



China Risun Group Limited

中國旭陽集團有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 1907)

TERMS OF REFERENCE FOR THE SUSTAINABLE DEVELOPMENT COMMITTEE

ESTABLISHMENT

1. The sustainable development committee (the “**Sustainable Development Committee**”) of China Risun Group Limited (the “**Company**”) was established by resolution of the board of directors of the Company (the “**Board**”) on August 27, 2024.

PURPOSE

2. The purpose of the Sustainable Development Committee is to assist the Board in the management of sustainability development together with the environmental, social and governance (the “**ESG**”) matters of the Company together with its subsidiaries (the “**Group**”), and to give opinions to the Board on the development and implementation with a view to promoting the Group’s sustainable development and ESG.

MEMBERSHIP

3. The members of the Sustainable Development Committee (the “**Members**”) shall be appointed by the Board from time to time and shall consist of not less than three Directors.
4. Appointments to the Sustainable Development Committee shall be for a period of up to three years, which may be extended by the Board.
5. The Board shall appoint one Member as the chairman of the Sustainable Development Committee (the “**Chairman**”).
6. The company secretary of the Company shall be the secretary (the “**Secretary**”) of the Sustainable Development Committee.

MEETINGS

7. The Sustainable Development Committee shall meet at least once annually, or more frequently if circumstances require. The Chairman shall convene a meeting upon request by any Member.
8. The Chairman (or in his or her absence, a Member designated by the Chairman) shall preside at all meetings of the Sustainable Development Committee. The Chairman shall be responsible for leading the Sustainable Development Committee, including scheduling meetings, preparing agendas and making regular reports to the Board.

9. An agenda and other relevant documents should be sent in full to all Members in a timely manner and at least three days before the intended date of a meeting of the Sustainable Development Committee (or such other period as may be agreed by its Members).
10. Meetings of the Sustainable Development Committee may follow the same procedures as those for meetings of the Board under the relevant provisions in the articles of association of the Company, as amended from time to time.
11. Each Member shall disclose to the Sustainable Development Committee:
 - (a) any personal financial interest (other than as a shareholder of the Company (the “**Shareholders**”)) in any matter to be decided by the Sustainable Development Committee; or
 - (b) any potential conflict of interest arising from a cross-directorship.

Any such Member shall abstain from voting on the resolutions of the Sustainable Development Committee in relation to which such interest exists and from participating in the discussions concerning such resolutions, and shall (if so required by the Board) resign from the Sustainable Development Committee.

12. Minutes of meetings of the Sustainable Development Committee shall be prepared by the Secretary and shall be sent to all Members as soon as practicable and within a reasonable time after the conclusion of the meeting. Minutes of meetings of the Sustainable Development Committee shall record the names of the Members present at each meeting of the Sustainable Development Committee, as well as in sufficient detail the matters considered by the Sustainable Development Committee and decisions reached, including any concerns raised by Members or dissenting views expressed. The minutes shall also be made available for inspection on reasonable notice by any Director.

AUTHORITY

13. The Sustainable Development Committee is authorized by the Board to perform any activity within these terms of reference, including without limitation the making of recommendations to the Board on sustainable development and ESG matters, ranging from identification of risks, formulation of plans, assessment of performance, and coordination of work between the Board and the management of the Group, etc.
14. The Sustainable Development Committee shall be provided with sufficient resources to perform its duties, including but not limited to obtaining independent professional advice and assistance from internal or external consultants or other advisers at the expense of the Company. The Sustainable Development Committee shall be responsible for establishing the selection criteria, selecting, appointing and setting the terms of engagement for any external party who advises the Sustainable Development Committee.
15. The Sustainable Development Committee shall have full access to the management of the Group and may invite members of management or others to attend its meetings. All employees of the Group are directed to cooperate with any information request made by the Sustainable Development Committee.

DUTIES

16. The Sustainable Development Committee shall perform the following duties:
- (a) establish and review the vision, goals, strategies, frameworks and significant policies of the Group in relation to the sustainable development and the ESG matters, and make recommendations to the Board;
 - (b) evaluate the progress and work performance in achieving the sustainability and the ESG's visions and goals based on the performance in sustainability, and make recommendations to the Board;
 - (c) review and assess the implementation of the sustainability, ESG and other long-term corporate strategies and to ensure consistency of the Group's performance, operation and management with such strategies;
 - (d) review and assess the adequacy and effectiveness of the frameworks of the Group in relation to the sustainable development and the ESG matters, and make recommendations to the Board;
 - (e) monitor the major trends in sustainable development and ESG, review and assess the Group's risks and opportunities in relation to the sustainable development and the ESG matters, and make recommendations to the Board;
 - (f) review and assess the Group's performance in relation to the indices and ratings of the sustainability and the ESG, and make recommendations to the Board;
 - (g) review the corporate governance report and the ESG report in accordance with the Corporate Governance Code as set out in Appendix C1 to the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited (the "**Listing Rules**") and the Environmental, Social and Governance Reporting Guide as set out in Appendix C2 to the Listing Rules, and to make recommendations to the Board;
 - (h) monitor the compliance with any applicable laws, regulations, policies of any jurisdictions where the Group has operations, the Listing Rules and the international standards and guides regarding to the sustainability and the ESG matters, and make recommendations to the Board;
 - (i) report to the Board from time to time on other matters; and
 - (j) carry out any other duties and functions duly delegated by the Board.

REPORTING PROCEDURES

17. Without prejudice to the generality of the duties of the Sustainable Development Committee set out in these terms of reference, the Sustainable Development Committee shall report to the Board on a regular basis on its decisions or recommendations, unless there are legal or regulatory restrictions on its ability to do so.
18. The Sustainable Development Committee shall evaluate its own performance, these terms of reference and its membership annually to ensure it is performing its duties effectively, and recommend to the Board any changes it considers necessary.
19. The Chairman or his duly appointed delegate shall attend the Company's annual general meetings and respond to any questions from the Shareholders on the Sustainable Development Committee's activities.

TERMS AVAILABLE

20. The Sustainable Development Committee shall make available these terms of reference on request and by inclusion on the websites of the Company and The Stock Exchange of Hong Kong Limited in order to explain its role and authority delegated to it by the Board.

Hong Kong, August 27, 2024