

**TERMS OF REFERENCE FOR THE NOMINATION  
COMMITTEE  
(APPLICABLE UPON THE ISSUANCE AND LISTING OF H SHARES)**

**Shenzhen Zhaowei Machinery & Electronics Co., Ltd.**

## CHAPTER I GENERAL PROVISIONS

**Article 1** In order to regulate the appointment of directors (the “Director(s)”) and senior management members of Shenzhen Zhaowei Machinery & Electronics Co., Ltd. (the “Company”) and improve the corporate governance of the Company, the Company has established the nomination committee (the “Nomination Committee”) under the board of Directors (the “Board”) with these terms of reference (the “Terms of Reference”) in accordance with the Company Law of the People’s Republic of China (《中華人民共和國公司法》) (the “Company Law”), the Code of Corporate Governance for Listed Companies (《上市公司治理準則》), the Measures for the Administration of Independent Directors of Listed Companies (《上市公司獨立董事管理辦法》), the Rules Governing the Listing of Stocks on the Shenzhen Stock Exchange (《深圳證券交易所股票上市規則》), the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “Hong Kong Listing Rules”), Appendix C1 to the Hong Kong Listing Rules (the “CG Code”), the Articles of Association of Shenzhen Zhaowei Machinery & Electronics Co., Ltd. (the “Articles of Association”) and other relevant provisions.

**Article 2** The Nomination Committee is a specific working body established by the Board of the Company, which shall be primarily responsible for studying and providing recommendations on the candidates for the Directors and senior management members of the Company, and their selection criteria and procedures.

**Article 3** The Board office of the Company shall be responsible for the daily liaison and meeting organization of the Nomination Committee. The human resources department of the Company shall serve as the daily working body of the Nomination Committee, and shall be responsible for all preparatory work before the decision-making of the Nomination Committee.

## CHAPTER II COMPOSITION

**Article 4** The Nomination Committee comprises at least 3 members who shall be Directors, a majority of whom shall be independent Directors (unless otherwise specified by relevant laws, administrative regulations and securities regulatory rules of the place where the Company’s shares are listed, the “independent Director” herein shall include the meaning of “independent non-executive Director” under the Hong Kong Listing Rules; hereinafter the same meaning applies). The Nomination Committee shall comprise at least one Director in different gender.

**Article 5** Members of the Nomination Committee shall be nominated by the chairman of the Board, no less than half of independent Directors or one-third of all Directors, and shall be elected by the Board.

**Article 6** The term of office of the Nomination Committee shall be the same as that of the Board. A member may serve consecutive terms if re-elected upon expiry of his/her term. No members of the Nomination Committee shall, before the expiration of their terms of office, be removed from office without reason except for the circumstances that require dismissal as stipulated by the Company Law, the Articles of Association or these Terms of Reference. Where an independent Director’s resignation would result in the proportion of independent Directors in the Nomination Committee failing to comply with the provisions herein, the independent Director who intends to resign shall continue to perform his/her duties until a new independent Director is appointed. The Company shall complete the by-election within 60 days from the date on which the independent Director tenders his/her resignation.

**Article 7** No members of the Nomination Committee shall, before the expiration of their terms of office, be removed from office without reason except for the circumstances that require dismissal as stipulated by the Company Law, the Articles of Association, the Hong Kong Listing Rules or these Terms of Reference.

**Article 8** During the term of office, where a member of the Nomination Committee ceases to hold the position of a Director of the Company or is no longer suitable for the position of a member (for example, a member who should have the status of an independent Director no longer meets the independence requirements under the Hong Kong Listing Rules), such member shall automatically lose his/her qualification as a member. A member of the Nomination Committee may tender his/her resignation before the expiration of his/her term of office. The member shall tender a written resignation report to the Board, and the resignation report shall take effect only after being approved by the Board. Moreover, before a newly elected member takes office, the former member shall still perform the relevant duties in accordance with the provisions in these Terms of Reference.

In the event that the number of the members of the Nomination Committee fails to comply with the requirements under the Hong Kong Listing Rules due to resignation, removal or other reasons, the Board shall immediately make an announcement in accordance with the Hong Kong Listing Rules to specify the details and reasons for such failure. Rectification shall be made within three months from the date of failure in accordance with the Hong Kong Listing Rules and these Terms of Reference. The member filling the vacancy shall hold office until the expiry of his/her term of office as a Director.

**Article 9** The Nomination Committee shall have one convener (also referred to as the Chairperson of the Nomination Committee), who shall be an independent Director among the members; the Chairperson shall be elected among the members. The Chairperson shall take charge of the work of the Nomination Committee, convene and preside over the committee meetings. Where the Chairperson is unable or fails to perform his/her duties, he/she shall designate an independent Director member to act on his/her behalf; if the Chairperson neither performs his/her duties nor designates another member to act on his/her behalf, any member may report the matter to the Company's Board, and the Company's Chairman shall designate an independent Director member to act on behalf of such Chairperson.

### **CHAPTER III DUTIES AND AUTHORITIES**

**Article 10** The main duties and authorities of the Nomination Committee are as follows:

- (I) to review the structure, size and composition (including the skills, knowledge and experience) of the Board at least annually, assist the Board in maintaining a Board skills matrix, and make recommendations on any proposed changes to the Board to complement the Company's corporate strategy;
- (II) to formulate and review (as appropriate) the board diversity policy, and prepare the relevant disclosures on such diversity policy for inclusion in the corporate governance report;
- (III) to identify candidates qualified to be Directors, and make selection among the nominated Director candidates or provide recommendations to the Board;
- (IV) to assess each Director's time commitment and contribution to the Board, as well as the Director's ability to discharge his/her duties effectively, taking into account professional qualifications and work experience of the Director, his/her existing directorships in issuers listed on the Main Board or GEM and other significant external time commitments of such Director and other factors or circumstances relevant to the Director's character, integrity, independence and experience;

- (V) to assess the independence of independent non-executive Directors;
- (VI) to make recommendations to the Board on the appointment or re-appointment of Directors and the succession plan for Directors, in particular, the Chairman of the Board and the chief executive officer;
- (VII) to support the regular evaluation of the performance of the Board by the Company, at least once every two years;
- (VIII) to explain, if an independent non-executive Director proposed for re-appointment has served for more than 9 years, to the Board why it considers that the Director is still independent and should be re-elected, including the factors considered, the process for making such decision and the content of the discussion, which should then be considered and approved by the shareholders by way of a separate resolution;
- (IX) to explain, where the Board proposes to elect a candidate as an independent non-executive Director, to the Board (a) the process for identifying such candidate, the reasons why it considers that the candidate should be elected and the reasons why they consider that the candidate is independent; (b) in the event that the independent non-executive Director candidate will serve as the director of the seventh (or more) issuer listed on the Main Board or GEM, the reasons why it considers that the candidate is still available to devote sufficient time to fulfil the responsibilities of a Director; (c) the views and perspectives, skills and experience that the candidate can bring to the Board; and (d) how the candidate can contribute to the diversity of the Board, which should then be considered and approved by the shareholders by way of a separate resolution;
- (X) other duties and authorities stipulated by the Hong Kong Listing Rules or other laws, regulations and rules.

The Nomination Committee should disclose its terms of reference publicly on the website of The Stock Exchange of Hong Kong Limited and the website of the Company, to explain its role and authority delegated by the Board.

**Article 11** The Nomination Committee shall be responsible for formulating the selection criteria and procedures for Directors and senior management members, selecting and reviewing the candidates for Directors and senior management members and their qualifications, and making recommendations to the Board on the following matters:

- (I) the nomination or appointment and removal of Directors;
- (II) the engagement or dismissal of senior management members;
- (III) other matters stipulated by laws, administrative regulations, provisions of the China Securities Regulatory Commission and the Articles of Association.

The Nomination Committee should disclose its terms of reference publicly on the website of The Stock Exchange of Hong Kong Limited and the website of the Company, to explain its role and authority delegated by the Board.

**Article 12** The Nomination Committee shall be accountable to the Board and its proposals shall be submitted to the Board for consideration and decision. Without any sufficient grounds or solid evidence, the controlling shareholders shall give full respect to the proposal made by the Nomination Committee.

If the Board fails to adopt or fails to fully adopt the recommendations of the Nomination Committee, the recommendations of the Nomination Committee and the specific reasons for not adopting the same shall be recorded in the resolution of the Board and disclosed.

**Article 13** When the Nomination Committee is performing its duties, the relevant departments of the Company shall cooperate with it, at the cost of the Company.

#### **CHAPTER IV DECISION-MAKING PROCEDURES**

**Article 14** Procedures for the selection and appointment of Directors and senior management members are as follows:

- (I) the Nomination Committee shall actively communicate with the relevant departments of the Company to study the Company's demand for new Directors and senior management members and prepare written materials;
- (II) the Nomination Committee may conduct extensive searches for candidates for the Directors and senior management members from the Company, its subsidiaries (its associates) and the recruitment market;
- (III) to collect information about the profession, education background, job title, detailed work experience, all part-time jobs, etc. of the preliminary candidates and prepare written materials;
- (IV) to seek the consent of the nominee to the nomination, and the nominee shall not be considered as a candidate for the Director or senior management member without such consent;
- (V) to convene the meetings of the Nomination Committee to review the qualifications of the preliminary candidates in accordance with the qualification requirements for Directors and senior management members;
- (VI) to submit proposals and relevant materials to the Board on candidates for Directors and newly appointed candidates for senior management members prior to the election of new Directors and the appointment of new senior management members;
- (VII) to conduct other follow-up work based on the decisions and feedback of the Board.

**Article 15** The human resources department of the Company is responsible for organizing and coordinating relevant departments or intermediary agencies to prepare the documents of the meetings of the Nomination Committee, and ensuring the authenticity, accuracy and completeness of such documents.

**Article 16** The human resources department of the Company shall perform the internal approval procedures for the meeting documents in accordance with the Company's internal management system and submit the documents to the Board office.

**Article 17** The Board office shall submit the meeting documents to the Chairperson of the Nomination Committee for review. The meetings of the Nomination Committee shall be convened in a timely manner upon consideration and approval.

**Article 18** The Nomination Committee shall convene meetings to adopt reports, resolutions or make recommendations, and submit these in writing to the Board of the Company. For matters requiring consideration and approval by the Board or the shareholders' meeting, the Nomination Committee shall submit proposals to the Board and follow the consideration and approval procedures stipulated in relevant laws, regulations and the Articles of Association.

**Article 19** Where more than half of the Board members raise objections to reports or resolutions adopted at meetings of the Nomination Committee, they may submit written feedback to the Nomination Committee in a timely manner.

## **CHAPTER V RULES OF PROCEDURE**

**Article 20** The Nominating Committee meetings are irregular and shall be held when necessary and as proposed by its members.

**Article 21** In principle, the meetings of the Nomination Committee shall be held on-site, however, under the premise of ensuring full communication among and expression of opinions by all participating members of the committee, the meetings may be held by way of video, telephone or other means in accordance with the procedures if necessary.

**Article 22** Where the Nomination Committee convenes a meeting, the Company shall in principle provide relevant materials and information no later than three days prior to such meeting. In urgent circumstances requiring the prompt convening of an extraordinary meeting, the requirements regarding notification means and time limits set forth in the preceding paragraph shall not be applied, provided that the Chairperson shall make an explanation at such meeting.

**Article 23** A meeting of the Nomination Committee requires the attendance of two-thirds or more of its members to constitute a quorum.

**Article 24** Members of the Nomination Committee shall proactively participate in and attend the committee meetings in person. Where a member is unable to attend in person due to exceptional circumstances, he/she must review meeting materials in advance, formulate explicit opinions, and provide written authorization to another independent Director to act as proxy. When performing his/her duties, an independent Director identifies matters of significance falling within the Nomination Committee's duty, he/she may, in accordance with relevant procedure, timely propose such matters for discussion and consideration by the Nomination Committee.

**Article 25** The Nomination Committee may, if considered necessary, invite other persons in connection with the proposals to attend the meeting to provide detailed information or express their opinions. Those who are not members of the Nomination Committee, however, do not have voting rights on the proposals.

**Article 26** Matters proposed at the meeting of the Nomination Committee are subject to collective consideration and voting on a case-by-case basis, which means that all the proposals are considered by all members present and then are put to be voted one by one according to the order of consideration.

**Article 27** When voting on relevant matters at the meetings of the Nomination Committee, the members who are interested in the matters to be considered at the meetings, shall abstain from such voting.

**Article 28** Each member shall be entitled to one vote when voting at the meetings of the Nomination Committee. Resolutions made by the Nomination Committee shall not be valid unless passed by more than half of all members voting thereon.

**Article 29** Voting at the meetings of the Nomination Committee may be conducted by open ballot, a show of hands, communications or other means.

**Article 30** A resolution signed by all members of the Nomination Committee in writing is valid, as if it has been passed at the meeting duly convened and held by the Nomination Committee. Proposals and voting results adopted at the meetings of the Nomination Committee shall be reported to the Board of the Company in writing, unless they cannot be reported due to the conflict with the Nomination Committee's general duties or the limitation imposed by laws, regulations or regulatory provisions, such as disclosure limitations under the regulatory requirements.

**Article 31** The meeting of the Nomination Committee shall be recorded as required, and the minutes of the meeting shall be true, accurate and complete, and shall fully reflect the opinions of the attendees on the matters under consideration. The Directors, secretary of the Board and recorder attending the meeting shall sign the minutes of the meeting for confirmation. The company secretary of the Company shall serve as the secretary to the Nomination Committee. If the company secretary is absent from a meeting of the Nomination Committee, the proxy delegated by him/her or any person designated by the members of the Nomination Committee present at such meeting shall attend such meeting and make minutes of the meeting. The draft and final versions of minutes should be sent to all members of the committee within a reasonable time after the meetings. The draft versions of minutes are for their comments and the final versions of minutes are for their records. The Directors of the Company may inspect the minutes at a reasonable time upon reasonable notice.

**Article 32** The meeting records of the Nomination Committee, including notices, meeting materials, attendance rolls, written forms of proxy for member attendance, ballot papers, minutes signed by attending members and resolutions, shall be maintained by the Board office. The meeting records of the Nomination Committee shall be kept for ten years.

**Article 33** Before the resolutions at the meeting of the Nomination Committee are announced by the Company in accordance with the legal procedure, the attending members, other attendants, and recorder and service personnel shall fulfill confidentiality obligation to the contents of resolutions.

## CHAPTER VI SUPPLEMENTARY PROVISIONS

**Article 34** Any matters not covered herein shall be subject to the relevant national laws, administrative regulations, departmental rules, securities regulatory rules of the place where the Company's shares are listed and the Articles of Association.

In the event that these Terms of Reference contravene any national laws, regulations, securities regulatory rules of the place where the Company's shares are listed or the Articles of Association, the latter shall prevail.

**Article 35** The term "independent Director" in these Terms of Reference shall include the meaning of "independent non-executive Director" under the Hong Kong Listing Rules.

**Article 36** These Terms of Reference shall be subject to the amendment and interpretation of the Board of the Company.

**Article 37** These Terms of Reference, after consideration and approval by the Board of the Company, shall come into effect from the date on which H Shares of the Company are listed on The Stock Exchange of Hong Kong Limited.

Shenzhen Zhaowei Machinery & Electronics Co., Ltd.  
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