shareholders at the first general meeting after appointment. Every Director, including those appointed for a specific term, shall be subject to retirement by rotation at least once every three years.
31. In the event that an independent non-executive Director serves more than 9 years, his further appointment shall be subject to a separate resolution to be approved by shareholders. The papers to shareholders accompanying that resolution shall include the reasons why the Board believes he is still independent and shall be re-elected.

Responsibilities of Directors

32. Every Director must know his responsibilities as a director of the Company and its conduct, business activities and development. Given the essential unitary nature of the Board, non-executive Directors shall have the same duties of care and skill and fiduciary duties as executive Directors.
33. Every newly appointed Director shall receive a comprehensive, formal and tailored induction on appointment. Subsequently he shall receive any briefing

and professional development necessary to ensure that he has a proper understanding of the Company's operations and business and is fully aware of his responsibilities under statute and common law, the Listing Rules, legal and other regulatory requirements and the Company's business and corporate governance policies.

34. The functions of non-executive Directors shall include:
 - a) participating in board meetings to bring an independent judgement on issues of strategy, policy, performance, accountability, resources, key appointments and standards of conduct;
 - b) taking the lead where potential conflicts of interests arise;
 - c) serving on the audit, remuneration, nomination and other governance committees, if invited; and
 - d) scrutinising the Company's performance in achieving agreed corporate goals and objectives, and monitoring performance reporting.
35. Every Director shall ensure that he can give sufficient time and attention to the Company's affairs and shall not accept the appointment if he cannot do so.
36. The Board shall establish written guidelines no less exacting than the Model Code for relevant employees in respect of their dealings in the Company's securities, where "relevant employee" includes any employee or a Director or employee of a subsidiary or holding company who, because of his office or employment, is likely to be in possession of unpublished price sensitive information in relation to the Company or its securities.
37. All Directors shall participate in continuous professional development to develop and refresh their knowledge and skills. This is to ensure that their contribution to the Board remains informed and relevant.
38. Each Director shall disclose to the Company at the time of his appointment, and in a timely manner for any change, the number and nature of offices held in public companies or organisations and other significant commitments. The identity of the public companies or organisations and an indication of the time involved shall also be disclosed. The Board shall determine for itself how frequently this disclosure shall be made.

39. Independent non-executive Directors and other non-executive Directors, as equal board members, shall give the Board and any committees on which they serve the benefit of their skills, expertise and varied backgrounds and qualifications through regular attendance and active participation. They shall attend general meetings and develop a balanced understanding of the views of shareholders.
40. Independent non-executive Directors and other non-executive Directors shall make a positive contribution to the development of the Company's strategy and policies through independent, constructive and informed comments.

Supply of and access to information

41. Directors shall be provided in a timely manner with appropriate information in the form and quality to enable them to make an informed decision and to perform their duties and responsibilities.
42. Management should provide monthly updates to the Board members, set out the company's performance, financial condition and prospects and other information that sufficient detail to enable the directors to fulfill their responsibilities.
43. For regular board meetings, and as far as practicable in all other cases, an agenda and accompanying board papers shall be sent, in full, to all Directors. These shall be sent in a timely manner and at least 3 days before the intended date of a board or board committee meeting (or such other agreed period as agreed).
44. A Director shall not, in all circumstances, be able to rely purely on information provided voluntarily by management and he may need to make further enquiries. Where any Director requires more information than is volunteered by management, he shall make further enquiries where necessary. The Board and individual Directors shall have separate and independent access to the Company's senior management.
45. All Directors are entitled to have access to board papers and related materials. These papers and related materials shall be in a form and quality sufficient to enable the Board to make informed decisions on matters placed before it.

Amendments

46. Subject to Board approval, this Terms of Reference shall be updated with reference to the latest applicable amendments to the Listing Rules adopted from time to time.