

Phancy Group Co., Ltd.
範式智能技術集團股份有限公司

**TERMS OF REFERENCE AND RULES OF PROCEDURES OF THE
NOMINATION COMMITTEE UNDER THE BOARD**

CHAPTER 1 GENERAL PROVISIONS

Article 1 In order to regulate the selection and appointment of directors, optimize the composition of the Board and improve the corporate governance structure of Phancy Group Co., Ltd. (the “**Company**”) and its subsidiaries (the “**Group**”), the nomination committee under the Board is established and these terms of reference and rules of procedures (the “**Terms of Reference**”) are formulated in accordance with the relevant laws and regulations, including the Company Law of the People’s Republic of China, the Securities Law of the People’s Republic of China and the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Hong Kong Listing Rules**”) and the requirements of the articles of association of Phancy Group Co., Ltd. (the “**Articles of Association**”).

Article 2 The nomination committee (the “**Committee**”) is a specialized working body under the Board. The nomination committee is responsible for developing criteria and procedures for the selection of directors and senior management, and selecting and reviewing the candidates for directors and senior management and their qualifications. It is principally performing its monitoring function in the following areas:

- (I) assisting the Board in formulating the procedures and criteria for electing and appointing the directors of the Company and assessing their qualifications within its scope;
- (II) screening and nominating candidates for directors and members of the committees (the “**Committees**”) under the Board for consideration at the general meeting, after obtaining approval of the Board;
- (III) ensuring the directors and members of the Committees under the Board always maintain sufficient skills, experience and knowledge to perform their duties; and
- (IV) ensuring the continuous and effective performance of the Board on its corporate governance duties.

CHAPTER 2 COMPOSITION

Article 3 The Committee shall consist of three (or more) directors who shall be directly appointed by the Board, the majority of whom shall be independent non-executive directors and at least one of whom is of a different gender. The Committee shall be chaired by an independent non-executive director.

Article 4 Members of the Committee shall attend regular meetings of the Committee, and shall actively express their opinions on matters proposed at the meetings and have a thorough understanding of the roles and responsibilities of the Committee.

Article 5 At the request of the Committee, other members of senior management and representatives of external consultants shall also be in attendance at some or all meetings of the Committee or participate in the discussion of certain matters proposed at the meetings.

Article 6 The secretary of the Board or the joint company secretaries of the Company or their proxy shall be the secretary of the Committee.

CHAPTER 3 DUTIES AND RESPONSIBILITIES

Article 7 Without prejudice to any requirement under the Corporate Governance Code, the principal duties and responsibilities of the Committee shall include:

- (I) in light of the operating activities, size of assets and shareholding structure of the Company, reviewing the structure, size, composition and diversity (including but not limited to gender, age, cultural and educational background, expertise, skills, knowledge and length of services) of the Board at least annually, assisting the Board in preparing a Board skills matrix, and making recommendations on any proposed changes to the Board to complement the Company's corporate strategy;
- (II) making recommendations to the Board on the nomination or appointment and removal of the directors; making recommendations to the Board on the appointment or re – appointment and succession plan of the directors, especially the chairman of the Board and the chief executive officer, including duly considering a combination of factors such as the Company's corporate strategy and personnel skills, knowledge, experience and needs of personal diversification required in the future;
- (III) identifying suitably qualified individuals for appointment as additional directors or to fill Board vacancies as and when vacancies arise, and making recommendations to the Board on the selection and nomination of such persons; in identifying suitable candidates, the Committee shall take into full consideration whether the knowledge structure and experience of the Board members complement each other, and the balance and independence of the composition of the Board, and shall choose from a wide range of candidates based on objective criteria, taking into account the benefits of the diversity of the Board members and in light of the Group's business needs, so that members of the Board possess proper ability, experience and diversified perspectives to support the Company in realizing strategic objectives, maintaining competitive strengths and achieving sustainable development;
- (IV) assisting the Board in assessing and reviewing the independence of the independent non-executive directors;

- (V) before appointments are made by the Board, evaluating the balance of skills, knowledge and experience on the Board, and, in the light of this evaluation preparing a description of the role and capabilities required for a particular appointment. In identifying suitable candidates, the Committee shall (where applicable and appropriate):
- a) actively communicating with relevant departments of the Company to study the Company's demand on new directors, managers and other senior management, and forming written materials;
 - b) searching for candidates for directors, managers and other senior management on an extensive scale within the Company, controlling (holding) company(s) and on the talent market and the like, or use public advertising or the services of external recruiters to facilitate the search;
 - c) considering candidates from a wide range of backgrounds;
 - d) considering candidates on merit and against objective criteria, taking note that appointees should have enough time to devote to the position;
 - e) seeking the consent of the nominees on the nomination, otherwise such persons shall not be considered as the candidate for the directors, managers or other senior management; and
 - f) making recommendations to the Board on the appointment or removal of the senior management; convening a meeting of the nomination committee to examine the qualifications of the primary candidates according to the job qualifications for directors, managers and other senior management;
- (VI) supporting the Company in regularly evaluating the performance of the Board;
- (VII) keeping under review the leadership needs of the Company, both executive and non-executive, with a view to ensuring the continuous and effective competitiveness of the Company in the marketplace;
- (VIII) performing regular review on the contributions made by the directors and the sufficiency of time devoted to perform their duties, and assessing whether the directors have devoted sufficient time and efforts by way of performance appraisal;
- (IX) making recommendations to the Board on the re-appointment of non-executive directors (including independent non-executive directors) upon the expiry of their terms of office, and make recommendations on matters in relation to the election or re-election of directors by shareholders, and the continuation in office of any director at any time; where the Board decides to propose a resolution to elect an individual as an independent non-executive director at the general meeting, the Committee shall set out in the circular to shareholders and/or explanatory statement accompanying the notice of the relevant general meeting (1) the process used for identifying the individual and the reasons of the Board's belief on the election and

independence of such individual; (2) if the proposed independent non-executive director will be holding the directorship of the seventh (or more) issuer listed on the Main Board or GEM, why the Board believes the individual would still be able to devote sufficient time to the Board; (3) the perspectives, skills and experience that the individual can bring to the Board; and (4) how the individual contributes to diversity of the Board;

- (X) ensuring a formal letter of appointment be delivered to a director upon his appointment to the Board, which clearly sets out the principal terms and conditions of the appointment; the letter of appointment shall specify the term of office and be subject to re-election;
- (XI) developing, reviewing, implementing and monitoring, as appropriate, the policy for nomination of Directors (the “**Nomination Policy**”), and to make disclosure in the Company’s corporate governance report annually. The Nomination Policy shall set out, inter alia, the nomination procedures, process and criteria to select and recommend candidates for directorship;
- (XII) formulating and reviewing, at its discretion, the Board diversity and employee (including senior management) diversity policies, as well as gender diversity goals; and making disclosures relating to its policies or policy brief and the policy for the nomination of directors implemented by the Committee on an annual basis in the Corporate Governance Report in the annual reports of the Company, including the nomination procedures and selective parameters in relation to candidates for directors adopted by the nomination committee, and any measurable objectives that it has set for implementing the policy, and progress on achieving those objectives;
- (XIII) reviewing the implementation and effectiveness of the independent mechanism annually;
- (XIV) implementing any such matters to enable the Committee to discharge its powers and functions conferred on it by the Board; and
- (XV) implementing other matters required by laws, regulations, regulatory documents, the Hong Kong Listing Rules, securities regulatory authority of Hong Kong and the Articles of Association, rules of procedure of the Board of the Company from time to time, and other matters authorized by the Board.

Article 8 The nomination committee shall also perform the following functions:

- (I) formulating, reviewing and assessing the Company’s corporate governance policies and practices, monitoring its implementation and making recommendations to the Board;
- (II) evaluating and assessing the effectiveness of the Committee and the adequacy of these terms of reference for the Committee and recommend any proposed changes to the Board on an annual basis;

- (III) reviewing and monitoring the training and continuous professional development of the directors and senior management;
- (IV) reviewing and monitoring the Company's policies and practices regarding compliance with laws and regulations as well as their implementation;
- (V) formulating, reviewing and monitoring the code of conduct and compliance manual (if any) applicable to the employees and directors;
- (VI) reviewing the Company's compliance with the Corporate Governance Code as set out in Appendix C1 to the Hong Kong Listing Rules, together with the information disclosure in the Corporate Governance Report; and
- (VII) uploading these Terms of Reference to the websites of The Stock Exchange and the Company to explain its role(s), duties and authority delegated to it by the Board.

The nomination committee shall be accountable to the Board, and shall submit its proposals to the Board for consideration and decision.

CHAPTER 4 POWER

Article 9 The Committee has the right to seek adequate and sufficient resources and administrative support from senior management of the Group for the work of the Committee and has separate and independent access to senior management of the Group.

Article 10 The senior management shall provide the Committee with all necessary information appropriate for the Committee to discharge its responsibilities in a timely manner. The Committee has the right to request any member of senior management of the Group to promptly and as comprehensively as possible respond to queries raised by any member of the Committee. Where a member of the Committee requires more information than is the information provided voluntarily by the senior management, the relevant member of the Committee shall make additional necessary enquiries. Each member of the Committee shall have separate and independent access to the senior management of the Company.

Article 11 Where necessary, the Committee should seek independent professional advice in a reasonable manner, at the Company's expense, to perform its responsibilities.

Article 12 Members of the Committee may, upon reasonable request, seek independent professional advice for their decision-making in appropriate circumstances, at the Group's expense. In the event of seeking professional advice from an external consultant, such consultant shall be appointed by the chairman of the Committee and its opinions shall be directly submitted to the chairman of the Committee (independent of the senior management).

CHAPTER 5 RULES OF PROCEDURE

Article 13 The Nomination Committee is responsible for drawing up criteria and procedures for the selection of directors and senior management, selecting and reviewing the candidates for directors and senior management and their qualifications for appointment, and making recommendations to the Board on the following matters:

- (I) nomination, appointment or removal of directors;
- (II) appointment or dismissal of senior management;
- (III) other matters as stipulated by laws, administrative regulations, requirements of China Securities Regulatory Commission, requirements of the securities regulatory authorities of the places where the company's shares are listed and the Articles of Association.

If the Board does not adopt or does not fully adopt the recommendations of the Nomination Committee, it shall record the opinion of the Nomination Committee and the specific reasons for its non-adoption in a resolution of the Board and disclose the same.

Article 14 The Committee shall convene periodic meetings at least once a year and in principle, before the periodic meetings of the Board. Notice shall be given to all members no less than 3 days prior to the meeting. Such notice period may be waived with the written consent of more than half of the members of the Committee.

Article 15 Extraordinary meetings may be convened upon proposal by the chairman or more than half of all members of the Committee. Notices of extraordinary meetings shall be given to all members no less than 3 days prior to the meeting. Such notice period may be waived with the written consent of more than half of the members of the Committee.

Article 16 Materials and notice of the meetings of the Committee shall be issued simultaneously. Members shall familiarize themselves fully with the meeting materials prior to the meeting.

Article 17 In principle, the meetings of the Committee shall be convened by way of a physical meeting in the presence of more than half of all members. However, in order to allow all members to fully express their opinions, the meetings may also be convened by telecommunication means or circulation of written resolutions. Telecommunication means refers to the use of telephone, video conference and other means to participate in the meeting; circulation of written resolutions refers to the way of making decision on proposals through separate or circulated service. The quorum of the meetings of the Committee shall be two members of the Committee, one of whom must be an independent non-executive director.

Article 18 The chairman of the Committee shall preside over meetings of the Committee. In the event that the chairman of the Committee is unable to attend, another member (who is an independent non-executive director) may be designated to preside over the meetings. If such designation is not made, more than half of the members being present shall select a member (who is an independent non-executive director) to preside over the meetings.

Article 19 Members of the Committee shall attend the meetings in person. In the event that a member is unable to attend, he/she may authorize another member in writing to attend and vote on his behalf. The proxy who attends and votes at the meeting shall submit the power of attorney to the chairman of the meeting before the meeting begins. The power of attorney shall set out the name of the principal, name of the proxy, matters delegated, voting instructions on matters proposed at the meeting (for or against), scope and validity period of authorization, and shall be signed or sealed by the principal. The proxy shall exercise the right within the scope of authorization. The principal who authorizes other members to attend the meeting on his/her behalf shall be solely liable to any decisions made by the proxy within his scope of authorization.

Article 20 Votes at the meetings of the Committee shall be conducted by a show of hands, by voice or by disclosed ballot, and every member shall have one vote. Resolutions made at the meetings shall not take effect unless they are passed by more than half of all members (including members unable to be present). Members of the Committee shall give express votes, either for or against and may not abstain from voting.

Article 21 At the request of the Committee, it may invite non-members of the Committee that are directors, relevant members of senior management and head of relevant departments of the Company to be in attendance at some or all of the meetings of the Committee. Prior approval from the chairman of the Committee shall be obtained for the list of such persons in attendance at the meeting.

Article 22 Any member who is involved in any resolution considered at the meetings of the Committee, along with his associates, shall abstain from attending the meetings.

Article 23 Full records of the meetings of the Committee shall be kept. Minutes of the meetings of the Committee shall sufficiently record the matters considered and decisions reached by the Committee in detail, including any concerns raised by the members or dissenting views expressed. Members attending the meetings shall sign on the final version of the minutes of the meetings of the Committee.

Article 24 Members of the Committee and persons in attendance at the meetings are obligated to keep all considered matters confidential and shall not disclose such information without approval.

CHAPTER 6 REPORTING PROCEDURES

Article 25 The proposals of the Nomination Committee shall be considered and approved by the Board; among which, resolutions on the nomination of candidates for directors shall, after a review by the Board, be submitted to the general meeting for consideration and approval prior to implementation.

Article 26 All minutes of the meetings prepared by the Committee in accordance with the Article 23 regarding the rules of procedures shall be kept by the secretary of the Committee and be available for inspection at any reasonable time on reasonable notice by any director.

Article 27 The Committee shall regularly report to the Board on matters set out in these Terms of Reference, including the work of the Committee, unless those committees are restricted by legal and regulatory restriction and cannot report.

CHAPTER 7 ANNUAL GENERAL MEETING

Article 28 The chairman of the Committee shall attend the annual general meeting of the Company and be prepared to answer any shareholder's questions in relation to the duties of the nomination committee.

Article 29 If the chairman of the Committee is unable to attend the annual general meeting of the Company, he/she shall arrange for another member of the Committee to attend in his/her place. Such member shall be prepared to answer any shareholder's questions in relation to the work of the Committee at the annual general meeting.

CHAPTER 8 EFFECTIVE DATE AND AMENDMENTS

Article 30 Upon approval by the Board, these Terms of Reference shall come into effect. These Terms of Reference applicable to companies listed on the ChiNext Market of the Shenzhen Stock Exchange shall take effect from the date of the Company's initial public offering and listing of its ordinary shares denominated in RMB(A shares). Where it is necessary to amend these Terms of Reference in light of changes in the circumstances, the amendments shall be proposed by the Committee and submitted to the Board for consideration and approval.

Article 31 Matters not covered by these Terms of Reference shall be handled in accordance with the requirements of relevant state laws and regulations, the Hong Kong Listing Rules and the Articles of Association; in case there is any inconsistency between these Terms of Reference and any future relevant state laws and regulations, the Hong Kong Listing Rules or the Articles of Association amended by lawful procedures, the relevant state laws and regulations, the Hong Kong Listing Rules and the Articles of Association shall prevail and it shall be immediately submitted to the Board for review and amendment.

Article 32 These Terms of Reference shall be interpreted by the Board.