



**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 Nomination Committee to the Board of Directors**

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

- Article 1** Pursuant to the *Company Law of the People's Republic of China*, *Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited*, *Code of Corporate Governance for Listed Companies*, *Independent Director Systems of Listed Companies*, *Articles of Association of Huaxin Cement Co., Ltd.*, *Rules of Procedures of the Board of Directors of Huaxin Cement Co., Ltd.* and other relevant provisions, Huaxin Cement Co., Ltd. (the “**Company**”) has established the Nomination Committee (the “**Committee**”) under the Board of Directors (the “**Board**”) and formulated these Rules of Procedures, so as to regulate the engagement of the members of the Board and Top Management, optimize the composition of the Board and Top Management, enhance operational efficiency and improve the governance structure of the Company.
- Article 2** The Committee is a special organization under the Board and is responsible mainly for assessing, selecting and making suggestions on the candidates and selection criteria and procedures for the Directors and Senior Management, and assisting the Board in maintaining an efficient Board and Top Management team that have an appropriate mix of skills and experience.
- Article 3** The Company shall provide to the Committee adequate resources (including but not limited to 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.

\* For identification purpose only

**Article 6** The Secretary to the Board or the delegate appointed by the Committee shall act as the Secretary to the Committee, and be responsible, in conjunction with the Chairman of the Committee (the Chairman), for drawing up and deciding the meeting agenda (supported by explanatory documentation and papers).

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

## **Chapter Two: Composition**

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

**Article 9** The Committee shall have one Chairman (Convener). An Independent and Non-executive Director shall take the position of Chairman and be 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 Chairman 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.

**Article 12** Chairman of the Committee shall attend Annual Shareholders' General Meeting (if the Chairman is not able to attend, the Chairman of the Board shall invite another member of the Committee to attend the meeting; if the member invited is not able to attend, the delegate appointed by the member shall attend the meeting), and answer questions on the work and responsibilities of the Committee.

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

**Article 13** The main terms of reference of the Committee are as follows:

- (1) Reviewing at least once a year the structure, size and composition of the Board (including expertise, knowledge and experience) as well as the composition of the CEO and other Senior Management Positions, and putting forth suggestions to the Board on the intended changes of the Board to accommodate the corporate strategy;
- (2) Studying the selection criteria and procedures of Directors, the CEO and other Senior Management of the Company, and putting forward suggestions thereon to the Board;
- (3) Making recommendations to the Board on the appointment, re-appointment or succession program and possible candidates for the Directors (the Chairman in particular) of the Company;
- (4) Examining the appointment, re-appointment or succession program and possible candidates for the CEO of the Company, and making recommendations thereon to the Board;
- (5) Searching widely for qualified Directors, selecting, nominating candidates to serve as directors or recommending to the Board, after considering the essential and desirable competencies of new directors, the range and depth of skills and the diversity of the Board;
- (6) Being a partner of the CEO, supporting the CEO with an extensive search for qualified Senior Management candidates, reviewing and putting forth suggestions on the candidates for other Senior Management positions than CEO to be submitted to and engaged by the Board, so as to ensure the Top Management team has sufficient diversity of experience and skills to be effective in both driving performance and managing risks;
- (7) Monitoring and assessing the performance, competence and suitability of managers at the Assistant Vice-president level who are appointed by the CEO and included as members of the Top Management;
- (8) Examining on a regular basis the Senior Management succession plan, and holding regular meetings with Senior Management and candidates to be promoted to Senior Management positions;

- (9) Examining the independence of Independent and Non-executive directors;
- (10) Reviewing the diversity policy of the Board and measurable targets and their attainment for the diversity policy, and disclosing the diversity policy incorporate governance report or policy summary; and
- (11) other authorities empowered by laws, regulations, listing rules of the listing venue and the Board.

**Article 14** The responsibility of the Committee in selecting the candidates for Directors, CEO and other Senior Management of the Company mainly involves:

- (1) Communicating with the relevant departments, shareholders and the Board of the Company in advance, to understand the demands of the Company for new Directors, CEO and other Senior Management and formulate written documents;
- (2) Carrying out an extensive search for candidates to fill positions of a Director, CEO or Senior Manager within the Company, its shareholders and its holding (associated) companies as well as in the market of professional executives, etc.;
- (3) Collecting information about the occupation, educational background, detailed working experience and concurrent jobs of the proposed candidates for the Directors, CEO and other Senior Management, and preparing written reports;
- (4) Seeking the consent of the candidates for being put on the list of nominees for the Directors, CEO and other Senior Management;
- (5) Convening a meeting of the Committee to check the qualification of the nominees and form a decision on the proposed candidates for the Directors, CEO and other Senior Management according to the job requirements for the Directors, CEO and other Senior Management, and submitting the decision to the Board; and
- (6) Carrying out other work according to the resolutions and feedbacks of the Board.

## Chapter Four: Rules of Procedure

- Article 15** The Committee holds regular and ad hoc meetings. All members shall be notified seven days prior to the convening of a meeting.
- Article 16** The Committee shall hold at least two regular meetings each year. For the Committee to fulfill its responsibilities, the Chairman of the Committee may organize ad hoc meetings when necessary.
- Article 17** 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 Chairman, a meeting can be held over phone or by other circular means.
- Article 18** Each member shall accept no more than one authorization from other members. If a member who is an Independent and Non-executive Director is unable to attend a meeting for any reason, he/she shall authorize another member who is also an Independent and Non-executive Director to attend on his/her behalf.
- Article 19** Meetings shall be presided over by the Chairman of the Committee. In case the Chairman cannot attend a meeting due to special reasons, the members present at the meeting shall elect an Independent and Non-executive Director to chair the meeting.
- Article 20** Directors, Supervisors and Senior Management or any third parties may be invited to sit in on the Committee meetings when necessary. Only members of the Committee are entitled to vote in the meeting.
- Non-members of the Committee may be asked by the Chairman 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 Chairman shall have just one vote like all other members.
- Article 22** Where the Chairman 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 examined and reviewed directly by the Board of the Company.
- Article 24** Any meetings of the Committee shall have records of the meetings signed by all members present at such meetings. The secretary to the Committee shall be responsible for the preparation, circulation, signing and archiving of such records.

**Article 25** The Committee answers for the Board. Any opinions made and resolutions passed at a meeting of the Committee shall be reported in written form to the Board of the Company.

Should the Board of Directors not adopt or only partially adopt the recommendations of the Committee, the Board of Directors shall record the opinions of the Committee and the specific reasons for non-adoption in its resolution, and disclose such information.

**Article 26** The convening procedure, voting procedure and proposals passed in the meeting shall abide by pertinent laws, regulations, listing rules of the listing venue, Articles of Association and these Rules of Procedure.

**Article 27** 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 28** These Rules of Procedures shall be put in force on the date of deliberation and adoption by the Board of Directors of the Company. From the effective date of these Rules of Procedures, current effective Rules of Procedures become invalid automatically.

**Article 29** Any matters that are not covered in these Rules of Procedures, or any conflicts with any provisions of the laws, regulations, listing rules of listing venue and Articles of Association issued or revised later, shall be implemented according to pertinent laws, regulations, listing rules of listing venue, Articles of Association of the Company and these Rules of Procedure shall be amended immediately and approved by the Board.

**Article 30** 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.*