

ESTUN AUTOMATION CO., LTD

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

(Applicable upon the Issuance and Listing of H Shares)

Chapter 1 General Provisions

Article 1 In order to regulate the election and appointment of directors and senior management members of ESTUN AUTOMATION CO., LTD (the “Company”), the Company has established the Nomination Committee of the Board of Directors (the “Board”) and formulated 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 “Hong Kong Listing Rules”), and the Articles of Association of ESTUN AUTOMATION CO., LTD (the “Articles of Association”).

Article 2 The Nomination Committee of the Board is a specialized committee established under the Board, which is primarily responsible for studying the selection criteria and procedures for the Company’s directors and senior management members and making recommendations to the Board.

Article 3 The human resources department of the Company shall serve as the day-to-day administrative office of the Nomination Committee.

The term “independent director” as used in these Terms of Reference shall have the same meaning as “independent non-executive director” under the Hong Kong Listing Rules.

Chapter 2 Composition

Article 4 The Nomination Committee shall consist of three directors, two of whom shall be independent directors. The Nomination Committee shall appoint at least one director of a different gender.

Article 5 Members of the Nomination Committee shall be nominated by the chairman of the Board, or a majority of the independent directors, or more than one-third of all directors, and shall be elected by the Board.

Article 6 The Nomination Committee shall have one chairperson (convener), who shall be an independent director and shall preside over the work of the Committee. The candidate for chairperson shall be submitted to the Board for consideration and approval.

Article 7 The term of office of the Nomination Committee shall be the same as that of the Board. Upon expiry of the term, members may be re-elected for consecutive terms. Should any member cease to hold the position of director of the Company during the term of office, he or she shall automatically lose his or her qualification as a member, and the vacancy shall be filled in accordance with Articles 4 to 6 above.

Chapter 3 Functions and Powers

Article 8 The functions and powers of the Nomination Committee shall include the powers set out in the relevant code provisions of Appendix C1 Corporate Governance Code to the Hong Kong Listing Rules (as amended from time to time).

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

- (i) to nominate or remove directors, identify individuals suitably qualified to serve as directors, and select or make recommendations to the Board on the nomination of such individuals for directorships;
- (ii) to review the structure, size and composition (including the skills, knowledge and experience) of the Board at least annually, assist the Board in maintaining a board skills matrix, and make recommendations on any proposed changes to the Board to complement the Company's corporate strategy; and to identify broadly qualified candidates for directors and senior management members;
- (iii) to study the selection criteria and procedures for directors and senior management members and make recommendations to the Board;
- (iv) to nominate or remove directors, identify individuals suitably qualified to serve as directors, and select or make recommendations to the Board on the nomination of such individuals for directorships;
- (v) to assess the independence of independent directors;
- (vi) to evaluate the performance of directors and, based on the evaluation results, form opinions or make recommendations on the replacement, reappointment or succession of directors (including the chairman and the chief executive officer);
- (vii) to develop a policy concerning board diversity and disclose the policy or a summary of the policy in the corporate governance report;
- (viii) to support the regular evaluation of the performance of the Board;
- (ix) to appoint or remove senior management members; and
- (x) other matters as stipulated by laws, administrative regulations, the CSRC, the SZSE, the Hong Kong Stock Exchange, and the Articles of Association.

The Nomination Committee shall disclose its terms of reference on the websites of The Stock Exchange of Hong Kong Limited and the Company, and explain its role and the authorities delegated to it by the Board.

Article 10 The Nomination Committee shall be accountable to the Board, and its proposals shall be submitted to the Board for consideration and decision. The controlling shareholder shall fully respect the recommendations of the Nomination Committee unless there are sufficient reasons or reliable evidence to the contrary; otherwise, it shall not propose alternative candidates for directors or the president. Where the Board does not adopt or fully adopt the recommendations of the Nomination Committee, the Board shall record the opinions of the Nomination Committee and the specific reasons for not adopting them in the Board resolutions and make disclosure accordingly.

Chapter 4 Election and Appointment Procedures

Article 11 The Nomination Committee shall study the eligibility requirements, selection procedures and terms of office for directors and senior management members in accordance with relevant laws and regulations and the Articles of Association and taking into account the actual circumstances of the Company, and submit its resolutions to the Board for consideration.

Article 12 Procedures for the election and appointment of directors and senior management members:

- (i) The Nomination Committee shall actively communicate with the relevant departments of the Company, study the Company's needs for new directors and senior management members, and prepare written materials accordingly;
- (ii) The Nomination Committee may conduct a broad search for candidates for directors and senior management members within the Company, its holding (or invested) enterprises, and the talent market;
- (iii) Collect information on the preliminary candidates' professional background, educational qualifications, professional titles, detailed work experience, and all concurrent positions, and prepare written materials accordingly;
- (iv) Ascertain the nominees' willingness to accept the nomination, and no person who is unwilling to accept the nomination shall be proposed as a candidate for director or senior management member;
- (v) Convene a meeting of the Nomination Committee to conduct a qualification review of the preliminary candidates based on the eligibility requirements for directors and senior management members, and form a clear review opinion;
- (vi) Submit recommendations and relevant materials on the proposed candidates for directors and senior management members to the Board one to two months prior to the election of new directors and the appointment of new senior management members;
- (vii) Carry out follow-up work based on the decisions and feedback of the Board.

Chapter 5 Committee Meetings

Article 13 Notice of the meeting of the Nomination Committee shall be given to all members three days prior to the meeting. In urgent circumstances where an extraordinary meeting of the Nomination Committee must be convened as soon as possible, such notice may be given at any time by telephone or orally, provided that the convener shall give an explanation at the meeting. Meetings shall be presided over by the chairperson. If the chairperson is unable to attend, another independent director member may be entrusted to preside over the meeting.

Article 14 Meetings of the Nomination Committee shall be held with the attendance of more than half of its members. Each member shall have one vote. Resolutions of the meeting shall be passed by more than half of all members.

Article 15 Voting at the meetings shall be conducted by a show of hands or by ballot, and may also be conducted by means of communication.

Article 16 When necessary, the Nomination Committee may invite the Company's directors and other senior management members to attend its meetings.

Article 17 Where the Nomination Committee considers it necessary, it may engage intermediaries to provide professional advice for its decision-making at the expenses of the Company. Such engagement may cover, among others, assessing the work capabilities and qualities of the candidates for directors and senior management members.

Article 18 When the Nomination Committee meeting discusses matters relating to a member of the Committee, the person concerned shall recuse himself or herself from the discussion.

Article 19 The convening procedures, voting methods, and resolutions of the Nomination Committee meetings shall comply with relevant laws and regulations, the Articles of Association, and these Terms of Reference.

Article 20 Minutes shall be prepared for meetings of the Nomination Committee. Members attending the meeting shall sign the minutes, and the opinions of independent directors shall be recorded therein. The minutes shall be kept by the secretary to the Board of the Company for a period of not less than ten years.

Article 21 The resolutions and voting results approved at meetings of the Nomination Committee shall be submitted to the Board of the Company in writing.

Article 22 Members attending the meeting shall be under an obligation of confidentiality in respect of the matters discussed at the meeting and shall not disclose any relevant information without authorization.

Chapter 6 Supplementary Provisions

Article 23 For the purposes of these Terms of Reference, the expressions “above” shall include the number mentioned, while “over” and “less than” shall exclude it.

Article 24 These Terms of Reference shall be interpreted by the Board.

Article 25 Any matters not covered in these Terms of Reference or, where the provisions hereof are inconsistent with the relevant provisions of the national laws, administrative regulations, securities regulatory rules of the place where the Company’s shares are listed, or the Articles of Association, such provisions of the relevant laws, administrative regulations, securities regulatory rules of the place where the Company’s shares are listed, and the Articles of Association shall prevail. In the event of any conflict between these Terms of Reference and any laws, regulations, rules, or securities regulatory rules of the place where the Company’s shares are listed that are promulgated thereafter, or the Articles of Association as amended through lawful procedures, such laws, regulations, rules, securities regulatory rules of the place where the Company’s shares are listed, and the Articles of Association shall prevail.

Article 26 These Terms of Reference shall take effect and be implemented from the date on which the Company’s H shares are listed on the Main Board of The Stock Exchange of Hong Kong Limited after filing with the China Securities Regulatory Commission, following consideration and approval by the Board. Upon the effectiveness of these Terms of Reference, the original Terms of Reference of the Nomination Committee of the Board of Directors of the Company shall automatically cease to be effective.