



CNBM

China National Building Material Company Limited*

中國建 材 股 份 有 限 公 司

(a joint stock limited company incorporated in the People's Republic of China with limited liability of its members)

(Stock Code: 3323)

**CHINA NATIONAL BUILDING MATERIAL COMPANY LIMITED*
TERMS OF REFERENCE OF THE NOMINATION COMMITTEE
OF THE BOARD OF DIRECTORS**

CHAPTER 1 GENERAL PROVISIONS

Article 1

In order to regulate the appointment of directors and senior management of China National Building Material Company Limited* (the “Company”), further establish and complete the regulatory rules regarding the directors and senior management of the Company and improve the corporate governance structure, the Company sets up the Nomination Committee (the “Nomination Committee”) of the board of directors (the “Board”) and formulates these terms of reference (the “Terms of Reference”) in accordance with the *Company Law of the People’s Republic of China, the Securities Law of the People’s Republic of China, the listing rules of stock exchanges on which the Company’s shares are listed (the “Listing Rules”), the Articles of Association of China National Building Material Company Limited* (the “Articles of Association”)* and other relevant regulations.

Article 2

The Nomination Committee is a special working body set up by the Board, mainly responsible for formulating the selection and appointment procedures and criteria for directors, senior management members and members of the special committees of the Board (other than this committee) of the Company; for conducting preliminary examination on the qualifications of directors, senior management members and members of the special committees of the Board (other than this committee) of the Company when making appointment, and assisting the chairman of the Board to report to the Board in respect thereof.

CHAPTER 2 ORGANISATION

Article 3 The Nomination Committee shall consist of three directors, including the chairman of the Board and independent directors, the majority of which should be independent directors. The Nomination Committee shall be chaired by the chairman of the Board or an independent director.

Article 4 The members of the Nomination Committee should be nominated by the chairman of the Board and elected by the Board. The removal of members from the Nomination Committee should be proposed by the chairman of the Board and determined by the Board.

Article 5 The Nomination Committee shall have one chairman who shall be in charge of the work of the committee. Its chairman should be nominated by the chairman of the Board of the Company and appointed by the Board.

Major duties and authorities of the chairman of the Nomination Committee include:

1. to preside over Nomination Committee meetings and sign and issue meeting resolutions;
2. to propose the convening of extraordinary meetings;
3. to head the Nomination Committee and ensure its effective operation and performance of duties;
4. to ensure that a clear and explicit conclusion is drawn for each topic discussed by the Nomination Committee, which may be pass, rejection or deferral (to be reconsidered with supplementary materials);
5. to determine the agenda of each Nomination Committee meeting;
6. to ensure that all members present at the Nomination Committee meeting are informed of the matters to be discussed at such meeting and that every member is provided with complete and reliable information;
7. other duties and authorities specified in the Terms of Reference.

Article 6

The term of office of the members of the Nomination Committee shall be the same as that of the Board. During the term of office, any member of the Nomination Committee who no longer maintains his or her position as a director of the Company shall automatically lose his or her membership of the Nomination Committee and his/her replacement shall be appointed by the Board in accordance with Articles 3 to 5 above. Such replacement shall hold office until the tenure of office of other members of the Nomination Committee expires.

Article 7

Major duties and authorities of the members of the Nomination Committee include:

1. to attend Nomination Committee meetings on time, expressing their views on the subject matters under discussion and exercising voting rights at the meetings;
2. to propose topics to be discussed at Nomination Committee meetings;
3. to attend as observers or sit in on relevant meetings of the Company, and conduct investigations and research to obtain necessary information such as reports, documents and data for the purpose of discharging their duties;
4. to have a full understanding of the responsibilities of the Nomination Committee as well as their own responsibilities as members of the Nomination Committee, and familiarise themselves with the relevant operational and administrative status, business activities and development of the Company so as to ensure performance of their responsibilities;
5. to ensure they have enough time and energy to discharge their responsibilities;
6. other duties and authorities as specified in the Terms of Reference.

Article 8 The Nomination Committee shall have one secretary who shall be the secretary of the Board. The complete minutes of the Nomination Committee meetings shall be kept by the secretary of the Nomination Committee, who shall send the first draft of the minutes of the meeting to all members of the Nomination Committee within three working days after the meeting for them to express their opinions, and send the minutes of the meeting to all members of the Nomination Committee for confirmation within fourteen days after the meeting.

Article 9 The Organization Department of the Party Committee is the daily working body of the Nomination Committee and is responsible for providing relevant information and services in a timely, complete and truthful manner.

Article 10 The responsibilities of the daily working body include but are not limited to:

1. responsible for the Nomination Committee's daily operation;
2. arrange Nomination Committee meetings and record meeting minutes (a sufficiently detailed record of the matters considered and decisions reached at the meeting shall be made, which shall include any concerns raised or objections expressed by the directors) and give them to the secretary of the Nomination Committee for circulation and record;
3. undertake preliminary preparation work in relation to the decision-making by the Nomination Committee, examine materials to be submitted for the Nomination Committee's consideration and ensure that the management submits reports and meeting documents to the Nomination Committee in a proper manner;
4. report to the Board in respect of the work of the Nomination Committee under authorisation by the chairman of the Nomination Committee;
5. coordinate and arrange for members of the Nomination Committee to attend as observers or sit in on relevant meetings of the Company and to conduct investigations and research;

6. assist members of the Nomination Committee to obtain relevant information and request relevant documents and materials from the management;
7. provide coordination between the Nomination Committee and other committees of the Company;
8. other duties as designated by the Nomination Committee.

CHAPTER 3 RESPONSIBILITIES

Article 11

The principal responsibilities of the Nomination Committee are as follows:

1. on the basis of the operational activities, asset size and shareholding structure of the Company and the opinions of the State-owned Assets Supervision and Administration Commission of the State Council of the PRC (“SASAC”), review the structure, size and composition (taking into account the Board Diversity Policy (see Appendix for details)) of the Board at least once a year, and make recommendations to the Board regarding Board adjustments in line with the Company’s strategy;
2. review the Board Diversity Policy regularly (including any measurable objectives that the Board has set for implementing the policy, and the progress on achieving those objectives);
3. study the selection criteria and procedures of directors and senior management members in accordance with requirements of the Articles of Association and the opinions of SASAC, and make recommendations to the Board in respect thereof;
4. nominate candidates to be appointed as members of the special committees of the Board (other than this committee) and examine the qualifications of such candidates;
5. widely search for qualified candidates for directors and senior management members;
6. preliminarily examine the qualifications of candidates for directors and senior management members and make recommendations to the Board;

7. develop training programs for senior management and key reserve personnel and examine the qualifications of other senior management members the appointment of whom are subject to the Board and make recommendations to the Board in respect thereof;
8. assess the independence of independent directors;
9. make recommendations to the Board on the appointment or re-appointment of directors and succession planning for directors, in particular the chairman of the Board and the president; and
10. other matters as authorised by the Board.

Article 12 The Nomination Committee is responsible to the Board and its proposals are subject to the consideration and decision of the Board.

Article 13 The Company should provide sufficient resources to the Nomination Committee in order to discharge its duties. The Nomination Committee may seek independent professional advice from external experts as and when it considers necessary, at the expense of the Company. The Nomination Committee may request support from the senior management of the Company as well as a timely full response to any query it raises.

CHAPTER 4 DECISION-MAKING PROCEDURE

Article 14 The Nomination Committee shall determine, by resolution, the appointment criteria, selection procedure and term of office of the Company's directors and senior management members pursuant to relevant applicable laws and regulations, the Articles of Association and the opinion of the SASAC and based on the actual situations of the Company. The resolution should be filed for record and submitted to the Board for approval, and be implemented accordingly.

Article 15 The procedure for selection of directors and senior management members by the Nomination Committee:

1. the Nomination Committee shall actively communicate with relevant departments of the Company to study the need for new directors and senior management members and make written reports in respect thereof;

2. the Nomination Committee shall look widely for candidates for directors and senior management members within the Company and companies in which the Company has a controlling or non-controlling share, as well as in the human resources market;
3. obtain the information on the occupational and educational background, certification, detailed working experience and concurrent job of the proposed candidates and compose written reports in respect thereof;
4. consent should be sought from the nominees to their nomination before naming them as candidates for directors and senior management members;
5. convene the Nomination Committee meeting to examine the qualifications of proposed candidates according to the appointment criteria for directors and senior management members;
6. make recommendations and provide relevant information to the Board within five days prior to the election of new directors and appointment of new senior management members;
7. carry out follow-up work according to the decision and feedback of the Board.

CHAPTER 5 RULES OF PROCEDURE

Article 16 Meetings of the Nomination Committee are classified into regular meetings and extraordinary meetings.

Article 17 The Nomination Committee shall review the structure, size and composition of the Board at least once a year based on the development strategy of the Company. The Nomination Committee shall hold at least one regular meeting each year, with seven days' advance notice given to all members by the secretariat of the Board, but such notice period may be waived with the unanimous consent of all members. The meeting shall be presided over by the chairman of the Nomination Committee. In the event that the chairman cannot attend the meeting, he or she may appoint another member who is an independent director to preside over the meeting.

Article 18 The chairman of the Nomination Committee shall sign and issue a notice for convening an extraordinary meeting within seven days upon the occurrence of any of the following circumstances:

1. the Board so proposes;
2. the chairman of the Nomination Committee so proposes;
3. two members of the Nomination Committee or more so propose;
4. the chairman of the Board so proposes.

Notice should be given by the secretariat of the Board to all members of the Nomination Committee three days prior to the holding of the extraordinary meeting, but such notice period may be waived with the unanimous consent of all members.

Article 19 Notice of a meeting should include:

1. the venue and time of the meeting;
2. the duration of the meeting;
3. the meeting agenda and topics to be discussed together with relevant detailed information;
4. the date on which the notice is issued.

Article 20 Meeting notice may be sent by hand, facsimile, electronic mail (with additional telephone notice) or registered mail.

Article 21 A Nomination Committee meeting may be held by way of on-site meeting or by means of communications which include teleconferencing, video conferencing and written resolutions, etc.

Article 22 Regular meetings should be held by way of on-site meeting. Extraordinary meetings should be held by way of on-site meeting in principle but may be held by means of communications on the condition that members are able to sufficiently express their views.

Article 23 A Nomination Committee meeting may be convened only with the attendance of over half of the members. Each member shall be entitled to one vote and the resolutions made at the meeting can only be passed by the approval of over half of all the members.

Article 24 Voting at Nomination Committee meetings shall be taken by way of raising hands or open ballot.

Article 25 Other directors, supervisors, senior management members and relevant personnel of the Company may be invited to attend Nomination Committee meetings as observers when necessary.

Article 26 The convening procedure and voting method of Nomination Committee meetings and the resolutions passed at such meetings shall comply with the relevant laws, regulations, the Articles of Association and the Terms of Reference.

Article 27 When the Nomination Committee discusses and considers matters relating to the candidates for directors and senior management members, any member of the Nomination Committee to whom any of the following is applicable shall be deemed to be interested in such matters and shall apply in advance to the Nomination Committee for abstaining from voting:

1. he or she is proposed to be nominated;
2. his or her close relative(s) is/are proposed to be nominated;
3. other circumstances that may affect his or her objective and fair judgement.

“Close relatives” referred to herein means his/her parents, spouse, siblings and their spouses, adult children and their spouses, parents-in-law, brothers-or sisters-in-law and their spouses, siblings of his/her parents and their spouses, and adult children and their spouses of siblings of his/her parents.

Article 28 In case of the occurrence of any of the above circumstances, the Nomination Committee, when discussing such matters, shall apply the rule of abstaining from voting, details of which are as follows:

1. the interested member shall voluntarily ask for abstaining from voting, otherwise other members may ask him/her to do so;

2. in case of any disagreement as to whether there is such an interest, such disagreement will be resolved by resolution by half of the members of the Nomination Committee other than the interested member;
3. the interested member shall not participate in the discussion and voting on the matter that he or she is interested in and shall do so either by leaving the meeting site or by other means;
4. in the event that the Nomination Committee is unable to reach a resolution on a proposal due to the abstaining of the interested members, it shall forthwith pass a resolution to submit such proposal to the Board for consideration and do so timely. The Nomination Committee shall state its consideration and the opinion of non-interested members on the proposal in the resolution to submit such proposal to the Board.

Article 29 All Nomination Committee meetings shall have minutes taken. Attending members should sign their names on the meeting minutes which, as important documents of the Company, should be kept by the secretary of the Board according to the file management system of the Company.

Article 30 Resolutions passed by and voting results of Nomination Committee meetings shall be reported to the Board in writing after being signed and issued by the chairman of the Nomination Committee.

Article 31 Where resolutions of the Nomination Committee meetings need to be implemented by senior management members or other responsible officers, the secretariat of the Board shall, as soon as possible after authorisation or approval by the Board, notify in writing such senior management members or other responsible officers of such resolutions. The Nomination Committee shall be entitled to require abovementioned officers to report the progress of implementation within stipulated period or at next meeting of the Nomination Committee.

Article 32 Persons present at the meeting shall be obliged to keep all matters discussed confidential, and shall not disclose the relevant information without authorisation. Anyone who fails to fulfil the confidentiality obligations shall bear legal liabilities in accordance with laws and regulations, regulatory documents, the Articles of Association and the provisions of confidentiality agreement.

CHAPTER 6 COORDINATION AND COMMUNICATION

- Article 33** In the event that the Nomination Committee has any significant or special matter required to be considered by the Board when the Board is not in session, the Nomination Committee may, through the secretary of the Board, submit a written report to the Board and may recommend the chairman of the Board to hold a Board meeting to discuss such matter.
- Article 34** The chairman of the Nomination Committee or the senior management authorized by the chairman who is responsible for the relevant work shall report at each regular Board meeting on the working progress of the Nomination Committee since the last regular Board meeting, or make a special report on a particular issue.
- Article 35** Written reports submitted to the Board by the Nomination Committee shall be signed and issued by the chairman of the Nomination Committee or a member authorised by the chairman, and shall be submitted through the secretary of the Board.

CHAPTER 7 SUPPLEMENTARY PROVISIONS

- Article 36** In the event of any matters not addressed in the Terms of Reference, such matters shall be handled in accordance with relevant laws, administrative regulations and rules of the PRC, the Listing Rules and the Articles of Association. In case of any conflicts between the Terms of Reference and the laws, administrative regulations and rules promulgated in the future by relevant departments or institutions of the PRC, the Listing Rules or the lawfully amended Articles of Association, the laws, administrative regulations and rules promulgated in the future by relevant departments or institutions of the PRC, the Listing Rules and the Articles of Association shall prevail. Corresponding amendments to the Terms of Reference shall be made and submitted to the Board for consideration and approval.
- Article 37** The Terms of Reference are subject to the interpretation by the Board of the Company in accordance with the laws, the Listing Rules, the Articles of Association and other relevant regulatory requirements.
- Article 38** The Terms of Reference shall take effect upon being considered and approved by the Board of the Company.

APPENDIX:

CHINA NATIONAL BUILDING MATERIAL COMPANY LIMITED*

Board Diversity Policy

1. PURPOSE

1.1 The Board Diversity Policy (the “Policy”) aims to set out the policy to achieve diversity on the Company’s board of directors (the “Board”).

2. SCOPE

2.1 The Policy applies to the Board of the Company. The Policy does not apply to diversity in relation to the employees of the Company, nor the board of directors and the employees of any subsidiary of the Company.

3. POLICY STATEMENT

3.1 The Company is committed to maintaining the highest standards of corporate governance practice, and understands that the diversity of the Board is an essential element to maintain sound corporate governance. The Company does not discriminate on the ground of race, gender, disability, nationality, religion or belief, age, sexual orientation, family status or any other factors.

3.2 The Board considers that the diversity in opinions and perspectives is beneficial to the Company and regards the diversity of the Board as an essential element in maintaining a competitive advantage of the Company. The Board believes that the diversity can be achieved through the consideration of various factors such as a diversity of skills, professional and industry experience, cultural and educational background, nationality, length of service, gender and age. Notwithstanding the above, the appointments of the members of the Board have been adhering to principle of meritocracy in consideration of objective criteria, taking into account factors based on the Company’s business model and specific needs from time to time as well as the benefits of diversity to the Board.

4. EXECUTION

- 4.1 The Nomination Committee shall review the structure, size and composition of the Board annually and make recommendations on any changes to the Board in line with the Company's corporate strategy.
- 4.2 In relation to reviewing and assessing the Board's composition, the Nomination Committee shall consider a number of factors regarding diversity of the Board, including but not limited to:
- Gender
 - Age
 - Cultural and educational background
 - Professional experience
 - Skills, knowledge and industry and regional experience

5. MEASURABLE OBJECTIVES

- 5.1 The Company aims to maintain an appropriate and balance of Board diversity from various perspectives that are relevant to the business development of the Company. The Nomination Committee is primarily responsible for identifying suitably qualified candidates to become members of the Board, and will give adequate consideration to the Policy when considering the appointment of candidates to the Board.
- 5.2 The Nomination Committee shall discuss and agree on applicable measurable objectives for the diversity of the members of the Board, and make relevant recommendations to the Board.
- 5.3 Diversity factors and measurable objectives may be adopted and/or amended by the Board at any time necessary for the requirements of the business of the Company as well as the succession plan of the Board.

6. MONITORING AND REPORTING

6.1 The Nomination Committee shall supervise the implementation of the Policy (including any measurable objectives and the progress on achieving those objectives). A summary of the Policy, along with its measurable objectives and the progress on achieving those objectives set for implementing the Policy, will be disclosed in the corporate governance report of the Company.

7. REVIEW AND AMENDMENTS OF THE POLICY

7.1 The Nomination Committee will review the Policy on a regular basis and as required, and make recommendations regarding the amendments (if any) to the Board for its consideration and approval.

If there is any discrepancy between the English version and the Chinese version in respect of this document, the Chinese version shall prevail.

* *For identification purposes only*