



# 上海拓璞数控科技股份有限公司

## Shanghai Top Numerical Control Technology Co., Ltd.

*(A joint stock company incorporated in the People's Republic of China with limited liability)*

**(Stock Code: 7688)**

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

#### **CHAPTER I GENERAL PROVISIONS**

**Article 1** To standardize the appointment of directors and senior management of Shanghai Top Numerical Control Technology Co., Ltd. (the “**Company**”), optimize the composition of the Board and senior management, and improve the corporate governance structure, the board of directors of the Company (the “**Board**”) has established the Nomination Committee (the “**Committee**”) pursuant to the Company Law of the People’s Republic of China and other relevant laws, administrative regulations, and normative documents (collectively, the “**PRC Laws and Regulations**”), the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Hong Kong Listing Rules**”), and the Articles of Association of the Company (the “**Articles of Association**”). These rules of procedure for the Committee (the “**Rules**”) are hereby formulated.

**Article 2** The Committee is a specialized working body under the Board, primarily responsible for formulating the selection criteria and procedures for directors and senior management, conducting selection and review of candidates for directors and senior management and their qualifications, and making recommendations to the Board on the following matters:

- (I) nomination or appointment and removal of directors;
- (II) appointment or dismissal of senior management;
- (III) other matters required by laws, administrative regulations, regulatory rules of the place where the Company’s shares are listed, the Hong Kong Listing Rules and the Articles of Association.

Should the Board not adopt or fully adopt the recommendations from the Nomination Committee, the opinions of the Nomination Committee and the specific reasons for non-adoption shall be recorded in the resolutions of the Board and disclosed.

**Article 3** For the purposes of the Rules, “directors” refer to all directors of the Company, and “senior management” refers to the general manager, deputy general manager, secretary of the Board, head of finance, and other senior management personnel as specified in the Articles of Association, appointed by the Board.

**Article 4** The Committee shall be accountable to the Board and shall report its work to the Board.

**Article 5** The Rules shall apply to the Committee and to the relevant personnel and departments referred to herein.

## **CHAPTER II COMPOSITION OF THE COMMITTEE**

**Article 6** The Committee shall comprise no fewer than three directors, a majority of whom shall be independent non-executive directors.

**Article 7** Committee members shall be nominated by the chairperson of the Board, at least half of the independent directors, or at least one-third of all directors, and shall be elected by the Board with the approval by a majority of all directors.

**Article 8** The Committee shall have one chairperson, who shall be the chairperson of the Board or an independent non-executive director. The chairperson shall be nominated by the chairperson of the Board and approved by the Board.

**Article 9** The term of office of the Committee shall be the same as that of the Board. The term of office of a Committee member shall be the same as that of a director. Upon expiry of their term, Committee members may be re-elected. A member shall automatically cease to hold office if he/she ceases to be a director of the Company, or if an independent non-executive director member no longer satisfies the independence requirements under the Hong Kong Listing Rules. In such case, the Board shall appoint replacement members in accordance with the Rules.

**Article 10** Committee members may resign before the expiry of their term by submitting a written resignation to the Board, which shall include the reasons for resignation and necessary explanations for any matters that require the Board’s attention. If the number of members falls below the minimum required under the Rules, the resigning member shall continue to perform relevant responsibilities until a replacement nominated by the Board assumes office.

**Article 11** Upon proposal by the chairperson of the Board and approval by the Board, adjustments to Committee membership may be made during a member’s term of office.

**Article 12** If the composition of the Committee fails to meet the requirements of the Rules, the Board shall immediately disclose details and reasons by announcement in accordance with the Hong Kong Listing Rules, and shall make up the shortfall within three months from the date of non-compliance. The term of office of a supplementary member shall expire at the end of the term of the director he/she serves as.

**Article 13** With coordination by the Board office, the Company's human resource department shall act as the working body of the Committee, providing support and services and undertaking relevant tasks assigned by the Committee.

### **CHAPTER III RESPONSIBILITIES OF THE COMMITTEE AND ITS MEMBERS**

**Article 14** The Committee shall primarily undertake the following responsibilities:

- (I) Regularly review the structure, size, composition, and relevant qualifications of the Board (including skills, knowledge, expertise, and experience) at least annually, and make recommendations on any proposed changes to the Board to align with the Company's corporate strategy;
- (II) Identify individuals suitably qualified to become members of the Board (including whether the individual can bring perspectives, viewpoints, skills, and experience to the Board, and whether the individual can promote Board diversity) and make recommendations to the Board on candidates for nomination as directors;
- (III) Review the independence of the Company's independent non-executive directors;
- (IV) Assess the number of directorships that a candidate for the Company's independent non-executive director may hold in other listed companies. If a candidate will serve as a director in his/her seventh (or more) listed company, the Board must be satisfied that the candidate can still devote sufficient time to the Board;
- (V) Develop and maintain a nomination policy for directors, including the nomination procedures and the procedures and criteria by which the Committee identifies, selects, and recommends director candidates during the year, and regularly review and disclose in the Company's corporate governance report the policy and the progress made towards achieving the objectives set out in the nomination policy;
- (VI) Develop and maintain a Board diversity policy, and regularly review and disclose in the Company's corporate governance report the policy or a summary thereof;
- (VII) Annually review the time commitment required from non-executive directors and independent non-executive directors, and apply performance evaluation to assess whether they have devoted sufficient time to fulfill their responsibilities;
- (VIII) Make recommendations to the Board on the appointment or reappointment of directors and on the succession plans for directors (particularly the chairperson and chief executive officer). The Committee shall make recommendations on director appointments in accordance with the Company's diversity policy and in light of the challenges and opportunities facing the Company; and

(IX) When the Board intends to propose a person for election as an independent non-executive director at a general meeting, the circular and/or explanatory statement accompanying the relevant notice to shareholders shall specify:

1. The process used to identify the individual, the reasons the Board considers the individual suitable for election, and the reasons the individual is regarded as independent;
2. If the proposed independent non-executive director will serve as a director in his/her seventh (or more) listed company, the reasons why the Board believes the individual can still devote sufficient time to fulfill his/her responsibilities;
3. The perspectives, viewpoints, skills, and experience that the individual can bring to the Board;
4. How the individual will contribute to the Board diversity.

**Article 15** The chairperson of the Committee shall primarily perform the following responsibilities:

- (I) Convene and preside over Committee meetings;
- (II) Supervise and inspect the Committee's work and implementation of its resolutions;
- (III) Sign Committee-related documents;
- (IV) Report the Committee's work to the Board;
- (V) Attend the Company's annual general meeting and respond to shareholders' questions relating to the Committee's responsibilities. If the chairperson of the Committee is unable to attend, another member or an appropriately appointed representative shall attend;
- (VI) Other responsibilities as required or delegated under PRC Laws and Regulations, the Hong Kong Listing Rules, the Rules, or by the Board.

**Article 16** Committee members shall primarily perform the following responsibilities:

- (I) Attend Committee meetings on time, express views on matters under discussion, and exercise voting rights;
- (II) Submit topics for discussion at Committee meetings;
- (III) To perform their responsibilities, attend or sit in on relevant Company meetings, conduct investigations, and obtain necessary reports, documents, materials and other relevant information;

- (IV) Fully understand the Committee's responsibilities and their own responsibilities as members, be familiar with the Company's operations, activities, and development related to their responsibilities, and ensure the ability to fulfill their responsibilities;
- (V) Devote sufficient time and effort to performing their responsibilities;
- (VI) Other responsibilities as delegated under PRC Laws and Regulations, the Hong Kong Listing Rules, the Rules, or by the Board.

**Article 17** The Committee shall be provided with sufficient resources to fulfill its responsibilities. The Committee may seek independent professional advice as needed in fulfilling its responsibilities, with fees payable by the Company.

**Article 18** The Committee shall publish its terms of reference on the websites of The Stock Exchange of Hong Kong Limited and the Company, and shall explain its role and powers delegated by the Board.

#### **CHAPTER IV WORKING PROCEDURES OF THE COMMITTEE**

**Article 19** Procedures for the selection and appointment of directors and senior management:

- (I) The Committee shall actively communicate with the Company's departments to assess the Company's needs for new directors and senior management, and prepare written materials;
- (II) The Committee may conduct a broad search for candidates for directors and senior management within the Company, its controlled (invested) enterprises, and the talent market;
- (III) The Committee shall compile written materials on the shortlisted candidates, including their professional and educational background, titles, detailed work experience, and all concurrent positions held;
- (IV) The Committee shall obtain the consent of the nominated individuals; otherwise, they cannot be considered as candidates for directors or senior management;
- (V) The Committee shall convene meetings to review the qualifications of shortlisted candidates in accordance with the requirements for directors and senior management positions;
- (VI) Prior to the election of new directors and the appointment of new senior management, the Committee shall submit recommendations and relevant materials regarding the director candidates and proposed senior management appointments to the Board;

(VII) The Committee shall carry out other follow-up work in accordance with the Board's decisions and feedback.

## CHAPTER V COMMITTEE MEETINGS

**Article 20** Committee meetings are divided into regular meetings and extraordinary meetings.

**Article 21** The Committee shall hold at least one regular meeting each year, with notice sent to all members three days prior to the meeting.

**Article 22** The Committee shall convene extraordinary meetings as needed. In any of the following circumstances, the chairperson of the Committee shall issue a meeting notice within three days from the date of occurrence:

- (I) When the Board deems it necessary;
- (II) When the chairperson of the Committee deems it necessary;
- (III) When two or more Committee members propose it.

**Article 23** The working body of the Committee shall be responsible for delivering the meeting notice in written form (via email, SMS, or other electronic means) to all Committee members and relevant individuals invited to attend the meeting three days prior to the meeting (except under special circumstances where advance notice may be exempted, in which case the meeting chair shall explain at the meeting). The notice shall specify the meeting format, time, venue, duration, agenda, issuance date, contact person, contact details, and relevant information.

**Article 24** Upon receipt of the meeting notice, Committee members shall promptly confirm relevant information in an appropriate manner and provide feedback, including but not limited to whether they will attend the meeting, their travel arrangements, etc.

**Article 25** A Committee meeting may be held only with the attendance of at least two-thirds of the Committee members.

**Article 26** Committee members shall attend meetings in person. If unable to do so, a member may issue a signed power of attorney authorizing another Committee member to attend and express opinions on his/her behalf. The power of attorney shall specify the scope and period of authorization. A member may only authorize one other member to exercise voting rights on his/her behalf per meeting; any authorization to two or more persons is invalid. In addition, no member may accept authorizations from two or more members at the same time.

The authorized member attending the meeting on behalf of another shall exercise rights within the scope of authorization. A member who neither attends in person, nor authorizes another member, nor submits written opinions prior to the meeting, shall be deemed to have waived his/her rights.

Members unable to attend the meeting in person may also exercise their rights by submitting written opinions on the matters under discussion. Such written opinions shall be submitted to the working body of the Committee prior to the meeting in any event.

**Article 27** If a Committee member fails to attend in person for two consecutive meetings, without appointing a proxy or submitting written opinions in advance; or if a member attends less than three-fourths of all Committee meetings in person within a year, the member shall be deemed incapable of fulfilling his/her responsibilities. The Board may adjust the Committee membership according to the Rules.

**Article 28** Meetings shall be presided over by the chairperson of the Committee. If the chairperson of the Committee cannot attend, he/she may delegate another member to preside. If the chairperson of the Committee neither performs responsibilities nor delegates another member, any member may report the relevant situation to the Board, which shall designate an independent non-executive director to perform the responsibilities of the chairperson of the Committee.

## **CHAPTER VI RULES OF PROCEDURE**

**Article 29** Each Committee member holds one vote. A resolution requires approval by a majority of all members. Where recusals prevent a valid resolution, the matter under discussion shall be submitted directly to the Board for deliberation.

**Article 30** The Committee shall in principle hold meetings in person, by video conference, or by telephone conference. For extraordinary meetings where urgent circumstances or force majeure make these formats impossible, written communication may be used. In such cases, Committee members shall submit their written opinions on the matters under discussion to the Board within the time specified in the meeting notice.

**Article 31** Voting at Committee meetings shall be conducted by a show of hands or by ballot. If members participating by telephone or video conference cannot sign resolutions in real time, they may first state their opinions orally and complete the written signature as soon as possible thereafter. The subsequent written signature must be consistent with the oral opinions expressed at the meeting.

**Article 32** Committee members shall study and discuss the matters on the meeting agenda, and shall express clear, independent, and adequate opinions based on their own judgment. Where opinions differ, such differences shall be recorded in the meeting minutes submitted to the Board.

**Article 33** The Committee may invite directors, senior management, internal experts, external experts, scholars, intermediaries, or other relevant personnel to sit in on Committee meetings. Such invitees shall provide explanations or clarifications as required by Committee members.

**Article 34** Where deemed necessary, and subject to the approval of the Board, the Committee may engage external professionals or institutions to provide expert opinions, with reasonable expenses borne by the Company.

**Article 35** The convening procedures, voting methods, and resolutions passed at Committee meetings must comply with PRC Laws and Regulations, the Hong Kong Listing Rules, the Articles of Association, and the Rules.

**Article 36** Where a matter under discussion involves a conflict of interest with any Committee member, that member shall recuse himself/herself.

**Article 37** All participants in Committee meetings are obligated to maintain confidentiality over the matters discussed and shall not disclose relevant information without authorization.

## **CHAPTER VII COMMITTEE MEETING MINUTES AND SUMMARIES**

**Article 38** Minutes shall be prepared for all Committee meetings by the working body of the Committee, and shall include:

- (I) Meeting number, format, date, venue, and name of the chairperson;
- (II) Attendance, absence, and proxy attendance;
- (III) Names and positions of non-voting attendees;
- (IV) Agenda items;
- (V) Key points of statements by Committee members and non-voting attendees;
- (VI) Name of the recorder;
- (VII) Meeting minutes or resolutions shall include notes on any recusals due to conflicts of interest (if applicable).

Attending members shall sign the minutes. The minutes shall be circulated to all Committee members within a reasonable time after the meeting for their comments.

**Article 39** Following a Committee meeting, the working body of the Committee shall prepare the meeting summary based on the discussions.

The summary shall be submitted to the Board and circulated to Committee members, the secretary of the Board, and the Company’s human resource department and other relevant departments and personnel.

**Article 40** The minutes, summaries, powers of attorney, written opinions of members, and other meeting materials shall be kept by the Board office in accordance with relevant regulations.

## **CHAPTER VIII SUPPLEMENTARY PROVISIONS**

**Article 41** Unless otherwise specified, the terms used herein shall have the same meaning as those defined in the Articles of Association.

**Article 42** For the purpose of the Rules, “**at least**” and “**within**” include the number itself, while “**more than**” does not include the number itself.

**Article 43** For matters not covered by the Rules, or in the event of any inconsistency with laws, administrative regulations, normative documents, or regulatory rules of the place where the Company’s shares are listed, which are issued after the effective date of the Rules, or with the Articles of Association as amended by due process, the relevant national laws, administrative regulations, normative documents, regulatory rules of the place where the Company’s shares are listed, and the Articles of Association shall prevail.

**Article 44** The Rules, having been reviewed and approved by the Board, shall come into effect and be implemented from the date of the listing of the overseas listed foreign shares (H shares) issued by the Company for trading on The Stock Exchange of Hong Kong Limited.

**Article 45** The right of interpretation and amendment of the Rules resides with the Board.

**Article 46** The Rules are prepared in both Chinese and English. In case of discrepancies, the Chinese version shall prevail.