

# **RULES OF PROCEDURE FOR THE NOMINATION COMMITTEE OF THE BOARD OF DIRECTORS OF SHENZHEN HAN’S CNC TECHNOLOGY CO., LTD.**

## **Chapter 1 General Provisions**

**Article 1** In order to standardize the appointment of Directors and senior management in Shenzhen Han’s CNC Technology Co., Ltd. (hereinafter referred to as the “**Company**”), optimize the composition of Directors and senior management, and improve the corporate governance structure, the Company has established the Nomination Committee of the Board and formulated the Rules of Procedure according to the Company Law of the People’s Republic of China, the Code of Corporate Governance for Listed Companies, the Rules Governing the Listing of Shares on the ChiNext Market of Shenzhen Stock Exchange, the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited and other laws, regulations and normative documents, relevant regulatory rules of the securities regulatory authorities and stock exchanges of the place where the Company’s shares are listed (hereinafter collectively referred to as the “**securities regulatory authorities of the place where the Company’s shares are listed**”) (hereinafter collectively referred to as the “**securities regulatory rules of the place where the Company’s shares are listed**”), as well as the Articles of Association of Shenzhen Han’s CNC Technology Co., Ltd. (hereinafter referred to as the “**Articles of Association**”).

**Article 2** The Nomination Committee of the Board (hereinafter referred to as the “**Committee**”) is a specialized body established by the Board in accordance with the provisions of the Articles of Association. It is mainly responsible for formulating the selection criteria and procedures for Directors and senior management, and selecting and reviewing candidates for Directors and senior management and their qualifications.

## **Chapter 2 Composition**

**Article 3** The Committee consists of 3 Directors (including 2 independent Directors), who are elected by the Board.

- Article 4** Shareholders representing more than one tenth of the voting rights, more than one third of Directors and more than half of independent Directors have the right to nominate candidates for Committee members. Members are elected by more than half of all Directors. After the proposal to elect members is approved, the new members will take office immediately after the Board meeting.
- Article 5** The Committee shall have a convener, who shall be an independent Director member and shall be elected by the members.
- Article 6** The term of office of the Committee coincides with that of the Board and the members may serve consecutive terms if re-elected upon the expiration of their terms. During his/her term of office, if any member ceases to serve as a Director of the Company or any member who should be an independent Director no longer possesses the independence required by the Articles of Association, such member shall automatically lose the membership of the Committee, and the Board shall fill the vacancy in accordance with the provisions of the Rules of Procedure.
- Article 7** The Committee members can submit their resignation to the Board before the expiration of their term. The resignation report shall provide necessary explanations on the reasons for resignation and matters that need to be paid attention to by the Board of the Company.
- Article 8** In the event that the proportion of independent Directors on the Committee does not comply with the Rules of Procedure due to the resignation or disappointment of an independent Director, the Company shall complete the by-election within 60 days from the date of occurrence of the aforementioned facts.
- Article 9** The provisions of the Company Law and the Articles of Association concerning the duties of Directors apply to the Committee members.

### **Chapter 3 Duties and Authorities**

- Article 10** The main duties and authorities of the Committee are as follows:
- (I) To make recommendations to the Board on the size and composition of the Board based on the Company's operating activities, asset size and shareholding structure;
  - (II) To study the selection criteria and procedures of the Company's Directors and senior management, and make recommendations to the Board;

- (III) To extensively search for qualified Director candidates and manager candidates;
- (IV) To put forward suggestions on candidates for the next Board to the current Board during the general election of the Board; to put forward suggestions on new Director candidates to the Board at the time of by-election, co-election or replacement of Directors;
- (V) To review and make recommendations on Director candidates (including Director candidates nominated by shareholders and Director candidates nominated by the Board) and manager candidates;
- (VI) To review and make recommendations on candidates for deputy managers, secretary of the Board, financial controller and other senior management (except the head of the internal audit department) who need to be appointed by the Board;
- (VII) To review the structure, size and composition (including skills, knowledge, diversity policy and experience) of the Board at least annually, assist the Board in preparing the Board skills table and make recommendations on any proposed changes to the Board to complement the Company's strategy;
- (VIII) To identify individuals suitably qualified to become Board members and select or make recommendations to the Board on the selection of individuals nominated for directorships;
- (IX) To assess the independence of independent Non-executive Directors;
- (X) To make recommendations to the Board on the appointment or reappointment of directors and succession planning for directors, in particular the chairman of the Board and the chief executive;
- (XI) To support the Company's regular evaluation of the Board's performance;
- (XII) Other matters authorized by the Board of Directors and other matters stipulated in relevant laws, administrative regulations, departmental rules and regulatory rules of the place where the shares of the Company are listed.

- Article 11** The Committee shall make recommendations to the Board on the following matters:
- (I) To nominate, appoint or remove directors;
  - (II) To appoint or dismiss senior managers;
  - (III) Other matters as stipulated by laws, administrative regulations, securities regulatory rules of the place where the shares of the Company are listed and the Articles of Association.

If the Board does not adopt or does not fully adopt the recommendations of the Committee, it shall record the opinion of the Committee and the specific reasons for non-adoption in a resolution of the Board and disclose the same.

- Article 12** The Committee shall be accountable to the Board and proposals of the Committee shall be submitted to the Board for approval.

#### **Chapter 4 Rules of Procedure**

- Article 13** The Committee shall meet at least once a year, which shall be proposed by Committee members as needed. Extraordinary Committee meetings may be proposed by more than one-half of the independent Directors or more than one-third of all Directors, or by Committee members. The convener shall not refuse such meeting requests from the aforementioned Directors or members without just cause.

- Article 14** The Committee meeting shall be convened and presided over by the convener, who may appoint other members to convene and preside over it on his behalf. When the convener neither performs his duties nor designates other members to perform his duties on his behalf, the remaining members may negotiate and elect one member to perform his duties on his behalf.

- Article 15** If the convener decides to convene a meeting, it shall notify the secretary of the Board and the securities department of the company to be responsible for preparations.

Notice of the Committee meeting shall be given 3 days before the meeting (including the date of notice, excluding the date of meeting). The aforementioned notice period requirement may be waived with the unanimous consent of all members of the Committee.

The Committee meetings may be notified by fax, e-mail, telephone, personal or e-mail, etc. When the notice is delivered by telephone, e-mail or other speedy methods, the parties being notified shall be deemed to have received the notice of the meeting if no written objection is received from them within one day from the date of delivery of the notice. The notice of the meeting shall include at least the following:

- (I) Venue and time of the meeting;
- (II) Agenda, discussion items and relevant detailed materials of the meeting;
- (III) Meeting contact person and the contact information;
- (IV) Date of notice.

**Article 16** Committee meetings shall be attended by members themselves. If members are unable to attend for some reason, they may entrust other members to attend on their behalf in writing. Members can only accept the entrustment of one other member at a time to exercise voting rights on their behalf. Independent Directors of the Committee shall attend the Committee meeting in person. If they are unable to attend the meeting in person for some reason, they shall review the meeting materials in advance, form clear opinions, and entrust other independent Directors to attend on their behalf in writing.

**Article 17** If a member fails to attend the Committee meeting or entrust a representative to attend, he shall be deemed to have waived his right to vote at that meeting. If a member fails to attend the meeting in person for two consecutive times, and does not entrust other members to attend the meeting, it will be deemed as unable to perform his duties, and the convener shall recommend to the Board to replace him. If a member entrusts other members to attend the meeting and exercise voting rights on his behalf, he shall submit a power of attorney to the presiding officer of the meeting.

**Article 18** The power of attorney shall at least include the following items:

- (I) Name of appointer;
- (II) Name of proxy;
- (III) Matters to be assigned;

(IV) Instruction on the exercise of voting right over the meeting agenda (for, against or abstained) and, where no specific instruction is made, explanation on the capacity of proxy to vote on his/her will;

(V) Appointer signature and date of signing.

**Article 19** The Committee meeting shall be held only when more than two-thirds (inclusive) of the members are present. Each member shall have one vote. Resolutions made at the meeting must be approved by more than two-thirds (inclusive) of all the members before they are passed. Members are responsible for their individual votes.

**Article 20** The Committee meeting shall be held in the form of on-site meeting, and the voting method shall be a show of hands or by way of poll. If it is inconvenient to vote on the spot under special circumstances, a meeting may be held by way of communication.

**Article 21** Where it is necessary, the Committee may invite Directors and senior management of the Company to attend meetings.

**Article 22** If necessary, the Committee may appoint intermediaries to provide professional advice at the expense of the Company, subject to the approval of the Board.

**Article 23** On-site meetings of the Committee shall be recorded, and members present at the meeting shall sign the minutes of the meeting. Off-site meetings may be without minutes. All documents of the Committee meetings shall be kept by the Securities Department as company files, and the retention period shall not be less than ten years. These documents are available for inquiry by the convener.

**Article 24** Members present at the meeting shall have an obligation to keep confidential of the matters discussed at the meeting and shall not disclose such information without authorization.

## **Chapter 5 Supplementary Provisions**

- Article 25** Matters not covered in the Rules of Procedure shall be implemented in accordance with relevant national laws and regulations, relevant provisions of the regulatory authority of the place where the shares of the Company are listed, and the Articles of Association. If these rules of procedure are inconsistent with relevant laws and regulations, the relevant provisions of the regulatory authority of the place where the Company's shares are listed, and the Articles of Association, the laws and regulations, the relevant provisions of the regulatory authority of the place where the shares of the Company are listed, and the Articles of Association shall apply.
- Article 26** The Rules of Procedure shall come into effect on the date when the H Shares issued by the Company are listed on The Stock Exchange of Hong Kong Limited after being reviewed and approved by the Board.
- Article 27** The Board of the Company shall be responsible for the interpretation of the Rules of Procedure.

**Shenzhen Han's CNC Technology Co., Ltd.**