

China National Materials Company Limited
Terms of Reference and Operation Mode of the Nomination Committee

Committee Composition

1. The nomination committee (the "**Committee**") of China National Materials Company Limited (the "**Company**") shall consist of three directors (the "**Directors**") of the Company, a majority of which shall be independent non-executive Directors. Members of the Committee shall be nominated by the chairman of the board of directors (the "**Board**") of the Company and considered and passed by the Board. The Committee composition shall be in compliance with the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited ("**Main Board Listing Rules**").
2. The Committee shall have one chairman who shall be the chairman of the Board or an independent non-executive Director, as considered and passed by the Board. When the chairman is unable or fails to perform his duties, he may designate another member (being an independent non-executive Director) of the Committee to perform the chairman's duties in his place.
3. The Committee shall have one secretary who shall be the head of the human resources department.
4. The term of office of the Committee shall be in congruence with that of the same session of the Board. The term of office of members of the Committee shall be in congruence with that of Directors, renewable upon re-election at its expiry. If a member of the Committee no longer maintains the position as a Director of the Company during the term, he or she shall automatically lose the qualification as a member of the Committee.
5. A member of the Committee may request to the Board to resign before expiry of his/her term of office, in which case the resignation letter shall include necessary statements on the reason of resignation and any matters that need to be brought to the attention of the Board. When the number of the members of the Committee falls below the minimum quorum in these rules, the resigning Committee members shall continue performing the relevant duties until the alternate Committee members take office.
6. Members of the Committee are subject to adjustments during their terms, if so proposed by the chairman of the Board and considered and passed by the Board.
7. In the event that the number of members of the Committee falls below the quorum herein, the Board shall fill up the vacancy in accordance with these rules.

Meetings and Procedures

1. Meetings of the Committee shall be held at least once a year and on an irregular basis when necessary.

2. A notice of meeting shall be signed and issued by the chairman of the Committee within 7 days (inclusive) upon the occurrence of any of the following circumstances:
 - (a) whenever the Board deems necessary;
 - (b) whenever the chairman of the Committee deems necessary;
 - (c) when proposed by two or more members of the Committee.
3. The secretary of the Committee is responsible for the serving of the notice of meeting in writing, not later than 3 days before the meeting (except in extraordinary circumstances where the requirements of time and procedure of notice herein may be waived with the chairman's approval, who shall explain in this regard at the meeting), to all members and the non-voting participants that are invited, if any. The notice of meeting shall include the means, time, place, session and topics of the meeting, despatching time of the notice and other relevant information.
4. Upon reception of the notice of meeting, members of the Committee shall give confirmation and provide relevant information (including but not limited to the availability of presence, schedule, etc.) in a timely and appropriate manner.
5. Members of the Committee should attend the meetings in person. Where a member fails to be present, he/she may appoint another member of the Committee by the power of attorney as duly signed to attend and express opinions at the meeting on his/her behalf. The power of attorney shall set out definite scope and term of authorization. A single member may not concurrently act as a proxy of two or more members.

The member attending the meeting as a proxy shall only exercise the rights within the power of attorney. A member failing to attend a meeting of the Committee either in person or by proxy nor submitting any opinions in writing prior to the meeting shall be deemed as a waiver of right.

A member unable to attend a meeting in person may excise his/her right through submitting opinions in writing on the matters to be considered, in any event not later than the holding of meeting, to the secretary of the Committee.

6. A member of the Committee failing to attend a meeting of the Committee either in person or by proxy nor submitting any opinions in writing prior to the meeting for two times in succession shall be deemed as incapable of performing the duties in the Committee, and is subject to replacement by the Board in accordance with these rules.
7. The quorum of the meetings of the Committee shall be two or more of its members. The meetings of the Committee shall be chaired by its chairman who, if unable to attend the meeting, may appoint another member of the Committee to chair the meeting.

8. In considering the matters at a meeting, members of the Committee shall express opinions based on their own judgments and on a specific, independent and adequate basis. Any inconsistency of opinions shall be stated in the meeting minute to be submitted to the Board.
9. Meetings of the Committee shall be generally held in the form of on-site meeting. In extraordinary circumstances, a meeting may be held by telecommunication upon consent by the chairman of the Committee, provided that it is ensured that the members can express opinions on an adequate basis. For a meeting to be held by telecommunication, members of the Committee shall submit to the Board their opinions in writing on the matters to be considered within the period specified in the notice of meeting.
10. Other Directors, relevant senior management members and experts of the Company or external experts, scholars, intermediary institutions and relevant personnel may be invited by the Committee to attend its meeting as non-voting participants when necessary. The non-voting participants shall make explanation and clarification as requested by members of the Committee.
11. A member of the Committee who is interested in the matters to be considered by the Committee shall abstain from voting on such matters.
12. All members present at the meeting and the non-voting participants are obligated to keep confidential the matters considered at the meeting, and shall not disclose the relevant information without authorization.

Primary Duties

1. To review the structure, size and composition (including the skills, knowledge and experience) of the Board at least annually and make recommendations to the Board on relevant changes and on any proposed changes to the Board to complement the Company's corporate strategy;
2. To assess the independence of independent non-executive Directors;
3. To develop criteria, procedures and methods for screening candidates for Directors and senior management of the Company and its investees and make recommendations to the Board;
4. To assess candidates for Directors, president and secretary to the Board and make recommendations to the Board;
5. To assess candidates for other executives nominated by the president and make recommendations to the Board;
6. To put forward talent reserve plan and recommendations to the Company;
7. To identify candidates for the recruiting posts from domestic and overseas talent markets and internal resources and make recommendations to the Board;

8. To 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;
9. Other duties as requested by the Board.