

# **SENASIC Electronics Technology Co., Ltd.**

## **TERMS OF REFERENCE OF THE BOARD NOMINATION COMMITTEE**

### **CHAPTER I General Provisions**

**Article 1** To establish and standardize the selection criteria and procedures for Directors and senior management of SENASIC Electronics Technology Co., Ltd. (the “**Company**”) and improve the corporate governance structure, the Company has established the Nomination Committee of the Board of Directors and formulated these Terms of Reference of the Board Nomination Committee (these “**Terms of Reference**”) in accordance with the Company Law of the People’s Republic of China (the “**Company Law**”), the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited (the “**Listing Rules**”), and other relevant laws and regulations, and the Articles of Association of SENASIC Electronics Technology Co., Ltd. (the “**Articles of Association**”), taking into account the actual situation of the Company.

**Article 2** The Nomination Committee of the Board of Directors is a specialised working body established under the Board of Directors with the approval of the general meeting of the Company, whose main duties are to submit candidates for Directors and senior management of the Company, and to study the selection criteria and procedures and provide opinions and recommendations to the Board of Directors.

For the purpose of these Terms of Reference, senior management refers to the Company’s president, deputy general manager, Chief Financial Officer and other persons expressly appointed by the Board of Directors as the Company’s senior management. The term “president” as used in these Terms of Reference is equivalent to “manager” as used in the Company Law.

### **CHAPTER II Composition**

**Article 3** The Nomination Committee shall comprise three Directors, with independent non-executive Directors constituting a majority. The Nomination Committee shall include at least one Director of a different gender.

**Article 4** Members of the Nomination Committee shall be nominated by the chairman of the Board, more than one-half of the independent non-executive Directors or more than one-third of the members of the Board of Directors, and shall be elected by a majority vote of all Directors of the Board of Directors.

**Article 5** The Nomination Committee shall have one chairman (convener), responsible for presiding over the work of the Nomination Committee. The chairman shall be the chairman of the Board or an independent non-executive Director, and shall be approved by the Board of Directors. If the chairman of the Nomination Committee is unable or fails to perform his/her duties, another member designated by the chairman or elected by more than half of the members shall act on his/her behalf.

**Article 6** The term of office of the Nomination Committee shall be consistent with that of the Board of Directors. Upon expiry of their term, members are eligible for re-election and reappointment. If a member ceases to be a Director of the Company during the term, or if a member who should be an independent non-executive Director no longer possesses the independence required by the Company Law, the Articles of Association and the Listing Rules, that member shall automatically lose their position. Members of the Nomination Committee may resign from their positions before the expiry of their term by submitting a written resignation report to the Board of Directors, which shall provide necessary explanations of the reasons for resignation and any matters requiring the attention of the Company's Board of Directors. After a member of the Nomination Committee is disqualified or approved to resign, the Board of Directors shall fill the vacancy in accordance with relevant laws, regulations, normative documents and the provisions of Articles 3 to 5 above. The term of office of the newly appointed member shall last until the end of his/her term as a Director or independent non-executive Director. Prior to the expiration of a member's term, such member shall not be removed without cause, unless circumstances arise under the Company Law, the Articles of Association, or the Listing Rules that render the member ineligible to serve.

### **CHAPTER III Duties and Powers**

**Article 7** The specific duties of the Nomination Committee include but are not limited to:

- (1) to study and formulate the selection criteria and procedures for Directors and senior management and to make recommendations to the Board of Directors, with consideration of factors including but not limited to: cultural and educational background, and professional experience;
- (2) to search for and identify qualified candidates for Directors, to provide nomination opinions to the Board of Directors, and to review and make recommendations on candidates for the Company's Directors (especially the chairman);
- (3) to search for and identify qualified candidates for senior management, and to review and make recommendations on candidates for the Company's senior management (especially the chief executive officer or president);
- (4) to review the independence and qualifications of independent non-executive Directors;
- (5) to review at least annually the structure, size and composition of the Board (including in respect of skills, knowledge and experience), assist the Board in preparing a Board skills matrix, and make recommendations to the Board on any proposed changes to the Board to complement the Company's strategy, based on the Company's business activities, asset size and shareholding structure; in considering the composition of the Board of Directors, it should be ensured that a balance is maintained between executive and non-executive Directors (including independent non-executive Directors) on the Board, while Board diversity should be considered from multiple perspectives, including but not limited to the gender, age, cultural and educational background, and professional experience of Directors; to formulate and review the Board Diversity Policy, and to disclose the policy or a summary of the policy in the Corporate Governance Report; to evaluate the structure of the committees under the Board of Directors, and to recommend Directors to serve as members of relevant committees for approval by the Board of Directors;

- (6) to assess at least annually the time commitment and contribution of each Director to the Board, and to evaluate the ability of Directors to effectively perform their duties through performance appraisals, and to provide opinions or recommendations on the replacement, reappointment or succession of Directors (including the chairman and chief executive officer) based on the assessment results;
- (7) to support the Company in conducting a biennial evaluation of the Board's performance, and to disclose in the Corporate Governance Report the scope, procedures, and results of the Board performance evaluation, including significant areas for improvement and measures taken or planned to be taken in response to the evaluation results, and to urge the Company to enhance the disclosure of the Board skills matrix in the Corporate Governance Report;
- (8) to establish a succession plan for Directors and senior management and to supplement and update it at any time;
- (9) duties and powers stipulated by laws, administrative regulations, departmental rules, normative documents, the listing rules of the stock exchange where the Company's shares are listed, and the Articles of Association, and other matters authorized by the Board of Directors.

**Article 8** If an independent non-executive Director has served for more than 9 years, his/her further appointment should be subject to a separate resolution to be approved by shareholders. The papers to shareholders accompanying that resolution should include the reasons why the Board (or the Nomination Committee) believes the individual is still independent and should be re-elected.

**Article 9** The Nomination Committee is authorized to exercise any power conferred by the Board of Directors when it deems necessary. The Company shall provide the Nomination Committee with sufficient resources to perform its duties. The Nomination Committee is authorized to decide to engage third parties to assist in finding qualified candidates for Directors and senior management when it deems necessary. The term of engagement and fees for the aforementioned intermediary institutions shall be determined by the Nomination Committee, and the reasonable expenses incurred shall be borne by the Company.

**Article 10** The Nomination Committee shall be accountable to the Board of Directors, and the recommendations of the Nomination Committee shall be submitted to the Board of Directors for deliberation and decision; among which, the nomination of Director candidates, after being reviewed by the Board of Directors, must be submitted to the general meeting for review and adoption before it can be implemented.

**Article 11** The Nomination Committee should make its terms of reference available on the websites of The Stock Exchange of Hong Kong Limited (the "SEHK") and the Company, explaining its role and the authority delegated to it by the Board of Directors.

## **CHAPTER IV Working Procedures**

**Article 12** The relevant department designated by the Company shall be responsible for the day-to-day liaison and meeting organization of the Nomination Committee.

**Article 13** The procedures for the selection and appointment of Directors and senior management are:

- (1) The Company's human resources department and the Nomination Committee shall actively communicate with relevant departments of the Company to study the Company's needs for new Directors and senior management and prepare written materials accordingly;
- (2) The Nomination Committee may conduct a broad search for candidates for Directors and senior management within the Company, its holding (or equity-participating) enterprises, and in the talent market;
- (3) The Nomination Committee shall collect and understand information on shortlisted candidates, including their profession, educational background, professional titles, detailed work experience, and all concurrent positions, and document it in writing;
- (4) The written consent of the nominee to the nomination shall be obtained; otherwise, such person shall not be included as a candidate for Director or senior management;
- (5) Meetings of the Nomination Committee shall be convened to conduct qualification reviews of shortlisted candidates in accordance with the eligibility criteria for Directors and senior management;
- (6) Within a reasonable time prior to the election of new Directors and the appointment of new senior management, recommendations on candidates for Directors and newly appointed senior management, together with relevant materials, shall be submitted to the Board of Directors; and
- (7) Other follow-up work shall be carried out in accordance with the decisions and feedback of the Board of Directors.

**Article 14** The chairman of the Nomination Committee, or (in his/her absence) another member of the Nomination Committee (who must be an independent non-executive Director), must attend the Company's annual general meeting and respond to questions from shareholders regarding the activities and responsibilities of the Nomination Committee.

## **CHAPTER V Rules of Procedures**

**Article 15** Members of the Nomination Committee must bear the duties of loyalty and diligence to the Company in accordance with the provisions of laws, regulations and the Articles of Association. Recommendations or proposals made at meetings of the Nomination Committee must comply with the requirements of laws, regulations and the Articles of Association.

**Article 16** In accordance with the provisions of laws, regulations, the Listing Rules and the Articles of Association, and taking into account the actual circumstances of the Company, the Nomination Committee shall study the eligibility criteria, selection procedures and terms of office of the Company's Directors and senior management, and submit the resolutions formed to the Board of Directors for review. If the Board proposes a resolution to elect an individual as an independent non-executive Director at the general meeting, the circular to shareholders and/or explanatory statement accompanying the notice of the general meeting should set out the reasons why the Board believes the individual should be elected and the reasons why they consider the individual to be independent.

**Article 17** A meeting of the Nomination Committee may be convened when the chairman of the Nomination Committee deems it necessary, upon the proposal of more than half of the committee members, or upon the recommendation of the chairman of the Board. Regular meetings shall be held at least once a year.

**Article 18** Meetings of the Nomination Committee shall be convened by the committee chairman who shall issue the meeting notice. The meeting notice and meeting materials shall be delivered to all committee members three days before the meeting is held. The requirement for advance notice may be waived with the unanimous consent of all committee members.

**Article 19** Meetings of the Nomination Committee shall be presided over by the committee chairman. If the chairman of the Nomination Committee is unable to attend, he/she may delegate another member (an independent non-executive Director) to preside.

**Article 20** A meeting of the Nomination Committee may be held only when two-thirds or more of the members are present, including at least one independent non-executive Director; a member who is unable to attend may entrust another member in writing to attend and vote on his/her behalf. The power of attorney shall specify the name of the proxy, the matters to be proxied, the scope of authority and the period of validity, shall be signed or sealed by the principal, and shall be submitted to the meeting chairman at the latest before the vote at the meeting. A member who neither attends a Nomination Committee meeting nor appoints a representative to attend shall be deemed to have waived his/her voting right at that meeting.

Resolutions adopted at a meeting must be approved by a majority of all committee members, and the relevant resolutions or opinions shall be signed by the members of the Nomination Committee attending the meeting. Each committee member shall have one vote, and the voting options are "for", "against" and "abstain"; when the number of votes for and against is equal, the chairman of the Nomination Committee shall have a casting vote.

**Article 21** Meetings of the Nomination Committee may be convened by appropriate means such as in-person meetings, telephone conferences, video conferences, circulation of documents, fax, or email.

**Article 22** When necessary, the Nomination Committee may invite Directors, senior management of the Company and external advisors to attend its meetings as observers. Persons attending the meeting as observers may provide explanations or clarifications on the matters discussed at the meeting, but non-members shall have no voting rights.

**Article 23** The Company shall provide the Nomination Committee with sufficient resources to perform its duties. If necessary, the Nomination Committee may engage intermediary institutions to provide professional advice for its decision-making, and the reasonable expenses incurred shall be borne by the Company.

**Article 24** The convening procedures, voting methods, and resolutions passed at meetings of the Nomination Committee must comply with the provisions of relevant laws and regulations, the Articles of Association, and these Terms of Reference.

**Article 25** Minutes shall be taken for meetings of the Nomination Committee, and the Committee members attending the meeting shall sign the minutes; Committee members attending the meeting have the right to request that their statements at the meeting be recorded in the minutes for explanatory purposes; the minutes shall be kept by the secretary to the Board in accordance with the Company's archive management system. Proposals passed and voting results of the committee meetings shall be reported to the Board of Directors in writing.

**Article 26** The Nomination Committee shall form clear and definite conclusions on the proposals reviewed, including: adoption, rejection, or reconsideration after supplementing information; proposals passed and voting results of the Nomination Committee meetings shall be reported to the Company's Board of Directors in writing for review.

**Article 27** All attending Committee members and persons attending the meeting as observers shall have a duty of confidentiality regarding the matters discussed at the meeting and shall not disclose any related information without authorization, unless otherwise required by relevant laws, regulations and/or regulatory authorities.

## **CHAPTER VI Avoidance System**

**Article 28** When a member of the Nomination Committee, his/her immediate family members, or other enterprises controlled by the member or his/her immediate family members have a direct or indirect interest in the matters discussed at a meeting, the member shall disclose the nature and extent of the interest to the Nomination Committee as soon as possible.

**Article 29** In the circumstances described in the preceding article, the interested member shall explain the relevant situation in detail at the Nomination Committee meeting and explicitly state his/her intention to abstain from voting. However, if the other members of the Nomination Committee unanimously agree after discussion that such interest will not have a significant impact on the matter being voted on, the interested member may participate in the voting.

If the Company's Board of Directors deems it inappropriate for the interested member mentioned in the preceding paragraph to participate in the voting, it may nullify the voting result of the relevant proposal and require the non-interested members to re-vote on the relevant proposal.

**Article 30** The Nomination Committee meeting shall review and make resolutions on proposals without counting the interested member in the quorum. If, after the interested member has abstained, the Nomination Committee does not have the minimum quorum for a meeting, all members (including the interested member) shall make a resolution on procedural matters such as submitting the proposal to the Company's Board of Directors for review, and the Company's Board of Directors shall review the proposal.

**Article 31** The minutes and resolutions of the Nomination Committee meetings shall state that the interested member was not counted in the quorum and did not participate in the voting.

## CHAPTER VII Supplementary Provisions

**Article 32** In these Terms of Reference, “above” and “within” are inclusive of the number stated; “more than half” is exclusive of the number stated.

**Article 33** These Terms of Reference shall, upon review and approval by the Board of Directors, take effect and be implemented from the date on which the Company’s H Shares issued in its initial public offering are listed on the SEHK. These Terms of Reference shall be revised and interpreted by the Board of Directors.

**Article 34** For matters not covered in these Terms of Reference, the provisions of relevant laws, regulations, departmental rules, the Listing Rules and other relevant regulatory rules of the place of listing, and the Articles of Association shall apply; if these Terms of Reference conflict with the provisions of relevant laws, regulations, departmental rules, the Listing Rules and other relevant regulatory rules of the stock exchange of the place of listing, or the Articles of Association, the provisions of the laws, regulations, departmental rules, the Listing Rules and other relevant regulatory rules of the stock exchange of the place of listing, and the Articles of Association shall prevail, and these Terms of Reference shall be amended accordingly as soon as possible and submitted to the Board of Directors for review and approval.