



**CQME**

**Chongqing Machinery & Electric Co., Ltd.\***

**重慶機電股份有限公司**

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

(Stock Code: 02722)

## **Terms of Reference of the Nomination Committee of the Board**

Passed at the 2007 second extraordinary meeting of the first session  
of the Board on 16 August 2007

Amended for the first time at the 2011 twelfth extraordinary meeting of the second session  
of the Board on 25 November 2011

Amended for the second time at the 2012 fourth extraordinary meeting of the second session  
of the Board on 11 July 2012

Amended for the third time at the 2025 first meeting of the seventh session  
of the Board on 12 June 2025

### **Article 1 Definitions**

For the purpose of these terms of reference (the “**Terms of Reference**”):

“**Board**” means the board of Directors of the Company.

“**Company**” means Chongqing Machinery & Electric Co., Ltd.\*

“**Code**” means the Code on Corporate Governance Practices under the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

“**Secretary of the Board**” means secretary to the Board of the Company.

“**Director(s)**” means members of the Board.

“**Listing Rules**” means the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, as amended from time to time.

- “Articles of Association”** means the Articles of Association of Chongqing Machinery & Electric Co., Ltd.\*, as amended from time to time.
- “Nomination Committee” or “Committee”** means the nomination committee established by the Board according to the resolution which was approved under the article 2 of the Terms of Reference.
- “Shareholder(s)”** means person(s) or corporation(s) who holds shares of the Company.

## **Article 2 Constitution**

The Board hereby resolves to establish a committee of the Board to be known as the Nomination Committee.

## **Article 3 Composition and Membership of the Committee**

The Committee comprises the Chairman of the Board and three non-executive Directors, at least one of whom should be of a different gender. The Committee chairman is the Chairman of the Board. The Board of the Company may adjust the size of the Committee according to the needs of the Company, provided that such adjustment is in compliance with relevant regulatory requirements. The majority of the Committee should be independent non-executive Directors.

## **Article 4 Term of Office of the Committee**

The term of office of the Committee shall be the same as that of the Board, and its members may be eligible for re-election upon the expiry of their term of office. Any member who, during his term of office, ceases to be a non-executive Director of the Company shall automatically lose his membership on the Committee and the Board shall make up for the number of members in accordance with relevant requirements of the Company.

In the event that a member submits his resignation which is then approved by more than half of the Board, or no longer serves as a non-executive Director, the Board may decide to terminate his term of office in advance.

Any change of the Committee members shall be, if involving change of directors of the Company simultaneously, subject to the approval of a general meeting in accordance with the relevant procedure for change of directors stipulated in the Articles of Association as well as announcements as required by regulatory requirements.

## **Article 5 Resignation of Members**

- (1) Should any member resign during his term of office, such member shall submit to the Board of the Company a resignation letter, in which detailed explanations for resignation should be stated.
- (2) In the event that the number of the Committee is less than the quorum required or the minimum requirements of the Terms of Reference due to the resignation of member(s), such resignation shall not take effect until the replacement member(s) elected by the Company take office.
- (3) For any member who automatically loses his membership due to his resignation as a non-executive Director, there is no need to apply the resignation procedure for members of the Committee. Such member shall automatically lose his membership on the date when he officially resigns from his position as an independent non-executive Director in accordance with the procedure for resignation of non-executive Directors of the Company. In the event that such automatic loss of membership may result in the number of the Committee falling below the statutory quorum or the minimum requirements of the Terms of Reference, the matter of formal invalidation of membership shall be dealt with in accordance with the provision (2) of this Article.

## **Article 6 Committee Meetings**

The Committee should hold at least one regular meeting every year, and extraordinary meetings if necessary.

A Committee meeting may not be held unless more than half of the members of the Committee are present. It may be held by telephone conferencing or video conferencing or other means.

## **Article 7 Committee Meetings by Way of Written Resolutions**

The Committee may accept a written resolution in lieu of convening a meeting of the Committee and pass a resolution in writing without convening a meeting of the Committee. A written resolution shall be valid if the meeting materials have been delivered to all members and the number of members who have signed and agreed to it reaches the quorum required to make the resolution.

## **Article 8 Convening and Chairing of Meetings**

The Committee meetings shall be convened by its chairman with assistance from the Secretary of the Board who may authorize the office of the Board to help deal with the convening, preparation and relevant affairs of the meeting.

Notice of a Committee meeting and related meeting agenda and documents should be delivered to every member at least three days in advance.

The Committee meeting shall be presided over by the chairman of the Committee.

## **Article 9 Resolutions of Meeting**

Any resolution of a Committee meeting shall be subject to the approval of two-thirds or more of all members, with each member having one vote.

Voting at a Committee meeting may be taken by show of hands or by poll. Voting at a Committee meeting may be taken via telecommunications.

Any resolution of a Committee meeting shall be in writing form and signed by each member presents.

## **Article 10 Meeting Minutes**

Minutes of meetings of the Committee shall be kept, and the minutes shall be complete and true. The office of the Board is responsible for the minutes of the Committee's meetings, and the first draft of the minutes of each meeting shall be provided to all members for review and finalization within one week after the end of the meeting. The original minutes shall be kept by the Secretary of the Board of the Company.

## **Article 11 Non-voting Attendance**

When it deems necessary, the Committee may invite the Company's Management and other Directors of the Board to attend its Committee meetings. Such attendees have no voting rights.

## **Article 12 Supporting Offices of the Committee**

The Nomination Committee may, with the authorization of the Board, seek external independent professional advice and invite outside experts with relevant experience and professional knowledge to attend the committee meetings as observers when deemed necessary. The Nomination Committee shall be fully responsible for formulating the procedure for selecting all externally-appointed nomination advisors, making specific appointment, and prescribing relevant terms of reference.

The office of the Board shall provide coordination and support for the routine operation of the Committee.

## Article 13 Primary Duties and Rights of the Committee

The Committee should mainly discharge the following duties:

- (1) To review the structure, size and composition (including the skills, knowledge and experience) of the Board at least once a year, assist the Board in maintaining a Board skills matrix, and make recommendations to the Board regarding any proposed changes. The Committee shall maintain a Board skills matrix. As part of this proposal, the Company and the Nomination Committee would also be required to disclose information on:
  - (i) the existing skills mix of the Board;
  - (ii) how the combination of skills, experience and diversity of the Directors serves the purpose, values, strategy and desired culture of the Company;
  - (iii) details and plans to acquire further skills.
- (2) To identify individuals suitably qualified to serve as Directors and to select and nominate persons to serve as Directors or to advise the Board in this regard.
- (3) To extensively hunt for individuals qualified to become Board members and the General Manager.
- (4) To assess the independence of independent non-executive Directors.
- (5) To review and make recommendations on other senior management subject to appointment by the Board.
- (6) To make recommendations to the Board on relevant matters relating to the appointment or re-appointment of Directors and succession planning for Directors in particular the Chairman and the General Manager.
- (7) Other matters authorized by the Board.
- (8) To disclose the policy for the nomination of Directors during the year, which includes the nomination procedures, the process and criteria adopted by the Nomination Committee to select and recommend candidates for directorship during the year, and its assessment of each Director's time commitment and contribution to the Board, as well as the Director's ability to discharge his or her responsibilities effectively, taking into account professional qualifications and work experience, existing listed company directorships and other significant external time commitments of such Director and other factors or circumstances relevant to the Director's character, integrity, independence and experience.

- (9) To support the Company's regular evaluation of the Board's performance.
- (10) To have and disclose a diversity policy for the workforce (including senior management). At the Board level, in reviewing the structure of the Board, the Nomination Committee will consider the Board diversity from a number of aspects, including but not limited to gender, age, cultural and educational background, race, skills, knowledge and professional experience. All Board appointments will be based on meritocracy, and candidates will be considered against objective criteria, having due regard for the benefits of diversity on the Board. For the workforce level, the Company is only required to disclose any plans or measurable objectives for achieving gender diversity.
- (11) To review the measurable objectives (e.g. numerical targets and timelines) that it has set for the promotion of gender diversity on the Board and measures the Company has adopted to develop a pipeline of potential successors to the Board to achieve gender diversity, and the results of the Company's review of the implementation of its Board diversity policy conducted during the year (including progress towards the Company's objectives and how the Company has arrived at its conclusion).

The Committee has the right to request the operating management of the Company to provide necessary documents and information for its performance of duties or explain issues of concern to the Committee.

#### **Article 14 Obligations of the Committee Members**

The obligations of Committee shall, as required by regulatory requirements and provisions hereof, include but not limited to the following:

- (1) To faithfully perform their duties, reasonably safeguard the best interests of the Company.
- (2) To attend the Committee meetings in person and on time, or, when failing to attend, appoint another member to attend on his behalf by power of attorney which shall state the scope of authorization.
- (3) To carefully review and consider all documents and topics presented to members.
- (4) To ensure the time and energy devoted to the work of the Committee. The Committee members shall not take the same position in more than three (excluding the number) domestic or overseas listed companies, unless otherwise approved by the Board.

## **Article 15 Remuneration of the Committee Members**

The remuneration of the Committee members shall be determined and approved by the Board. Payment may be made in the form of cash, shares or options. The members shall not receive, whether directly or indirectly, any consulting fees, advisory fees or other compensation from the Company other than the following:

- (1) Remuneration received as a Director (including any allowances and other benefits paid to all Directors) or as an employee representative.
- (2) Remuneration for a position in any committee of the Board of the Company.
- (3) Pension or other deferred compensation for the services that have been rendered as a Director previously, and remuneration expected to be paid in the future (provided that such compensation is not contingent upon the provision of any other services by such Director in the future).

## **Article 16 Funds of the Committee**

The Committee shall have funds and other resources necessary for the performance of its duties, including:

- (1) All expenses for engagement of professional advisors.
- (2) All necessary or appropriate administrative expenses for the Committee to perform its duties.

## **Article 17 Availability of Terms of Reference**

The Terms of Reference shall be made available upon request and published on the website of the Company by the Nomination Committee so as to expound its duties and powers authorized by the Board.

## **Article 18 Validity and Interpretation of the Terms of Reference**

The Terms of Reference shall take effect upon the approval by a Board resolution of the Company and the Board shall be responsible for explanation thereof. Matters not covered shall be implemented in accordance with the relevant regulatory requirements and the Articles of Association.

## **Article 19 Amendment and Termination of the Terms of Reference**

Any amendment hereto or the termination hereof is subject to the approval of the Board through resolutions.

(If there is any inconsistency or ambiguity between the English and Chinese versions of the Terms of Reference, the Chinese version shall prevail.)