

# SHANGHAI XIZHI TECHNOLOGY CO., LTD.

## TERMS OF REFERENCE OF THE NOMINATION COMMITTEE

### CHAPTER 1 GENERAL PROVISIONS

**Article 1** In order to regulate the selection and appointment of senior management, enhance the Company's core competitiveness, and improve the corporate governance structure, Shanghai Xizhi Technology Co., Ltd. (the "**Company**") has, pursuant to the Company Law of the People's Republic of China, the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited and the appendices thereto (the "**Hong Kong Listing Rules**"), the Articles of Association of Shanghai Xizhi Technology Co., Ltd. (the "**Articles of Association**") and other relevant provisions, established a Nomination Committee under the Board of Directors and formulated these Terms of Reference.

**Article 2** All members of the Nomination Committee shall be Directors, and the chairman (convener) of the Nomination Committee shall be the chairman of the Board of Directors or an independent non-executive Director.

### CHAPTER 2 TERMS OF REFERENCE OF THE NOMINATION COMMITTEE

**Article 3** The Nomination Committee under the Board of Directors is set up by the Board of Directors and is mainly responsible for conducting studies on the candidates, selection criteria and procedures of Directors of the Company and senior management whose appointment and dismissal shall be decided by the Board of Directors and making recommendations to the Board of Directors.

**Article 4** Composition:

- (I) The Nomination Committee shall comprise no less than three Directors, with the majority of them being independent non-executive Directors, and shall include at least one Director of a different gender.
- (II) Members of the Nomination Committee shall be nominated by the chairman of the Board of Directors, more than half of the independent non-executive directors or more than one-third of all Directors and shall be appointed through election by the Board of Directors.
- (III) The Nomination Committee shall have a chairman, who shall act as a convener, and who shall be the chairman of the Board of Directors or an independent non-executive Director, to preside over the work of the Nomination Committee. The chairman shall be elected from the members of the Nomination Committee and subject to the approval of the Board of Directors.

- (IV) The term of office of the Nomination Committee shall coincide with that of the Board of Directors. A member may serve consecutive terms if re-elected upon the expiry of his/her term of office. When he/she is no longer a Director of the Company, or if a member who should be an independent non-executive director no longer possesses the independence required by relevant laws, regulations, rules and regulatory documents, the Hong Kong Listing Rules or the Articles of Association, he/she shall automatically lose his/her membership. If the number of members of the Committee falls below two-thirds (2/3) of the prescribed number due to resignation, removal, or other reasons, or if independent non-executive directors do not constitute more than half of the committee members, the Board of Directors shall fill the resulting vacancy in accordance with the above terms of reference.
- (V) If a director is not re-elected in time upon the expiration of his/her term of office, the director shall continue to perform his/her duties as a member of the Nomination Committee in accordance with the laws, administrative regulations, departmental rules, Hong Kong Listing Rules, the Articles of Association and these terms of reference until a newly-elected Director takes office.

**Article 5** Duties and responsibilities:

- (I) The Nomination Committee is responsible for formulating the standards and procedures for the selection of Directors and senior management members, selecting and reviewing the candidates for Directors and senior management members and their qualifications for office, and making recommendations to the Board of Directors on the following matters:
1. formulating and reviewing the board diversity policy; evaluating the structure, size and composition (including skills, knowledge and experience) of the Board of Directors at least once a year, assisting the Board of Directors in preparing a board skills matrix, making recommendations to the Board of Directors on the size and composition of the Board of Directors based on the Company's operating activities, asset size and equity structure; and making recommendations regarding any proposed changes to the Board of Directors corresponding to the corporate strategy; and when considering the combination of members of the Board of Directors, ensuring the balance between executive and non-executive Directors (including independent non-executive Directors) and the diversity of the members of the Board of Directors in various aspects, including but not limited to gender, age, cultural and educational background, and professional experience of the directors, and ensure that the Corporate Governance Report discloses a summary of the board diversity policy during the reporting period, the gender ratios of senior management and all employees, and the findings from the review of the implementation of the diversity policy, including but not limited to progress towards achieving the Company's measurable objectives (e.g., target numbers and timelines) and the measures for a talent pool for diverse board succession, etc;

2. identifying individuals qualified to become Directors, selecting and nominating such individuals for appointment as directors or making recommendations to the Board of Directors in this regard;
  3. assessing the independence of the independent non-executive Directors;
  4. making recommendations to the Board of Directors on the appointment, reappointment and succession plans for Directors (particularly the chairman of the Board of Directors and the president);
  5. supporting the Company in regularly evaluating the performance of the Board of Directors, assessing each director's time commitment and contribution to the Board, taking into account the director's professional qualifications and work experience, the time commitment involved in other significant external engagements, as well as other factors relating to each director's character, integrity, independence and experience, and disclosing the assessment results;
  6. identifying individuals qualified to become senior management members and making recommendations to the Board of Directors in this regard; and
  7. other matters as prescribed by laws, administrative regulations, departmental rules, normative documents, the Hong Kong Listing Rules, the Articles of Association and as authorized by the Board of Directors.
- (II) The Nomination Committee shall be accountable to the Board of Directors, and its proposals shall be submitted to the Board of Directors for its consideration and approval.
- (III) The Nomination Committee shall make available its terms of reference on the website of The Stock Exchange of Hong Kong Limited and the website of the Company, explaining its role and the powers delegated to it by the Board of Directors.
- (IV) The Nomination Committee is provided with sufficient resources by the Company to perform its duties. The Nomination Committee should seek independent professional advice to perform its responsibilities, when necessary, at the Company's expense.

**Article 6** Working procedures:

- (I) The Nomination Committee shall study the qualification criteria, selection procedures and terms of office of proposed Directors and senior management of the Company in accordance with the relevant laws and regulations and the Articles of Association based on the actual situation of the Company. The Nomination Committee's decision(s) shall be filed as resolutions to the Board of Directors for its approval and implementation.

(II) Selection procedures of Directors and senior management:

1. the Nomination Committee shall prepare written materials after communicating with the relevant departments of the Company and studying the Company's requirements for new Directors and senior management;
2. the Nomination Committee may search for candidates of directors and senior management within and outside the Company and its subsidiaries (and associated companies);
3. the Nomination Committee shall collect all information about the occupation, academic qualifications, titles, detailed working experience and all part-time job experience of the selected candidates and prepare written reports accordingly;
4. the Nomination Committee shall obtain consent from the nominees regarding the nomination of candidates for directors and senior management;
5. the Nomination Committee shall convene a meeting to review the qualification of selected candidates according to the employment requirements for directors and senior management;
6. the Nomination Committee shall submit to the Board of Directors its proposals and information on the candidates prior to the election of new directors and the appointment of new senior management;
7. the Nomination Committee shall carry out follow-up work according to the decision and feedback of the Board of Directors.

**Article 7** Rules of Procedure:

- (I) The Nomination Committee shall hold a meeting upon the request of the Board or the proposal of the chairperson of the Nomination Committee, and a notice shall be given three (3) days prior to the meeting by means of correspondence, email or fax. With the consent of all members, the aforesaid notice period requirement may be waived, provided that the chairperson of the meeting shall make an explanation at the meeting and provide sufficient supporting information for the members to exercise their voting rights. The meeting shall be presided over by the chairperson of the committee. Where the chairperson is unable or fails to perform his/her duties, he/she shall appoint another member (who shall be an independent non-executive Director) to act on his/her behalf. Meetings of the Nomination Committee shall be held in the form of physical meetings or in such other manner as approved by all members. Provided that the members are able to fully express their opinions, telephone, video, or other means may be used to facilitate the attendance of members at meetings. Any member who attends the meeting via the abovementioned approaches shall be deemed as having attended the onsite meeting.

- (II) The meetings of the Nomination Committee shall be held only in the presence of more than two-thirds (2/3) of the members; each member shall have one vote. Resolutions proposed at the meetings must be approved by more than half of all members of the Committee.
- (III) Members of the Nomination Committee shall attend committee meetings in person. If a member is unable to attend the meeting for any reason, he/she may authorize another committee member in writing to attend the meeting on his/her behalf. If a member fails to attend the meeting of the Nomination Committee in person or by proxy, he/she shall be deemed as having abstained from voting at such meeting. The meeting agenda and all relevant meeting documents shall be sent to all members of the committee and, other attendees in a timely manner in accordance with the provisions of these terms of reference. Before the meeting, members shall fully read the meeting materials.
- (IV) Votes at the meeting of the Nomination Committee shall be by show of hands or by ballot. Provided that the members of the Committee have fully expressed their opinions, the meeting may be held and resolutions adopted by means of telephone, facsimile, email or other electronic communication, and the resolutions shall be signed by the attending members.
- (V) The Nomination Committee may invite the Directors, supervisors and other senior management of the Company to observe the meetings of the Nomination Committee when necessary.
- (VI) The Nomination Committee may, if necessary, engage intermediary firms to provide professional advice on its decisions at the expense of the Company.
- (VII) The convening procedures, voting method and approved proposals of the meetings of the Nomination Committee shall comply with the relevant laws, regulations, the Hong Kong Listing Rules, the Articles of Association and the Terms of Reference.
- (VIII) Meetings of the Nomination Committee shall be arranged by the Company's secretary of the Board. Minutes shall be kept for each meeting, which shall record the matters considered and resolutions passed at the meetings in detail, including any doubts or objections raised by members. The meeting minutes shall be signed by the members attending the meetings and the minute taker. Complete minutes of the Nomination Committee meetings should be kept by the duly appointed committee secretary (usually the secretary of the Company) for a retention period of 10 years. The first draft (for members to express opinions) and the final version (for record) of the meeting minutes should be sent to all members of the Committee within a reasonable period of time after the meeting. Directors of the Company may inspect minutes of meetings at reasonable times on reasonable notice.

- (IX) The resolutions passed by, and the voting results of, the Nomination Committee shall be submitted in writing to the Board of Directors of the Company.
- (X) All members of the committee and persons observing the meeting shall keep their discussions at the meetings confidential, and shall not disclose any relevant information without authorization.
- (XI) Where a member of the Nomination Committee or his/her immediate family member, or any other enterprise controlled by a member of the Nomination Committee and his/her immediate family member has a direct or indirect interest in the matter discussed at the meeting, the member shall disclose the nature and extent of the interest to the Nomination Committee as soon as possible.
- (XII) In the event of the aforementioned circumstances, the interested Committee member shall abstain from voting at the Nomination Committee meeting. However, if the other members of the Nomination Committee, after discussion, unanimously determine that such conflict of interest will not have a significant impact on the matter to be voted on, the interested member may participate in the voting.
- (XIII) If the Board of the Company considers that the participation of a Committee member with an interest in the aforementioned matter is inappropriate, it may revoke the voting results of the relevant resolution and require Committee members without an interest to re-vote on the relevant resolution.
- (XIV) The meetings of the Nomination Committee shall consider and resolve the proposals without counting the interested members in the quorum. If the Nomination Committee does not meet the minimum quorum for a meeting after interested members abstain, all members (including interested members) shall resolve on procedural matters such as submitting the proposals to the Board of the Company for consideration, and the Board of the Company shall then consider such proposals.
- (XV) Minutes of meetings of the Nomination Committee and resolutions passed at the meetings shall clearly state that the interested Member was not counted in a quorum and did not vote on such resolutions.

### **CHAPTER 3 SUPPLEMENTARY PROVISIONS**

**Article 8** The rules shall be reviewed and approved by the Board of Directors and shall come into effect and be implemented from the date of the Company's initial public offering of overseas listed foreign shares (H shares) and listing and trading on the Hong Kong Stock Exchange.

**Article 9** Any matters not specified in the Rules shall be governed by the laws, regulations, normative documents, the securities regulatory rules of the places where the shares of the Company are listed and the Articles of Association. In case of any inconsistency between these Rules and the laws, regulations, normative documents, the securities regulatory rules of the places where the shares of the Company are listed or the Articles of Association, the latter shall prevail.

**Article 10** These terms of reference are formulated and amended by the Board of Directors which shall have the right to interpret them.