

Direct Drive Tech Limited
本末動力(北京)科技股份有限公司

Terms of Reference of the Nomination Committee

Chapter 1 General Provisions

Article 1 To regulate the appointment of Directors and members of senior management of Direct Drive Tech Limited (the “**Company**”), optimize the composition of the Board and enhance the Company’s corporate governance structure, pursuant to the Company Law of the People’s Republic of China (the “**Company Law**”), the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Hong Kong Listing Rules**”), and the Articles of Association of Direct Drive Tech Limited (the “**Articles of Association**”) applicable upon completion of the Company’s overseas public offering and listing, and in accordance with a resolution of the Board, the Company has established the Nomination Committee of the Board and, taking into account the Company’s actual circumstances, formulated these Terms of Reference of the Nomination Committee of the Board of Direct Drive Tech Limited (the “**Terms of Reference**”).

Article 2 The Nomination Committee of the Board is a specialized committee established under the Board. Its principal responsibilities are to consider the selection of the Company’s Directors, including independent non-executive Directors, and members of senior management, as well as the relevant selection criteria and procedures, and to provide opinions and recommendations to the Board.

For the purposes of these Terms of Reference, “senior management” means the general manager, deputy general managers, secretary to the Board, chief financial officer, and any other persons expressly appointed by the Board as members of senior management of the Company.

Chapter 2 Composition

Article 3 The Nomination Committee shall comprise three Directors, a majority of whom shall be independent non-executive Directors, and shall include at least one Director of a different gender.

Article 4 Members of the Nomination Committee shall be nominated by the chairman of the Board, jointly by at least half of the independent non-executive Directors, or jointly by at least one-third of the members of the Board, and shall be elected by the Board with the approval of more than half of all Directors.

Article 5 The Nomination Committee shall have one convenor, who shall also serve as the chairman of the Committee. The chairman of the Committee shall be the chairman of the Board or an independent non-executive Director, shall be appointed and removed by the Board, and shall be responsible for presiding over the work of the Committee. If the chairman of the Committee is unable or fails to perform his or her duties, at least half of the members shall jointly designate an independent non-executive Director to perform such duties on his or her behalf. Upon approval of a proposal for the election of a member, the newly elected member shall assume office immediately after the conclusion of the relevant Board meeting.

Article 6 The term of office of the Nomination Committee shall be the same as that of the Board. A member may be re-elected upon the expiration of his or her term of office. If, during his or her term of office, a member ceases to serve as a Director of the Company, or a member who is required to be an independent non-executive Director ceases to satisfy the independence requirements prescribed by the Company Law, the Articles of Association and the Hong Kong Listing Rules, that member shall automatically cease to be qualified as a member of the Committee. A member of the Nomination Committee may resign from the Committee before the expiration of his or her term of office by submitting a written resignation report to the Board. The resignation report shall include the necessary explanations of the reasons for the resignation and any matters that require the attention of the Board. After a member of the Nomination Committee ceases to be qualified or is permitted to resign, the Board shall appoint a replacement to restore the required number of members in accordance with the applicable laws, administrative regulations, departmental rules, regulatory documents, the Hong Kong Listing Rules and Articles 3 to 5 above. The term of office of a replacement member shall expire upon the expiration of his or her term of office as a Director or an independent non-executive Director. Before the expiration of a member's term of office, the member shall not be removed without cause unless any circumstance under which the member is disqualified from holding office as prescribed by the Company Law, the Articles of Association or the Hong Kong Listing Rules arises.

The secretary to the Board shall be responsible for liaison, meeting arrangements, implementation of resolutions and other matters relating to the day-to-day work of the Nomination Committee.

Chapter 3 Duties and Powers

Article 7 The specific duties of the Nomination Committee shall include, without limitation:

- (1) formulating the selection criteria and procedures for Directors and members of senior management and making recommendations to the Board thereon, and selecting and reviewing candidates for appointment as Directors or members of senior management and their qualifications for office;
- (2) identifying a broad range of qualified candidates for appointment as Directors, selecting and nominating individuals for appointment as Directors or making recommendations to the Board thereon, and making recommendations to the Board on the appointment or reappointment of Directors and succession planning for Directors, in particular the chairman of the Board and the chief executive officer;

- (3) making recommendations to the Board on the appointment or removal of members of senior management;
- (4) reviewing and assessing the independence of independent non-executive Directors;
- (5) reviewing, at least annually, the structure, size, composition and diversity of the Board, including gender, age, cultural and educational background, skills, knowledge and professional experience, assisting the Board in preparing a board skills matrix, and making recommendations to the Board on any proposed changes to the Board to complement the Company's strategy;
- (6) supporting the Company in conducting regular evaluations of the performance of the Board;
- (7) handling other matters authorized by the Board;
- (8) handling other matters prescribed by laws, administrative regulations, the securities regulatory rules of the place where the Company's shares are listed and the Articles of Association.

Article 8 The Nomination Committee shall have the right to exercise any powers conferred on it by the Board whenever it considers necessary. The Company shall provide the Nomination Committee with sufficient resources to perform its duties. Where the Nomination Committee considers it necessary, it may engage an executive search firm to assist in identifying qualified candidates for appointment as Directors or members of senior management. The period of engagement and fees of such intermediary shall be determined by the Committee, and the reasonable expenses incurred shall be borne by the Company.

Article 9 The Nomination Committee shall be accountable to the Board, and its recommendations shall be submitted to the Board for consideration and decision. The nomination of a candidate for appointment as a Director shall, after consideration by the Board, be submitted to a shareholders' meeting for consideration and approval before implementation. In the absence of sufficient reasons or reliable evidence, the controlling shareholder shall fully respect the recommendations of the Nomination Committee and shall not propose alternative candidates for appointment as Directors or members of senior management.

Article 10 The Nomination Committee shall make its terms of reference available on the websites of The Stock Exchange of Hong Kong Limited and the Company, explaining its role and the authority delegated to it by the Board.

Chapter 4 Work Procedures

Article 11 The Human Resources Department shall serve as the day-to-day administrative body of the Nomination Committee and shall be responsible for the preparatory work for meetings of the Nomination Committee and for assisting in the preparation of relevant meeting materials.

Article 12 The procedures for selecting and appointing Directors and members of senior management shall be as follows:

- (1) the Human Resources Department and the Nomination Committee shall actively communicate with the relevant departments of the Company, assess the Company's need for new Directors and members of senior management, and prepare written materials thereon;
- (2) the Nomination Committee may conduct a broad search for candidates for appointment as Directors or members of senior management from within the Company, its controlled and investee enterprises, the external talent market and other sources;
- (3) the Nomination Committee shall collect information on each shortlisted candidate's occupation, educational background, professional titles, detailed employment history and all concurrent positions, and prepare written materials thereon;
- (4) the written consent of each nominee to his or her nomination shall be obtained, failing which he or she shall not be considered a candidate for appointment as a Director or member of senior management;
- (5) a meeting of the Nomination Committee shall be convened to review the qualifications of shortlisted candidates against the eligibility requirements for Directors and members of senior management;
- (6) recommendations and relevant materials concerning candidates for appointment as Directors and members of senior management shall be submitted to the Board within a reasonable time before the election of new Directors or the appointment of new members of senior management;
- (7) other follow-up work shall be carried out in accordance with the decisions and feedback of the Board.

Article 13 The chairman of the Nomination Committee or, in his or her absence, another member of the Nomination Committee, who must be an independent non-executive Director, shall attend the Company's annual shareholders' meeting and answer questions raised by shareholders concerning the activities and responsibilities of the Nomination Committee.

Chapter 5 Rules of Procedure

Article 14 Members of the Nomination Committee shall owe duties of loyalty and diligence to the Company in accordance with the applicable laws, administrative regulations, departmental rules, regulatory documents, the Hong Kong Listing Rules and the Articles of Association. Any recommendation or proposal made at a meeting of the Nomination Committee must comply with the requirements of the applicable laws, administrative regulations, departmental rules, regulatory documents, the Hong Kong Listing Rules and the Articles of Association.

Article 15 In accordance with the applicable laws, administrative regulations, departmental rules, regulatory documents, the Hong Kong Listing Rules and the Articles of Association, and taking into account the Company's actual circumstances, the Nomination Committee shall consider the eligibility requirements, selection procedures and terms of office of the Company's Directors and members of senior management and, after adopting a resolution thereon, submit it to the Board for consideration. Where the Board proposes a resolution at a shareholders' meeting to elect an individual as an independent non-executive Director, the circular to shareholders and/or explanatory statement accompanying the notice of the shareholders' meeting shall set out:

- (1) the process used for identifying the individual, the reasons why the Board considers that the individual should be elected, and the reasons why the Board considers the individual to be independent;
- (2) if the proposed independent non-executive Director will hold directorships in seven (or more) listed companies, the reasons why the Board considers that the individual will still be able to devote sufficient time to the Board;
- (3) the perspectives, skills and experience that the individual can bring to the Board;
- (4) how the individual will contribute to the diversity of the Board.

Article 16 A meeting of the Nomination Committee may be convened when the chairman of the Committee considers it necessary, upon the proposal of at least half of the Committee members, or at the recommendation of the chairman of the Board. The Nomination Committee shall hold at least one regular meeting each year.

Article 17 Meetings of the Nomination Committee shall be convened by its chairman, who shall issue the notice of meeting. The notice and meeting materials shall be delivered to all members at least three days before the meeting. The requirement regarding the advance notice period may be waived with the unanimous consent of all members.

Article 18 Meetings of the Nomination Committee shall be presided over by the chairman of the Committee. If the chairman is unable to attend a meeting, he or she may appoint another member who is an independent non-executive Director to preside over the meeting.

Article 19 A meeting of the Nomination Committee may be held only if at least two-thirds of its members are present, at least one of whom must be an independent non-executive Director. A member who is unable to attend may appoint another member in writing to attend and vote on his or her behalf. The written authorization shall state the name of the proxy, the matters in respect of which the proxy is authorized to act, the scope of authorization and the period of validity, be signed or sealed by the appointing member, and be submitted to the person presiding over the meeting no later than the commencement of voting at the meeting. A member who neither attends a meeting of the Nomination Committee nor appoints a representative to attend shall be deemed to have waived his or her voting right at that meeting. Each member may act as proxy for no more than one other member. If a member who is an independent non-executive Director is genuinely unable to attend a meeting in person, he or she shall appoint another member who is an independent non-executive Director to attend on his or her behalf.

Any resolution adopted at a meeting must be approved by more than half of all members. The relevant resolutions or opinions shall be signed by the members of the Nomination Committee attending the meeting. Each member shall have one vote and may vote “for” or “against” a resolution, or abstain from voting. In the event of an equality of votes for and against a resolution, the chairman of the Committee shall have a casting vote.

Article 20 Meetings of the Nomination Committee may be held in person, by telephone conference, video conference, circulation of documents, facsimile, email, or other appropriate means.

Article 21 Directors of the Company, members of the Audit Committee, members of senior management and external advisers may be invited to attend meetings of the Nomination Committee when necessary. Persons attending a meeting in a non-voting capacity may provide explanations or clarifications concerning the matters discussed at the meeting, but any person who is not a member of the Committee shall have no right to vote.

Article 22 The Company shall provide the Nomination Committee with sufficient resources to perform its duties. Where necessary, the Nomination Committee may engage a professional adviser to provide professional advice to assist it in its decision-making, and the reasonable expenses incurred shall be borne by the Company.

Article 23 The procedures for convening meetings of the Nomination Committee, the methods of voting and the proposals approved at such meetings must comply with the applicable laws, administrative regulations, departmental rules, regulatory documents, the Hong Kong Listing Rules, the Articles of Association and these Terms of Reference.

Article 24 Detailed and complete minutes shall be kept for meetings of the Nomination Committee, and the members attending a meeting shall sign the minutes. The minutes shall be properly kept by the secretary to the Board for a period of ten years during the existence of the Company. Draft and final versions of the minutes of each meeting of the Nomination Committee shall be sent to all members of the Nomination Committee within a reasonable time after the meeting, with the draft provided for their comments and the final version retained for record purposes. After being signed by the members of the Nomination Committee attending the meeting, the minutes shall be circulated to all members of the Board. The minutes shall be made available for inspection by any Director at any reasonable time upon reasonable notice. The minutes shall record in sufficient detail the matters considered and decisions reached at the meeting, including any concerns raised or dissenting views expressed by Directors. A resolution of the Nomination Committee shall take effect after being signed by the members attending the meeting. No effective resolution of the Committee may be amended or modified other than in accordance with the lawful procedures prescribed by the applicable laws, administrative regulations, departmental rules, regulatory documents, the Hong Kong Listing Rules, the Articles of Association and these Terms of Reference. The proposals approved and the voting results at a meeting of the Committee shall be reported to the Board in writing.

Article 25 The Nomination Committee shall reach a clear and definite conclusion on each proposal considered, namely approval, rejection, or reconsideration after the provision of supplementary information. The minutes of a meeting of the Nomination Committee shall include at least the following: the date and place of the meeting and the name of the convenor; the names of the attendees, with any person attending on behalf of another person specifically identified; the agenda of the meeting; the key points raised by the members; the voting method and result for each resolution or proposal; and any other matters that should be explained and recorded in the minutes.

Article 26 The members attending a meeting and other persons present at the meeting shall be under an obligation to keep confidential the matters considered at the meeting and shall not disclose any relevant information without authorization, unless otherwise required by applicable laws, administrative regulations, departmental rules, regulatory documents, the Hong Kong Listing Rules and/or regulatory authorities.

Chapter 6 Rules on Recusal

Article 27 Where a member of the Nomination Committee, an immediate family member of such member, or any other enterprise controlled by such member or any of his or her immediate family members has a direct or indirect interest in any matter under consideration at a meeting, the member shall disclose to the Nomination Committee, as soon as practicable, the nature and extent of such interest.

Article 28 In the circumstances described in the preceding Article, the interested member shall provide full particulars of the relevant circumstances at the meeting of the Nomination Committee and expressly declare that he or she will recuse himself or herself from voting. Notwithstanding the foregoing, the interested member may participate in the vote if all the other members of the Nomination Committee, having considered the matter, unanimously determine that such interest would not materially affect the matter to be voted upon. If the Board considers it inappropriate for the interested member referred to in the preceding paragraph to participate in the vote, the Board may revoke the voting results of the relevant proposal and request a re-vote by the non-interested members.

Article 29 The Nomination Committee shall consider and vote on a proposal without counting any interested member towards the quorum. If, following the recusal of any interested member, the number of members of the Nomination Committee present falls below the minimum quorum required for the meeting, all members, including the interested member, shall determine only procedural matters, including whether the proposal should be referred to the Board for consideration. The proposal shall thereafter be considered by the Board.

Article 30 The minutes and resolutions of the Nomination Committee meeting shall state that any interested member was not counted towards the quorum and did not participate in the vote.

Chapter 7 Supplementary Provisions

Article 31 For the purposes of these Terms of Reference, references to “or more” and “within” shall include the stated figure, whereas references to “more than” shall exclude the stated figure.

Article 32 These Terms of Reference shall, upon consideration and approval by the Board, take effect on the date on which the H shares issued by the Company pursuant to its public offering are listed on The Stock Exchange of Hong Kong Limited.

Article 33 The power to amend and interpret these Terms of Reference shall be vested in the Board.

Article 34 Any matters not provided for in these Terms of Reference shall be governed by the applicable laws, administrative regulations, departmental rules, regulatory documents, the Hong Kong Listing Rules, other applicable regulatory rules of the place where the Company’s shares are listed, and the Articles of Association. In the event of any conflict between these Terms of Reference and any applicable laws, administrative regulations, departmental rules, regulatory documents, the Hong Kong Listing Rules, other applicable regulatory rules of the place where the Company’s shares are listed, or the Articles of Association, the latter shall prevail.