



**USAS Building System (Shanghai) Co., Ltd.**  
**美聯鋼結構建築系統(上海)股份有限公司**

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

**Chapter I General Provisions**

**Article 1** To standardize the appointment of directors and senior management of USAS Building System (Shanghai) Co., Ltd. (美聯鋼結構建築系統(上海)股份有限公司) (hereinafter referred to as the “**Company**”), optimize the composition of the Board of Directors and enhance its corporate governance structure, the Company hereby establishes the nomination committee of the Board of Directors (hereinafter referred to as the “**Nomination Committee**”) in accordance with the Company Law of the People’s Republic of China (hereinafter referred to as the “**Company Law**”), the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (hereinafter referred to as the “**Hong Kong Listing Rules**”), the Corporate Governance Code as set out in Appendix C1 to the Hong Kong Listing Rules and other relevant regulations, and formulates the Terms of Reference of the Nomination Committee of the Board of Directors of USAS Building System (Shanghai) Co., Ltd. (hereinafter referred to as the “**Terms of Reference**”).

**Article 2** The Nomination Committee of the Board of Directors is a specialized working body under the Board of Directors of the Company, which is principally responsible for considering selection of directors (including independent non-executive directors) and senior management of the Company, the selection criteria and procedures thereof, as well as putting forward opinions and recommendations to the Board of Directors.

The senior management mentioned in the Terms of Reference refers to the general manager, deputy general manager, the technical director, the secretary to the Board of Directors, the chief financial officer and other personnel appointed by the Board of Directors as senior management of the Company. The “general manager” mentioned in the Terms of Reference refers to the “manager” mentioned in the Company Law.

## **Chapter II Composition**

- Article 3** The Nomination Committee shall consist of at least three directors, with at least one director of a different gender and with a majority being independent non-executive directors.
- Article 4** Members of the Nomination Committee shall be nominated by the chairman of the Board of Directors or more than one-third of members of the Board of Directors, and shall be elected by a majority of all directors of the Board of Directors.
- Article 5** The Nomination Committee shall have one convener being the chairman of the Nomination Committee, who shall be the chairman or an independent non-executive director. The chairman of the Nomination Committee shall be appointed and removed by the Board of Directors and shall be responsible for presiding over the works of the Nomination Committee. When the chairman of the Nomination Committee is unable to or fails to perform his/her duties, an independent non-executive director shall be jointly elected by more than one-half of the members to perform the chairman's duties on his/her behalf. After the proposal of electing members of the Nomination Committee has been approved, the new members of the Nomination Committee shall take office immediately after the conclusion of the meeting of the Board of Directors. Where the composition of the Committee fails to meet the requirements set forth in the Terms of Reference, the Board of Directors shall promptly disclose the relevant details and reasons by way of announcement in accordance with the Hong Kong Listing Rules, and fill the vacancy in compliance with the Terms of Reference within three months from the date on which the relevant requirements fail to be met. The term of office for the member filling the vacancy shall expire upon the expiration of his/her term of office as a director.

**Article 6**

The term of the Nomination Committee shall align with that of the Board of Directors. Upon expiry of a term, a member may serve consecutive terms if re-elected. During his/her term of office, if any member ceases to be a director of the Company, or any member with the capacity of an independent non-executive director ceases to have the independence as stated in the Company Law, the Articles of Association and the Listing Rules, his/her membership in the Nomination Committee shall lapse automatically. A member of the Nomination Committee may submit his/her resignation report in writing to the Board of Directors prior to the expiry of his/her term of office to resign from his/her position in the Nomination Committee. The resignation report shall contain such reasons for resignation and matters which require the attention of the Board of Directors of the Company as necessary. Upon the loss of qualification or permission to resign, the position(s) vacated by such member(s) shall be filled by the Board of Directors according to relevant laws, regulations, regulatory documents, and provisions of Articles 3 to 5 above. The term of office for the member filling the vacancy shall expire upon the expiration of his/her term of office as a director or an independent non-executive director. A member of the Nomination Committee shall not, before the expiry of his/her term of office, be relieved of his/her duties without causes except for the situations that prevent such member from holding office as specified in the Company Law, the Articles of Association or the Listing Rules.

**Article 7**

The secretary to the Board of Directors shall be responsible for the Nomination Committee's daily communication, arrangement of meetings and implementation of the relevant resolutions of the Committee.

**Chapter III Duties and Authorities****Article 8**

The major duties and authorities of the Nomination Committee are as follows:

- (I) to consider and draw up the criteria and procedures for selecting directors and senior management and make recommendations thereon to the Board of Directors. Factors to be considered include but are not limited to cultural and educational background and work experience;

- (II) to identify candidates suitably qualified to become directors and make nominations to the Board of Directors, to review and make recommendations on candidates for directors of the Company (in particular the chairman of the Board of Directors);
- (III) to identify candidates suitably qualified to become senior management, to review and make recommendations on candidates for senior management of the Company (in particular the general manager);
- (IV) to assess the independence of independent non-executive directors;
- (V) to review the structure, size and composition (including the skills, knowledge and experience) of the Board of Directors at least annually, assist the Board of Directors in maintaining a board skills matrix, and make recommendations on any proposed changes to the Board of Directors to complement the Company's strategies; to make recommendations (if any) to the Board of Directors on the appointment or reappointment of directors and succession planning for directors, in particular the chairman and the general manager; to assess the structure of the committees under the Board of Directors, recommend members to the relevant committees from among the directors, and submit to the Board of Directors for approval;
- (VI) to establish reserve plans for directors and senior management, and to update and supplement the plans at any time;
- (VII) to evaluate the director's work, time commitment and contributions, as well as their ability to effectively fulfill their duties, and put forward opinions or suggestions on the replacement, reappointment or succession of directors (including the chairman and the chief executive officer) based on the evaluation results. To support the Company to conduct regular assessments on the performance of the Board of Directors;
- (VIII) to formulate, and, where appropriate, review and implement the Board of Directors diversity policy and the nomination policy adopted by the Board of Directors from time to time, review the progress of achieving goals, and disclose the relevant reviewed policies or their summary in the Company's annual report;

(IX) other matters prescribed by relevant laws, administrative regulations, the Listing Rules and the Articles of Association and authorized by the Board of Directors.

**Article 9**

The Nomination Committee may exercise any authority conferred by the Board of Directors at such time as it considers necessary. The Company shall provide sufficient resources to the Nomination Committee to perform its duties. Where necessary, the Nomination Committee may engage headhunting firms to assist in searching competent candidates for directors and senior management. The duration and costs of service provided by the aforesaid agencies shall be determined by the Committee and the reasonable costs incurred shall be borne by the Company.

**Article 10**

The Nomination Committee shall be accountable to the Board of Directors. The recommendations made by the Committee shall be submitted to the Board of Directors for consideration and approval, among which, resolutions on the nomination of candidates for directors shall, upon approval by the Board of Directors, be submitted to the shareholders' meeting for consideration and approval prior to implementation. In the absence of sufficient reasons or reliable evidence, the controlling shareholders shall fully respect the proposals made by the Nomination Committee and shall not propose substitutive candidates for the roles of directors and senior management.

**Article 11**

The Nomination Committee shall make available the Terms of Reference explaining its role and the authority delegated to it by the Board of Directors on the website of The Stock Exchange of Hong Kong Limited (hereinafter referred to as the “**Hong Kong Stock Exchange**”) and the Company's website.

**Chapter IV Working Procedures**

**Article 12**

The human resources department of the Company is the day-to-day working body of the Nomination Committee. It is responsible for the preliminary preparation of the Nomination Committee meetings and assist in preparing relevant materials for the meetings.

**Article 13**

The selection procedures of directors and senior management are as follows:

- (I) the human resources department of the Company and the Nomination Committee shall actively communicate with the relevant departments of the Company to assess the demand for new directors and senior management, and come up with written materials;
- (II) the Nomination Committee may extensively seek for candidates for directors and senior management within the Company, its holding (shareholding) enterprises as well as the job market;
- (III) the Nomination Committee shall collect and learn the information of the occupation, education background, job title, detailed working experience and all the part-time jobs of the initially proposed candidates, and produce materials in writing;
- (IV) to seek for the nominee's written consent to the nomination, otherwise, he/she shall not be considered as a candidate for directors and senior management;
- (V) to convene Nomination Committee meetings to review the qualifications of the initially proposed candidates according to the job requirements of directors and senior management;
- (VI) to submit proposals and the relevant materials to the Board of Directors in respect of candidates of directors and senior management within a reasonable period of time prior to the election of new directors and senior management;
- (VII) to carry out other follow-up work according to the decision and feedback of the Board of Directors.

**Article 14**

The chairman of the Nomination Committee or (if absent) another member of the Nomination Committee, who must be an independent non-executive director, shall attend the Company's annual general meeting and respond to shareholders' questions on the activities and responsibilities of the Nomination Committee.

## **Chapter V Rules of Procedure**

- Article 15** Members of the Nomination Committee shall undertake the duties of loyalty and diligence towards the Company in accordance with the provisions of the laws, regulations and the Articles of Association. Proposals or recommendations raised at the Nomination Committee meeting must comply with the requirements of the laws, regulations and the Articles of Association.
- Article 16** The Nomination Committee shall, in accordance with the laws, regulations, the Listing Rules and the Articles of Association, consider the election requirements, selection procedures and term of office of directors and senior management of the Company by taking into account the actual conditions of the Company, and form resolutions and submit them to the Board of Directors for consideration. Where the Board of Directors proposes a proposal to elect an individual as an independent non-executive director at the shareholders' meeting, it should set out in the circular to shareholders and/or explanatory statement accompanying the notice of the relevant shareholders' meeting: the process used for identifying the individual and why the Board of Directors believes the individual should be elected and the reasons why they consider the individual to be independent.
- Article 17** Regular meetings of the Nomination Committee shall be held at least once a year. A meeting of the Nomination Committee may be convened under any of the following circumstances. The Nomination Committee shall notify all members three days prior to the meeting, unless all members unanimously agree to waive the advance notice requirement. Meetings shall be chaired by the chairman (convener). If the chairman (convener) is unable to attend, he/she may authorize another member (who must be an independent non-executive director) to preside over the meeting: (I) when the Board of Directors deems it necessary; (II) when the chairman of the Nomination Committee deems it necessary; (III) when proposed by two or more members.
- Article 18** Meetings of the Nomination Committee shall be convened by the chairman of the Committee. Notice of meeting, signed by the chairman of the Committee, and materials for meeting shall be delivered to all members of the Committee three days prior to the meeting. Upon unanimous consent of all members of the Committee, the requirement on such prior notice period may be exempted.



- Article 19** Meetings of the Nomination Committee shall be presided over by the chairman of the Committee, in whose absence another member (independent non-executive director) who is authorized by the chairman of the Committee may preside over the meeting in his/her stead.
- Article 20** The quorum for meetings of the Nomination Committee shall be more than two-thirds of the total members of the committee, one of whom shall be an independent non-executive director. Members who cannot attend a meeting may authorize, in writing, other members to attend and vote on his/her behalf. The form of proxy, containing the name of the proxy, the matters delegated, the scope of authorization and the validity period of such authorization, and signed or stamped by the appointer, shall be submitted to the presider of the meeting no later than the time when voting takes place. If a member neither attends the meeting nor entrusts another member as his/her proxy to attend the meeting of the Nomination Committee, he/she shall be deemed to have waived the voting right at such meeting. The resolutions made at the meetings shall be approved by a majority of all members, and relevant resolutions or opinions shall be signed by the participating members of the Nomination Committee. Each member shall have one vote and may vote “for”, “against” or “abstain” from voting on a given matter. Where the respective votes for and against a resolution are equal in number, the chairman of the Nomination Committee shall be entitled to have a casting vote.
- Article 21** Meetings of the Nomination Committee may be held by on-site meetings, tele-conferences, video conferences, circulation of documents, facsimile, email or other appropriate means.
- Article 22** The Nomination Committee may invite the directors, supervisors, senior management and external advisors of the Company to attend meetings of the Nomination Committee when necessary. Persons attending the meetings may explain or illustrate the matters discussed at the meetings, but non-members of the Nomination Committee shall have no voting rights.
- Article 23** The Company should provide the Nomination Committee with sufficient resources to perform its duties. If necessary, the Nomination Committee may engage intermediary institutions to provide professional opinions for its decision-making. The reasonable expenses shall be borne by the Company.



- Article 24** The convening procedures, voting method and resolutions passed at the meetings of the Nomination Committee shall comply with the relevant laws, regulations, the Articles of Association and the provisions of the Terms of Reference.
- Article 25** Minutes of meetings of the Nomination Committee held on site shall be prepared, on which members present at the meeting shall sign. Members present at such meetings are entitled to require his/her speech at meetings to be explicitly recorded in minutes. Minutes of meetings of the Committee shall be kept by the secretary to the Board of Directors of the Company. Resolutions passed by the Nomination Committee and the voting results shall be reported in writing to the Board of Directors.
- Article 26** The Nomination Committee shall form a clear and definite conclusion on the resolutions under consideration, including: approval, rejection or consideration pending supplementary information. The resolutions and voting results passed at the meetings of the Nomination Committee shall be reported in writing to the Board of Directors of the Company for its consideration.
- Article 27** Members present at meetings and other persons attending such meetings shall perform a duty of confidentiality regarding matters discussed at such meetings. No unauthorized disclosure of such information shall be allowed, unless otherwise stipulated under relevant laws, regulations and/or by regulatory authorities.

## **Chapter VI Avoidance System**

- Article 28** Where a member of the Nomination Committee himself/herself or his/her immediate relatives, or other enterprises controlled by the member or his/her immediate relatives are interested, directly or indirectly, in any issue discussed at the meetings, the member shall disclose as soon as possible the nature and extent of the interest to the Nomination Committee.
- Article 29** In the event of any such circumstances as set forth above, the interested member shall give a detailed explanation of the relevant circumstances at the meetings of the Nomination Committee and clearly indicate that he/she will recuse himself/herself from voting. However, if the other members of the Nomination Committee unanimously agree after discussion that such interests will not have a significant impact on the matter to be voted on, the interested member may participate in the voting.

- Article 30** In case the Board of Directors considers it inappropriate for the interested member to participate in the voting as mentioned in the preceding paragraph, it may revoke the voting results, and require the other uninterested members to vote on the relevant proposals again.
- Article 31** The Nomination Committee shall consider and make a resolution on the proposal without counting interested members as a quorum. In case the quorum of the meeting of the Nomination Committee after the recusal of interested members is less than the minimum quorum, all the members (including interested members) shall make a resolution on the procedural issues regarding submitting such proposals to the Board of Directors of the Company for consideration, and the Board of Directors of the Company shall consider such proposals accordingly.
- Article 32** The minutes and resolutions of the Nomination Committee meetings shall specify the fact that the interested members were not counted as a quorum and did not participate in the voting.

## **Chapter VII Supplementary Provisions**

- Article 33** The Terms of Reference have been considered and approved by the Board of Directors, and shall come into force and be implemented from the day on which the overseas listed foreign shares (H Shares) in Company's public offering are listed and traded on the Hong Kong Stock Exchange. The Terms of Reference shall be amended and interpreted by the Board of Directors.
- Article 34** "More than" and "within" as referred to in the Terms of Reference shall include the underlying number, and the words "majority" shall not include the number itself.

**Article 35**

Any matters not covered herein shall be implemented in accordance with the provisions of relevant laws, regulations, departmental rules, the Listing Rules and other regulatory rules of the place(s) where the shares of the Company are listed and the Articles of Association. Where the Terms of Reference conflicts with the provisions of relevant laws, regulations, departmental rules, the Listing Rules and other regulatory rules of the place(s) where the shares of the Company are listed or the Articles of Association, such relevant laws, regulations, departmental rules, the Listing Rules and relevant regulatory rules of the place(s) where the shares of the Company are listed and the Articles of Association shall prevail, and the Terms of Reference shall be amended accordingly as soon as practicable and submitted to the Board of Directors for consideration and approval. These Terms of Reference are written in Chinese. In the event of any inconsistency with their English versions, the Chinese version shall prevail.

USAS Building System (Shanghai) Co., Ltd.  
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