

# **Shenzhen Xunce Technology Co., Ltd.**

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

### **Chapter I General Provisions**

**Article 1** To regulate the election of directors and senior management, optimize the composition of the Board of Directors and improve the corporate governance structure, Shenzhen Xunce Technology Co., Ltd. (hereinafter referred to as the “**Company**”) specially established the Nomination Committee under the Board of Directors (hereinafter referred to as the “**Committee**”) as a special institution responsible for selecting directors, general managers and other senior management of the Company.

**Article 2** To ensure the regulated and efficient operation of the Committee, these terms of reference are formulated by the Board of Directors of the Company 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 Corporate Governance for Listed Companies”, the “Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited” (hereinafter referred to as the “**Listing Rules**”), the “Articles of Association of Shenzhen Xunce Technology Co., Ltd.” (hereinafter referred to as the “**Articles of Association**”) and other relevant regulations.

### **Chapter II Composition**

**Article 3** The Committee shall be comprised of three directors, of which the majority shall be independent non-executive directors. There should be at least one Director of a different gender within the Committee.

**Article 4** The Committee shall have a chairman, who shall be the independent non-executive directors or the Chairman of the Board of Directors and be responsible for presiding over the work of the Committee.

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

**Article 6** The term of office of the Committee shall be consistent with that of the Board of Directors, and is renewable upon re-election. In the event that during the term a member of the Committee ceases to be a director or an independent non-executive director of the Company or, in the capacity of an independent non-executive director, ceases to be independent as required by the Company Law, the Listing Rules and the Articles of Association, his/her membership on the Committee shall lapse automatically. In order to make the composition of the Committee conform to the requirements of these terms of reference, the vacancy shall be timely filled by the person elected by the Board of Directors in accordance with Article 5 of these terms of reference. The replacing member's term of office shall end by the expiry of term of office for his/her serving as the director or independent non-executive director. In the event that any member of the Committee fails to meet the requirements of Articles 3 to 5 of these terms of reference, the Board of Directors shall, pursuant to the requirements of the Listing Rules, promptly explain by announcement the particulars of and reasons for the failure to meet the relevant requirements, and shall, within three months therefrom, fill the vacancy pursuant to Articles 3 to 5 of these terms of reference. The replacing member's term of office shall end by the expiry of term of office for his/her serving as the director.

### **Chapter III Duties and Authorities**

**Article 7** The main duties and authorities of the Committee are:

- (1) researching the criteria and procedures for selecting directors and general managers and making recommendations to the Board of Directors;
- (2) reviewing the candidates for directors, general managers and secretary of the Board of Directors;
- (3) reviewing the candidates for other senior management nominated by the general managers;
- (4) reviewing the independence of independent non-executive directors; and when a resolution to elect a person as an independent non-executive director is put forward by the Board of Directors at a general meeting, the Committee shall set out the following in the circular to Shareholders and/or explanatory letter to the notice of the general meeting:
  - a) the process of identifying the individual and why the Board of Directors believes the individual should be elected and the reasons why it considers the individual to be independent;
  - b) if the proposed independent non-executive director will be holding their seventh (or more) listed company directorship, why the Board of Directors believes the individual would still be able to devote sufficient time to the Board of Directors;
  - c) the perspectives, skills and experience that the individual can bring to the Board of Directors;
  - d) how the individual contributes to the diversity of the Board of Directors;
- (5) nominating the chairman and members of each of the Board's special committees;

- (6) formulating training plans for senior managers and key reserve talents;
- (7) reviewing the structure, size and composition (including the skills, knowledge and experience) of the Board of Directors at least annually, assisting 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 corporate strategy;
- (8) support the Company's regular evaluation of the performance of the Board of Directors; and
- (9) other matters stipulated in laws, regulations, rules, regulatory documents, the Listing Rules and the Articles of Association and authorized by the Board of Directors.

**Article 8** The Committee is responsible to the Board of Directors, and the Committee's proposals shall be submitted to the Board of Directors for review and decision; the controlling shareholders shall fully respect the Committee's recommendations and shall not propose alternative directors or senior management members without sufficient reasons or reliable evidence.

## **Chapter IV Procedures of Decision Making**

**Article 9** The Committee shall, pursuant to the relevant laws, regulations, rules, regulatory documents and the Articles of Association together with the actual situation of the Company, examine the qualifications, selection process and terms of office for the Company's directors and senior management, form a resolution, file it for the record, submit it to the Board of Directors for approval and implement it in compliance therewith.

**Article 10** Procedures for selection and appointment of directors and senior management:

- (1) the Committee shall proactively communicate with the Company's relevant departments, examine the Company's demand for new directors and senior management, and present such information in writing;
- (2) the Committee may search extensively for candidates for directors and senior management from the Company, the enterprises in which the Company holds controlling or non-controlling interest and the recruitment market;
- (3) to gather information about the occupation, academic qualifications, post title, detailed work experience and all the concurrent posts of the candidates and present such information in writing;
- (4) to seek the nominees' consent for nomination; otherwise, the nominees cannot be the candidates for directors or senior management;
- (5) to convene a Committee meeting to review the qualifications of the candidates on the criteria for directors or senior management;
- (6) to make suggestion to the Board of Directors regarding the candidates for directors and new senior management and submit the relevant information to the Board of Directors one to two months prior to the election of new directors and appointment of new senior management;

(7) to complete other follow-up work according to the decision and feedback from the Board of Directors.

## **Chapter V Rules of Procedure**

**Article 11** The Committee shall convene at least one regular meeting each year. The Board of Directors, the chairman of the Committee, or more than half of the members of the Committee shall have the right to propose the convening of an extraordinary meeting of the Committee.

**Article 12** The notice of meetings of the Committee shall be given 3 days prior to the date of a meeting. The meetings shall be presided over by the chairman of the Committee. In the event that the chairman fails to attend the meeting, he or she may appoint another member to preside over the meeting. In case of a meeting needs to be convened urgently due to special reasons, it is not subject to the above notification period, but the chairman of the Committee shall make an explanation at the meeting. Notice of a meeting may be given in writing by personal service, facsimile, registered mail or electronic mail, or, in case of urgency, by telephone, which notice shall include, at a minimum, the time, place, and convening manner of the meeting, and a statement that the urgency of the situation requires the meeting to be held as soon as possible, with a written notice to be supplemented thereafter.

**Article 13** A Committee meeting may only be convened with the presence of more than half of the members. Each member has one vote. Resolutions may only be passed by more than half of all the members voting in favor of such resolutions.

**Article 14** Votes may be made by a show of hands or by poll in a meeting of the Committee, while voting at an extraordinary meeting of the Committee may also be made by correspondence.

**Article 15** The Committee may also invite other directors, supervisors, senior management and persons in charge of relevant departments of the Company to present at its meetings if necessary.

**Article 16** The Committee may, if necessary, engage an intermediary to provide professional advice on its decision-making at the cost of the Company.

**Article 17** The procedures for convening of a meeting of the Committee, its voting methods and proposals to be passed at such meeting must comply with the provisions of applicable laws, regulations, the Articles of Association and these terms of reference.

**Article 18** The meetings of the Committee shall be recorded and the members present shall sign the minutes; the minutes shall be kept by the secretary of the Board of Directors of the Company for a period of ten years.

**Article 19** Resolutions passed by and voting results of the meeting of the Committee shall be reported in writing to the Company's Board of Directors.

**Article 20** The Committee members present shall have the obligation of maintaining the confidentiality of the matters discussed at the meeting and shall not disclose any relevant information without authorization.

## **Chapter VI    Supplementary Provisions**

**Article 21**    Unless otherwise specified, terms used in these terms of reference shall have the same meaning ascribed thereto under the Articles of Association. The terms “more than” and “at least” as mentioned herein include the stated number.

**Article 22**    Any matters not covered herein or any discrepancy between these terms of reference and the relevant laws, regulations, rules, regulatory documents, the Listing Rules and the provisions of the Articles of Association, the relevant laws, regulations, rules, regulatory documents, the Listing Rules and the provisions of the Articles of Association shall prevail.

**Article 23**    These terms of reference shall come into force after being reviewed and approved by the Board of Directors of the Company. These terms of reference shall be interpreted and amended by the Board of Directors of the Company.