

LEMO SERVICES CO., LTD

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

Chapter I General Provisions

Article 1 In order to regulate the appointment of directors and senior management, optimize the composition of the board of directors (the “Board”) of Lemo Services Co., Ltd (the “Company”), and enhance its corporate governance structure, the Company has established a nomination committee (the “Nomination Committee”) of the Board and formulated the Terms of Reference of the Nomination Committee of the Board of Directors of Lemo Services Co., Ltd (the “Terms of Reference”) in accordance with the Company Law of the People’s Republic of China (中華人民共和國公司法) (the “Company Law”), the Securities Law of the People’s Republic of China (中華人民共和國證券法), the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “Listing Rules”), the Appendix C1 to the Listing Rules (the “Corporate Governance Code”), the relevant regulatory rules of the securities regulatory authorities and stock exchanges in the places where the Company’s shares are listed and other relevant laws and regulations, as well as the Articles of Association of Lemo Services Co., Ltd (the “Articles of Association”).

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

Article 3 The directors mentioned in the Terms of Reference refer to all directors (including independent non-executive directors) elected by the shareholders’ meeting; while the senior management refers to the general manager, deputy general managers, Board secretary, chief financial officer appointed by the Board, as well as other senior management as stipulated in the laws and regulations, the relevant regulatory rules of the securities regulatory authorities and stock exchanges in the places where the Company’s shares are listed, as well as the Articles of Association.

Chapter II Composition

Article 4 The Nomination Committee shall consist of three directors, and more than half of the members shall be independent non-executive directors.

Article 5 The members of the Nomination Committee shall be nominated by the chairman of the Board, or jointly nominated by more than half of the independent non-executive directors or more than one-third of members of the Board, and shall be elected by more than half of all directors of the Board.

Article 6 The Nomination Committee shall have a convener/chairman of the committee, who shall be the chairman of the Board or an independent non-executive director. The chairman of the committee shall be appointed and dismissed by the Board and take charge of the work of the committee. Where the chairman of the committee is unable or fails to fulfill his/her duty, an independent non-executive director shall be elected by at least half of the members of the committee to act in his/her stead. Upon approval of the proposal for the election of members, the new appointed members shall take office immediately after the conclusion of the meeting of the Board.

Article 7 The term of office of the members of the Nomination Committee shall be consistent with that of the members of the Board. Each member shall be eligible for re-election upon the expiry of his/her term of office. 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 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 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 according to applicable laws, regulations, normative documents, and the provisions of Articles 4 to 6 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.

Chapter III Duties and Authorities

Article 8 The Nomination Committee under the Board of the Company shall be responsible for formulating the standards and procedures for the selection of directors and senior management, selecting and reviewing the candidates for directors and senior management and their qualifications for office, and making recommendations to the Board on the following matters:

- (I) to consider and draw up the criteria and procedures for selecting directors and senior management and make recommendations thereon to the Board. Factors to be considered include but are not limited to cultural and educational background and work experience;
- (II) to identify qualified candidates for directors, nominate or appoint directors and make nominations to the Board (including whether the candidate can bring to the Board the perspectives, skills and experiences and how the candidate can contribute to the diversity of the Board), to review and make recommendations on candidates for directors of the Company (in particular the chairman of the Board);
- (III) to appoint or dismiss senior management, to review and make recommendations on candidates for senior management of the Company (in particular the general manager);
- (IV) to review the independence of independent non-executive directors in accordance with the requirements of the Listing Rules (as amended from time to time);

- (V) to review the structure, size and composition (including the skills, knowledge and experience) of the Board at least annually, and make recommendations on any proposed changes to the Board to complement the Company's strategies; to assess the structure of the committees under the Board, recommend members to the relevant committees from among the directors, and submit to the Board 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, and put forward opinions or suggestions on the replacement, re-appointment or succession of directors (including the chairman and chief executive officer) based on the evaluation results;
- (VIII) to develop and review and implement, as appropriate, the policy concerning diversity of Board members adopted by the Board from time to time, to consider progress towards the achievement of objectives and disclose the relevant policies it has considered or a summary thereof (including any measurable objectives that has been set for implementing the policy, and progress on achieving those objectives) in the Company's annual reports;
- (IX) to assess the number of directorship of other listed companies held by candidates to be nominated as the independent non-executive directors of the Company; to review and make recommendations on whether the candidate can devote sufficient time to the Board if he/she will be holding his/her seventh (or more) listed company directorship;
- (X) other matters as prescribed by laws, administrative regulations, the Listing Rules, the relevant regulatory rules of the securities regulatory authorities and stock exchanges in the places where the Company's shares are listed, and the Articles of Association.

The Board shall record and disclose in its resolutions the opinion of the Nomination Committee and the specific reasons for not adopting or fully adopting the recommendations of the Nomination Committee.

Article 9 The Nomination Committee may exercise any authority conferred by the Board at such time as it considers necessary. Where necessary, the Nomination Committee may engage headhunting firms to assist in searching competent candidates for directors and senior management.

Article 10 The Nomination Committee shall be accountable to the Board and recommendations of the Nomination Committee shall be submitted to the Board for its consideration and decision, among which, resolutions on the nomination of candidates for directors shall, upon approval by the Board, be submitted to the shareholders' meeting for consideration and approval prior to implementation.

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

Article 12 The primary duties of the convener/chairman of the committee are:

- (I) to convene and preside over meetings of the committee;
- (II) to supervise and inspect the work of the committee;
- (III) to sign relevant documents of the committee;
- (IV) to report to the Board on the work of the committee;
- (V) to perform other duties and responsibilities as required or conferred by the laws, administrative regulations, the Listing Rules, the relevant regulatory rules of the securities regulatory authorities and stock exchanges in the places where the Company's shares are listed, the rules of procedures and the Board.

Article 13 The rights and obligations of the committee members are:

- (I) to attend meetings of the committee as scheduled, express opinions on matters for discussion at the meetings, and exercise voting rights;
- (II) to suggest topics for discussion at the meetings of the committee;
- (III) to attend or sit-in the relevant meetings of the Company as audience and conduct investigative studies and obtain the required relevant information, such as reports, documents and information, for the purpose of performing duties;
- (IV) to fully understand the duties and responsibilities of the committee and his/her own duties as a member of the committee, familiarize with the operation and management conditions, business activities and development status of the Company relating to his/her duties, ensure his/her capabilities in performing his/her duties;
- (V) to provide full assurance for the working time and efforts required to perform his/her duties;
- (VI) to perform other duties and responsibilities as required or conferred by laws, administrative regulations, the Listing Rules, the relevant regulatory rules of the securities regulatory authorities and stock exchanges in the places where the Company's shares are listed, the rules of procedures and the Board.

Chapter IV Rules of Procedure

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 annual general meeting of the Company and respond to the shareholders' enquiry on the activities and responsibilities related to the Nomination Committee.

Article 15 Members of the Nomination Committee shall undertake the duties of loyalty and diligence towards the Company in accordance with laws, regulations, the Articles of Association and the Listing Rules. Proposals or recommendations raised at the Nomination Committee meetings must comply with the requirements of laws, regulations, the Articles of Association and the Listing Rules.

Article 16 The Nomination Committee shall study the election criteria, selection procedures and terms of office of the Company's directors and senior management in accordance with relevant laws, regulations, the Listing Rules and the Articles of Association and subject to the actual situation of the Company, and submit any resolution formed in this regard to the Board for consideration. If the Board intends to propose a motion at the shareholders' meeting to elect a person as an independent non-executive director, the circular and/or explanatory letter to shareholders accompanying the notice of the shareholders' meeting shall specify the procedures of the selection, the reasons why the Board deems that the person should be elected and why the Board considers the person to be independent, and the reasons why the Board considers that such person can still devote sufficient time to fulfill the responsibilities of a director if the proposed independent non-executive director is to serve as a director of a fourth (or more) listed company; the perspectives, skills and experience that such person can bring to the Board; and how such person promotes diversity of the members of the Board.

Article 17 Meetings of the Nomination Committee may be convened whenever the chairman of the committee deems necessary or upon the proposal of more than half of the members of the committee or recommendation of the chairman of the Board. The regular meetings shall be convened at least once a year.

Article 18 The Nomination Committee shall hold meetings on an irregular basis as proposed by the convener. Notices of meetings and materials for meetings shall be delivered to all members of the committee three days prior to the meetings. Upon unanimous consent of all members of the committee, the requirement on such prior notice period may be exempted. Meetings shall be presided over by the convener. The convener may, when unable to attend the meeting, authorize another committee member who is an independent non-executive director to preside over the meeting in his/her stead.

Article 19 The notice of a Nomination Committee meeting shall at least include the followings, and the meeting notice issued by the Board shall be accompanied by a complete text of proposals:

- (1) the time and location of the meeting;
- (2) the duration of the meeting;
- (3) matters to be discussed at the meeting;
- (4) the contact person of the meeting and contact details;
- (5) the date of the notice of the meeting.

Article 20 Meetings of the Nomination Committee shall be held only when attended by more than two-thirds of its members, 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 their behalf. The power of attorney, containing the name of the proxy, the matters delegated, the scope of authorization and the validity period of such authorization, shall be signed or stamped by the appointer and submitted to the presider of the meeting no later than the time when voting takes place. Each Nomination Committee member may only authorize another member to exercise voting rights on his/her behalf at a meeting. Where a member authorizes two or more other members to exercise voting rights on his/her behalf, such authorization shall be invalid.

A member who fails to attend a meeting of the Nomination Committee in person or by appointing the proxy shall be deemed to have waived the voting rights at the meeting. Should a member fail to attend the meetings of the Nomination Committee twice in a row, he/she shall be deemed to be unable to properly carry out his/her duties and the Board of the Company may remove him/her from his/her position as a member upon approval by the shareholders' meeting.

The resolutions made at the meetings shall be approved by more than half of all members, including those who did not attend the meeting. The voting at the meetings of the Nomination Committee shall be by a show of hands or by poll and may be conducted through telecommunication when necessary. Each member shall have one vote.

Article 21 Meetings of the Nomination Committee may be held by on-site meetings, teleconferences, video conferences, circulation of documents, facsimile, email or other appropriate means.

Article 22 After the presider of the meeting of the Nomination Committee announces the commencement of a meeting, the corresponding content of the motions under each agenda will be discussed in proper order.

The members of the Nomination Committee would be free to discuss the subject matters considered at the meeting, but order shall be maintained at the meeting. No speaker shall use any offensive or other insulting or threatening language. The presider of the meeting shall have the right to decide the time for discussion.

Matters proposed at the Nomination Committee meeting are subject to collective consideration and voting on a case-by-case basis, i.e. all the proposals are considered by all members present and then are put to vote one by one according to the order of consideration.

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. Those who are not members of the Nomination Committee, however, do not have voting rights.

Members present at the meeting shall consider the proposals and give full expression of their personal opinions with a conscientious and responsible attitude; members shall be responsible for their own votes.

Article 23 The Company should provide the Nomination Committee with sufficient resources to perform its duties. The Nomination Committee may, where necessary, engage intermediaries to provide professional opinions on its decision-making, and the reasonable expenses incurred shall be paid by the Company.

Article 24 The convening procedures, voting method and resolutions passed at the meetings of the Nomination Committee shall comply with the provisions of relevant laws and regulations, the relevant regulatory rules of the securities regulatory authorities and stock exchanges in the places where the Company's shares are listed, the Articles of Association and the Terms of Reference.

Article 25 The Nomination Committee shall keep minutes for its meetings. The members of the committee who attended the meetings shall sign on the minutes. Members attending such meetings are entitled to require his/her speech at meetings to be explicitly recorded in minutes. The minutes of the meetings shall be kept by the secretary to the Board of the Company for no less than ten years.

Article 26 The minutes of the Nomination Committee meetings shall at least include the followings:

- (1) the date, venue and name of convener of the meeting;
- (2) the names of the attendees with specific notes on whether a proxy is appointed for the meeting;
- (3) the meeting agenda;
- (4) the key points of the members' speeches;
- (5) the voting method and poll results of each resolution or proposal (the voting results shall specify the number of votes cast in favor, against, or abstained);
- (6) other matters that need to be indicated and recorded in the meeting minutes.

Article 27 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 the Company for its consideration.

Article 28 Members present at the meetings and 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 rules of regulatory bodies.

Chapter V Avoidance System

Article 29 When a member of the Nomination Committee or his/her immediate family members, or any company controlled by a member of the Nomination Committee or his/her immediate family members has direct or indirect interests in the matters to be discussed at meetings of the Nomination Committee, such member shall disclose the nature and extent of such interests to the Nomination Committee as soon as possible.

Article 30 Upon occurrence of the situation mentioned in the preceding paragraph, the interested member shall provide detailed explanation of the relevant situation at meetings of the Nomination Committee and explicitly state his/her self-recusal from voting. However, if other members of the Nomination Committee unanimously conclude after discussion that such interests will have no material impact on matters to be voted on, the interested member may participate in voting.

Where the Board of the Company considers it is improper for the interested member in the preceding article to vote, it may revoke the voting results of the relevant resolution and request a re-vote on the relevant resolution by non-interested members.

Article 31 A meeting of the Nomination Committee shall consider and resolve on resolutions without counting the interested members toward the quorum. If the minimum quorum of the meeting of the Nomination Committee is not present after the recusal of interested members, all members (including the interested members) shall resolve upon the procedural matters regarding submission of the resolution to the Board of the Company for approval, and the Board of the Company shall consider such resolution accordingly.

Article 32 Minutes of meetings of the Nomination Committee and resolutions passed at the meetings shall clearly state that the interested members are not counted toward the quorum and have not voted on such resolutions.

Chapter VI Work Evaluation

Article 33 Members of the Nomination Committee shall have the authority to evaluate the performance of the Company's directors and senior management for the preceding fiscal year. All relevant departments of the Company (including but not limited to the human resources department, finance department, and Board secretary's office) shall actively cooperate and promptly provide the necessary information to the committee members.

Article 34 The Company's human resources department is responsible for the preliminary preparation for the decision-making of the Nomination Committee by providing the following relevant information:

- (1) the progress towards the Company's key financial targets and operational objectives;
- (2) the scope of work and principal duties of the Company's senior management;
- (3) the progress towards the targets involved in the performance evaluation system for directors and senior management;
- (4) information on the business capabilities of directors and senior management.

Article 35 Members of the Nomination Committee have the right to access the following:

- (1) periodic reports of the Company;
- (2) announcement documents of the Company;
- (3) resolutions and minutes of meetings of the shareholders' meetings, the Board, supervisory committee and general manager's office of the Company;
- (4) other relevant information deemed necessary by the members of the Nomination Committee;

Article 36 Members of the Nomination Committee may inquire of the directors and senior management of the Company about any matter, and the directors and senior management of the Company shall respond.

Article 37 Members of the Nomination Committee shall evaluate the work of the directors and senior management of the Company for the preceding fiscal year, based on the information they have learned and obtained.

Chapter VII Supplementary Provisions

Article 38 The Board shall be responsible for the interpretation of the Terms of Reference.

Article 39 The Terms of Reference shall be deliberated and approved by the Board, and shall come into force and be implemented from the day on which H Shares of the Company in the public offering are listed and traded on the main board of Hong Kong Stock Exchange.

Article 40 For any matters not covered by the Terms of Reference or in any event that the Terms of Reference contravene relevant laws, regulations, the Listing Rules, the relevant regulatory rules of the securities regulatory authorities and stock exchanges in the places where the Company's shares are listed, as well as the Articles of Association, the latter shall prevail. In case of any inconsistency between the Terms of Reference and any future laws, regulations, the Listing Rules, the relevant regulatory rules of the securities regulatory authorities and stock exchanges in the places where the Company's shares are listed, as well as the Articles of Association, the latter shall prevail, and the relevant provisions of the Terms of Reference shall be amended accordingly as soon as possible and submitted to the Board for consideration and approval.