

ESTUN AUTOMATION CO., LTD

Terms of Reference of the Environmental, Social and Governance (ESG) Committee of the Board of Directors

(Applicable upon the Issuance and Listing of H Shares)

Chapter 1 General Provisions

Article 1 In order to further improve the corporate governance structure of ESTUN AUTOMATION CO., LTD (the “Company”), enhance the environmental, social and governance (ESG) standard, and promote the sustainable and high-quality development of the Company, these Terms of Reference are formulated in accordance with the Company Law of the People’s Republic of China, the Code of Corporate Governance for Listed Companies, the Articles of Association of ESTUN AUTOMATION CO., LTD (the “Articles of Association”), and other relevant regulations.

Article 2 The Environmental, Social and Governance (ESG) Committee (the “ESG Committee”) of the Board of Directors (the “Board”) is a specialized committee established under the Board and shall be accountable to the Board. Its primary duties are to supervise and guide the effective implementation of the Company’s environmental protection, social responsibilities, standardized governance, and to promote the environmental, social and governance development of the Company.

Article 3 Subject to any exceptions not applicable to the Company, the Company shall apply the principles set out in the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “Hong Kong Listing Rules”) and shall comply with all relevant code provisions of Appendix C2, the Environmental, Social and Governance Reporting Code contained therein. 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 ESG Committee shall consist of not less than (including) three directors, including at least one independent director.

Article 5 Members of the ESG Committee shall be elected by the Board. The Committee shall have one chairperson (convener), who shall be elected by the Committee and responsible for presiding over the work of the Committee.

Article 6 The term of office of the ESG 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 3 to 4 above.

Article 7 The ESG Committee shall have a work team, the members of which can be determined based on actual working needs and are not required to be members of the ESG Committee. The members of the work team are responsible for the daily matters of the Committee and implementation of the resolutions passed by the Committee, including but not limited to, the preliminary preparation for decision-making by the Committee, liaison on daily operations, organization of meetings, and implementation of the resolutions from the meetings.

Chapter 3 Functions and Powers

Article 8 The main duties of the ESG Committee are as follows:

- (i) to pay active attention to the research of the laws, regulations and policies related to the ESG, and to conduct research and make recommendations on the work direction regarding environmental protection, social responsibilities and standardized governance of the Company;
- (ii) to study and formulate the strategic planning, structure of management, system and implementation rules of the Company's management of ESG;
- (iii) to identify and monitor the ESG risks and opportunities with great influence on the Company's operation, and guide the management team to take appropriate countermeasures against the ESG risks and opportunities;
- (iv) to guide, supervise and review the implementation of environmental, social responsibility and corporate governance efforts of the Company, and to make recommendations accordingly following assessing the Company's overall ESG performance;
- (v) to review the environmental, social and governance (ESG) related reports of the Company and other significant matters related to the ESG;
- (vi) other matters authorized by the Board.

Chapter 4 Decision-making Process

Article 9 The members of ESG work team is responsible for making preliminary preparation for decision-making by the ESG Committee, providing related information and submitting formal proposals to the ESG Committee.

Article 10 The ESG Committee holds meetings to review proposals by the ESG work team, and submits the results of review to the Board, while giving feedback to the ESG work team.

Chapter 5 Committee Meetings

Article 11 Meetings of the ESG Committee shall be convened at the proposal of the chairperson or more than half of the members. Notice of the meeting shall be given to all members prior to the meeting. Meetings shall be presided over by the chairperson. If the chairperson is unable to attend, another member may be entrusted to preside over the meeting.

Article 12 Meetings of the ESG 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 13 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 14 The ESG Committee may invite directors, senior management member, and other relevant personnel of the Company to attend its meetings.

Article 15 Where necessary, the ESG Committee may engage intermediaries to provide professional advice for its decision-making at the expense of the Company.

Article 16 When the ESG Committee meeting discusses matters relating to a member of the Committee, the person concerned shall recuse himself or herself from the discussion.

Article 17 The convening procedures, voting methods, and resolutions of the ESG Committee meetings shall comply with relevant laws and regulations, the Articles of Association, and these Terms of Reference.

Article 18 Minutes shall be prepared for meetings of the ESG Committee. The minutes of the meetings shall be prepared by the Office of the Board, and the members present shall sign the minutes of the ESG committee meetings. The minutes shall be kept by the secretary to the Board of the Company.

Article 19 The opinions formed from the research conducted by the ESG Committee meetings shall be submitted to the Board of the Company in writing.

Article 20 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 21 For the purposes of these Terms of Reference, the expressions “over” and “less than” shall exclude the number mentioned.

Article 22 These Terms of Reference shall be interpreted by the Board.

Article 23 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 24 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 Environmental, Social and Governance (ESG) Committee of the Board of Directors of the Company shall automatically cease to be effective.