Befar Group Co., Ltd
Terms of Reference for the Nomination Committee of the Board of Directors

CHAPTER I GENERAL PROVISIONS

Article 1 In order to standardize the selection of the Company's leadership personnel, optimize the composition of the Board of Directors, and improve the Company's corporate governance structure, the Company hereby establishes the Nomination Committee of the Board of Directors and formulates these Terms of Reference in accordance with the Company 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, the Articles of Association and other relevant provisions.

Article 2 The Nomination Committee of the Board of Directors is a specialized working body established by the Board of Directors, primarily responsible for formulating the selection criteria and procedures for Directors and members of the senior management, screening and reviewing candidates for Directors and members of the senior management and their qualifications, and making recommendations to the Board of Directors on matters stipulated by laws, regulations and the securities regulatory rules of the place where the Company's shares are listed. For the purposes of these Terms of Reference, "members of the senior management" refers to the Company's general manager (president), deputy general managers (vice presidents), chief financial officer and the secretary to the Board.

CHAPTER II COMPOSITION

Article 3 The Nomination Committee shall consist of three to seven directors, with independent directors constituting a majority and at least one director of a different gender.

Article 4 Members of the Nomination Committee shall be nominated by the chairman of the Board and elected by the Board of Directors.

Article 5 The Nomination Committee shall have one convener, who shall be an independent director, responsible for presiding over the work of the Committee. The convener shall be elected from among the members and submitted to the Board of Directors for approval.

Article 6 The term of office of the Nomination Committee shall be consistent with that of the Board of Directors. Upon expiration of their term, members may serve consecutive terms if re-elected. Should any member cease to hold the position of director of the Company during their term, they shall automatically lose their membership on the Committee, and the Board of Directors shall fill the vacancy in accordance with Articles 3 to 5 above.

Article 7 Members of the Nomination Committee may resign before the expiration of their term. Any resignation shall be submitted to the Board of Directors in writing, and shall take effect only upon approval by the Board of Directors. Pending the appointment of a replacement member, the resigning member shall continue to perform their relevant duties in accordance with these Terms of Reference.

Article 8 The Nomination Committee shall have a working group under it, with the office of the working group located in the Human Resources Department, responsible for the day-to-day liaison and meeting organization work of the Nomination Committee.

CHAPTER III DUTIES AND AUTHORITY

Article 9 The Nomination Committee shall be responsible for formulating the selection criteria and procedures for Directors and members of the senior management, screening and reviewing candidates for Directors and members of the senior management and their qualifications, and making recommendations to the Board of Directors on the following matters:

(I) nominating or appointing/removing directors;

(II) appointing or dismissing members of the senior management; and

(III) other matters stipulated by laws, administrative regulations, CSRC, the securities regulatory rules of the place where the Company's shares are listed, and the Articles of Association.

Article 10 The Nomination Committee shall also perform the following responsibilities:

(I) at least annually review the structure, size and composition (including in terms of skills, knowledge and experience) of the Board of Directors, assist the Board in preparing a skills matrix for the Board, and make recommendations on any proposed changes to the Board to align with the corporate strategy of the Company;

(II) identify individuals suitably qualified to serve as directors, select and nominate or make recommendations to the Board on persons to be appointed as directors;

(III) assess the independence of independent non-executive directors;

(IV) make recommendations to the Board on the appointment or reappointment of directors and succession planning for directors (particularly the chairman and the chief executive officer); and

(V) support the issuer in conducting regular evaluations of the Board's performance.

Article 11 The convener of the Nomination Committee shall perform the following duties:

(I) convene and preside over meetings of the Nomination Committee;

(II) report on behalf of the Nomination Committee to the Board of Directors on the Committee's work; and

(III) other duties that shall be performed by the convener.

Article 12 The Human Resources Department, as the day-to-day administrative office of the Nomination Committee, shall perform the following duties:

(I) be responsible for the day-to-day liaison work of the Nomination Committee; and

(II) be responsible for the meeting organization and pre-decision preparatory work of the Nomination Committee, including but not limited to: formulating meeting plans, issuing meeting notices, arranging meeting services, preparing meeting minutes, drafting resolution reports, and filing and archiving materials.

Article 13 The Nomination Committee shall be responsible to the Board of Directors, and proposals of the Committee shall be submitted to the Board of Directors for deliberation and decision.

CHAPTER IV RULES OF PROCEDURE

Article 14 Meetings of the Nomination Committee shall be convened with all members notified three days prior to the holding of the meeting. In emergency circumstances, meetings may be convened without being subject to the time limit of the preceding notice requirement, provided that the attendance of at least two-thirds of the members is ensured. The meeting shall be presided over by the convener. In the event that the convener is unable to attend, the convener may authorize another member (who is an independent director) to preside over the meeting.

Article 15 Meetings of the Nomination Committee may be held only when at least two-thirds of the members are present. Meetings shall be held on-site in principle; provided that all attending members can fully communicate and express their opinions, meetings may, when necessary, be held by means of video, telephone or other means in accordance with procedures. Each member shall have one vote. Resolutions adopted at the meeting must be approved by a majority of all attending members.

Article 16 Resolutions of the Nomination Committee shall be adopted by a show of hands, ballot vote or correspondence vote.

Article 17 When necessary, directors and other senior management members of the Company may be invited to attend meetings of the Nomination Committee as non-voting participants.

Article 18 If necessary, the Nomination Committee may engage intermediaries to provide professional opinions for its decision-making, with the costs to be borne by the Company.

Article 19 The convening procedures, voting methods and proposals adopted at meetings of the Nomination Committee must comply with the provisions of relevant laws, regulations, the Articles of Association and these Terms of Reference.

Article 20 Meetings of the Nomination Committee shall have minutes prepared, and the members attending the meeting shall sign the minutes. The minutes shall be kept by the working group of the Nomination Committee, and the retention period for documents of the Nomination Committee shall be 10 years.

Article 21 Proposals adopted at meetings of the Nomination Committee and the voting results shall be reported to the Board of Directors of the Company in writing.

Article 22 All members attending the meeting and non-voting participants shall have a duty of confidentiality with respect to the matters discussed at the meeting and shall not disclose relevant information without authorization.

CHAPTER V DECISION-MAKING PROCEDURES

Article 23 The Nomination Committee shall, in accordance with relevant laws, regulations and the Articles of Association and in light of the Company's actual circumstances, study the qualification requirements, selection procedures and term of office for directors and members of the senior management of the Company, and submit its recommendations to the Board of Directors for deliberation after forming its recommendations.

Article 24 The selection and appointment procedures for directors and members of the senior management are as follows:

(I) Non-independent Directors Candidates: the Board of Directors, and shareholders individually or jointly holding 1% or more of the issued shares of the Company may nominate candidates for non-independent directors. The Nomination Committee shall, in accordance with the relevant laws, administrative regulations, departmental rules, normative documents, the securities regulatory rules of the place where the Company's shares are listed, and the Articles of Association, conduct a uniform eligibility review of the candidates, form a clear review opinion, and only after such review confirms the non-independent Director candidate's eligibility, may the nominator submit a proposal to the Shareholders' meeting for consideration in accordance with the procedures set out in the Articles of Association.

(II) Independent Director Candidates: The Board of Directors or shareholders individually or jointly holding 1% or more of the issued shares of the Company may nominate an independent Director candidate, and the nominator shall express its opinion on whether the nominated candidate meets the independence requirements and other conditions for serving as an independent Director. The Nomination Committee shall, in accordance with the relevant laws, administrative regulations, departmental rules, normative documents, the securities regulatory rules of the place where the Company's shares are listed, and the Articles of Association, conduct a uniform eligibility review of the candidates, form a clear review opinion, and only after such review confirms the independent Director candidate's eligibility, may the nominator submit a proposal to the Shareholders' meeting for consideration in accordance with the procedures set out in the Articles of Association.

(III) General Manager: The chairman of the Board may nominate a candidate for general manager. The Nomination Committee shall, in accordance with the relevant laws, administrative regulations, departmental rules and normative documents, stock exchange rules, and the Articles of Association, conduct an eligibility review of the general manager candidates, form a clear review opinion, and only after such review confirms candidate's eligibility, may the chairman of the Board submit a proposal to the Board for consideration in accordance with the procedures set out in the Articles of Association.

(IV) Other Senior Management Personnel: The general manager may nominate other senior management personnel candidates. The Nomination Committee shall, in accordance with the relevant laws, administrative regulations, departmental rules and normative documents, the securities regulatory rules of the place where the Company's shares are listed, and the Articles of Association, conduct an eligibility review of the other senior management personnel candidates, form a clear review opinion, and only after such review confirms candidate's eligibility, may the general manager submit a proposal to the Board for consideration in accordance with the procedures set out in the Articles of Association.

The Nomination Committee shall complete the qualification review within three working days from the next day after receiving the list of candidates for Directors and senior management and the detailed information of the candidates, and notify the Board and the nominator in writing of the results of the review. If the Nomination Committee considers that the candidate does not meet the qualifications stipulated in relevant laws, administrative regulations, departmental rules and normative documents, stock exchange rules and the Articles of Association, the Nomination Committee shall submit the detailed reasons in writing to the Board and the nominator within the aforesaid period.

CHAPTER VI SUPPLEMENTARY PROVISIONS

Article 25 These Terms of Reference shall, upon approval by a resolution of the Board Directors, take effect from the date on which the Company's H shares offered in the initial public offering are listed on The Stock Exchange of Hong Kong Limited.

Article 26 For any matters not covered by these Terms of Reference, they shall be executed in accordance with the relevant PRC laws and regulations and the Articles of Association. In the event that these Terms of Reference contravene any future PRC laws and regulations to be promulgated, and the Articles of Association amended through valid procedure, then the relevant PRC laws and regulations, and the Articles of Association shall prevail.

Article 27 The right to interpret these Terms of Reference shall reside in the Board Directors of the Company.

Article 28 For the purposes of these Terms of Reference, the term "independent Director" refers to the same concept and shall have the same meaning as "independent non-executive Director" under the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited.