

ZHEJIANG SANHUA INTELLIGENT CONTROLS CO., LTD.

TERMS OF REFERENCE FOR THE NOMINATION COMMITTEE OF THE BOARD OF DIRECTORS

Chapter I General Provisions

Article 1 To regulate the appointment of leaders, optimize the composition of the board of directors, and improve the corporate governance structure of Zhejiang Sanhua Intelligent Controls Co., Ltd. (hereinafter referred to as the “Company”), the Company has established a nomination committee of the board of directors and formulated these terms of reference in accordance with the Company Law of the People’s Republic of China (hereinafter referred to as the “Company Law”), the Securities Law of the People’s Republic of China, the Code of Governance for Listed Companies, the Administrative Measures for Independent Directors of Listed Companies, the Self-Regulatory Guidelines for Listed Companies on the Shenzhen Stock Exchange No. 1 – Standardized Operation of Listed Companies on the Main Board, the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited and other relevant laws and regulations, normative documents and the relevant provisions of Articles of Association of Zhejiang Sanhua Intelligent Controls Co., Ltd. (hereinafter referred to as the “Articles of Association”).

Article 2 The Nomination Committee of the board of directors is a special working body established by the board of directors, which is mainly responsible for selecting and making recommendations on the candidates, selection criteria and procedures of the Company’s directors (including independent non-executive directors, the same below) and senior management.

Chapter II Composition of Members

Article 3 The Nomination Committee shall be comprised of at least three directors, at least one member shall be different gender and more than half shall be independent non-executive directors.

Article 4 The members of the Nomination Committee shall be nominated by the chairman of the board, more than half of the independent non-executive directors or one-third of all directors, and shall be elected by the board of directors.

Article 5 The Nomination Committee shall have a chairman (convener), who shall be the chairman of the board of directors or an independent non-executive director, who shall be responsible for presiding over the work of the committee. The chairman (convener) shall be elected from among the members and shall be submitted to the board of directors for approval.

Article 6 The term of office of the members of the Nomination Committee is the same as that of the directors of the board of directors, and members may be re-elected upon expiration of their terms of office. If a member ceases to serve as a director of the Company during the term, he/she shall cease to be a committee member automatically, and the vacancy in the committee shall be filled in accordance with the provisions of Article 3 to 5 above.

Chapter III Duties and Authority

Article 7 The primary duties of the Nomination Committee of the board of directors of the Company are as follows:

- (I) to discuss the criteria and procedures for the selection of directors and senior management and make recommendations;
- (II) to select qualified candidates for directors and senior management;
- (III) to review and make recommendations on candidates for directors and senior management;
- (IV) to review the structure, size and composition (including skills, knowledge, diversity policy and experience) of the board of directors at least annually, assist the board of directors in preparing a skills matrix of the board of directors and make recommendations on any proposed changes to the board of directors to align with the Company's strategy;
- (V) to identify individuals qualified and eligible to be elected directors and select and nominate such individuals for directorships or make recommendations to the board of directors thereon;
- (VI) to assess the independence of independent non-executive directors;
- (VII) to make recommendations to the board of directors on the appointment or re-appointment of directors and succession planning for directors, in particular the chairman of the board and the chief executive officer;
- (VIII) to support the Company's regular evaluation of the performance of the board of directors;
- (IX) to be responsible for other matters as stipulated by laws and regulations, securities regulatory rules of the place where the shares of the Company are listed, the Articles of Association and as authorized by the board of directors.

Article 8 The Nomination Committee of the board of directors of the Company shall make recommendations to the board of directors on the following matters:

- (I) nomination, appointment or dismissal of directors;
- (II) appointment or dismissal of senior management members;
- (III) other matters required by laws, administrative regulations, the securities regulatory rules of the place where the shares of the Company are listed, regulations of the China Securities Regulatory Commission and the Articles of Association.

If the board of directors does not adopt the recommendations of the Nomination Committee in full or in part, it shall record the opinions of the Nomination Committee and the specific reasons for not adopting them in the board resolutions for disclosure.

Article 9 The Nomination Committee is accountable to the board of directors, and the proposals of the committee shall be submitted to the board of directors for consideration and decision.

Without sufficient reasons or reliable evidence, the controlling shareholders shall fully respect the recommendations of the Nomination Committee, otherwise, it cannot propose alternative candidates for directors and senior management.

Chapter IV Decision-making Procedures

Chapter V Rules of Procedure

Article 12 The meeting of the Nomination Committee shall be convened from time to time as needed, and all members shall be notified three days before the meeting. However, in case of urgent circumstances requiring a prompt meeting, and with the unanimous consent of all members, the above notice period requirement may be waived, provided that each member can fully express his/her views. The meeting shall be presided over by the chairman (convener), who may entrust another member (independent non-executive director) to preside over the meeting if he/she is unable to attend.

Article 13 The meeting of the Nomination Committee shall be held only when more than two-thirds of the members are present; each member shall have one vote; resolutions made at the meeting must be passed by a majority of all members.

Article 14 Members may vote at the meeting of the Nomination Committee by the show of hands or by poll, which may be convened in the form of on-site meeting or correspondence voting.

Article 15 The directors and senior management of the Company may be invited to attend the meeting of the Nomination Committee when necessary.

Article 16 Where necessary, the Nomination Committee may engage intermediaries to provide professional advice for its decisions, and the cost shall be borne by the Company.

Article 17 The convening procedures, voting methods and proposals passed at the meeting of the Nomination Committee must comply with requirements under relevant laws, regulations, the Articles of Association and these terms of reference.

Article 18 The meeting of the Nomination Committee shall be recorded, and the members attending the meeting shall sign the minutes of the meeting, which shall be kept by the secretary to the board of directors of the Company. The directors of the Company may inspect the minutes of the meeting at a reasonable time upon reasonable notice.

Article 19 The proposals and poll results passed at the meeting of the Nomination Committee meeting shall be reported in writing to the board of directors of the Company.

Article 20 Members attending the meeting shall be obliged to keep confidentiality regarding the matters discussed at the meeting, and shall not disclose relevant information without authorization.

Chapter VI Supplementary Provisions

Article 21 These terms of reference shall be implemented from the date of approval by the board of directors, and any amendments shall be subject to the same procedure.

Article 22 The matters not covered herein shall be implemented in accordance with the relevant national laws and regulations, the securities regulatory rules of the place where the shares of the Company are listed and the Articles of Association. In case of any conflicts between these terms of reference and any laws and regulations promulgated by the state, the securities regulatory rules of the place where the shares of the Company are listed or the Articles of Association as amended under lawful procedures, the relevant national laws and regulations, the securities regulatory rules of the place where the shares of the Company are listed and the Articles of Association shall prevail.

Article 23 The board of directors of the Company shall be responsible for the interpretation and revision of these terms of reference.

Zhejiang Sanhua Intelligent Controls Co., Ltd.
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