ZHEJIANG SANHUA INTELLIGENT CONTROLS CO., LTD.

TERMS OF REFERENCE FOR THE STRATEGY MANAGEMENT AND ESG COMMITTEE OF THE BOARD OF DIRECTORS

Chapter I General Provisions

Article 1 To satisfy the requirements of the strategy development of Zhejiang Sanhua Intelligent Controls Co., Ltd. (hereinafter referred to as the "Company"), ensure the scientific basis of the development plan and strategic decision-making of the Company, enhance the sustainable development capability of the Company, improve the corporate governance structure and elevate the performance of environmental, social responsibility and corporate governance (ESG) of the Company, the Company has established a strategy management and ESG committee of the board of directors and formulated these terms of reference in accordance with the Company Law of the People's Republic of China (hereinafter referred to as the "Company Law"), the Securities Law of the People's Republic of China, the Code of Governance for Listed Companies, the Self-Regulatory Guidelines for Listed Companies on the Shenzhen Stock Exchange No. 1 – Standardized Operation of Listed Companies on the Main Board, the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited and the relevant provisions of Articles of Association of Zhejiang Sanhua Intelligent Controls Co., Ltd. (hereinafter referred to as the "Articles of Association").

Article 2 The Strategy Management and ESG Committee of the board of directors is a special working body established by the board of directors, which is mainly responsible for researching the Company's long-term development strategy, developing the Company's strategic development plan, providing guidance for the formulation of the Company's ESG strategy and overseeing the Company's ESG matters.

Chapter II Composition of Members

Article 3 The members of the Strategy Management and ESG Committee shall be comprised of the following members: chairman of the board of directors, independent non-executive directors and other professionals.

Article 4 The Strategy Management and ESG Committee shall have a chairman (convener), who shall be elected by members of the Strategy Management and ESG Committee. If the chairman of the board of directors of the Company has been elected as a member of the Strategy Management and ESG Committee, the chairman of the board of directors of the Company shall serve as the chairman (convener).

Article 5 The members of the Strategy Management and ESG Committee shall be nominated by the chairman of the board of directors, more than half of the independent non-executive directors or one-third of all directors, and shall be elected by the board of directors.

Article 6 The term of office of the members of the Strategy Management and ESG Committee is the same as that of the directors of the board of directors, and members may be re-elected upon expiration of their terms of office. If a member ceases to serve as a director of the Company or hold other corresponding positions during the term, he/she shall cease to be a committee member automatically, and the vacancy in the committee shall be filled in accordance with the provisions of Article 3 to Article 5 above.

Chapter III Duties and Authority

Article 7 The primary duties and authority of the Strategy Management and ESG Committee are as follows:

(I) to discuss the long-term development plans, business goals and development directions of the Company and make recommendations;

(II) to discuss the major investments and business plans that require the approval of the board of directors as provided in the Articles of Association and make recommendations;

(III) to discuss the major strategic investments and financing proposals of the Company and make recommendations;

(IV) to discuss the business strategies of the Company, including but not limited to product strategy, market strategy, marketing strategy, research and development strategy and talent strategy, and make recommendations;

(V) to discuss the business innovation that affect the Company's mid-long-term development and make recommendations;

(VI) to discuss the Company's ESG governance and provide decision-making consultation suggestions, and to inspect the implementation of the Company's ESG strategy and goals and make recommendations;

(VII) to discuss other major issues that affect the development of the Company and make recommendations;

(VIII) to follow-up and inspect the implementation of the above matters;

(IX) other matters authorized and entrusted by the board of directors of the Company.

Article 8 The chairman of the Strategy Management and ESG Committee shall perform the following duties:

(I) convening and presiding over the meetings of the committee;

(II) reviewing and signing the reports of the members;

(III) reporting to the board of directors on behalf the committee;

(IV) other duties that shall be performed by the chairman of the committee.

Where the chairman is unable to perform his/her duties for any reasons, he/she shall designate another member to act on his/her behalf.

Article 9 The duties of the Strategy Management and ESG Committee are:

(I) to carry out duties in accordance with the laws, administrative regulations and the Articles of Association and protect the interests of the Company;

(II) not to disclose the confidential information of the Company unless required by the laws or with the approval of the shareholders' general meeting and the board of directors;

(III) to ensure the authenticity and compliance of the reports submitted to the board of directors.

Article 10 The Strategy Management and ESG Committee shall be accountable to the board of directors and the proposals of the committee shall be submitted to the board of directors for consideration and approval.

Chapter IV Decision-making Procedures

Article 11 The office of the board of directors shall coordinate each of the relevant departments of the Company to provide relevant information to the Strategy Management and ESG Committee for its decision-making:

(I) relevant information of the relevant departments of the Company or holding (shareholding) enterprises regarding the intentions for material investment and financing, capital and asset operation projects, preliminary feasibility reports on business innovation and basic information about the partners;

(II) information relating to ESG of the Company.

Article 12 The Strategy Management and ESG Committee shall convene a meeting based on the relevant information submitted to discuss and submit the discussion results to the board of directors of the Company.

Chapter V Rules of Procedure

Article 13 All members shall be notified three days before the meeting of the Strategy Management and ESG Committee. However, in case of urgent circumstances requiring a prompt meeting, and with the unanimous consent of all members, the above notice period requirement may be waived, provided that each member can fully express his/her views. The meeting shall be presided over by the chairman (convener), who may entrust another member (independent non-executive director) to preside over the meeting if he/she is unable to attend.

Article 14 The meeting shall be held only when more than two-thirds of the members are present; each member shall have one vote; resolutions made at the meeting must be passed by a majority of all members.

Article 15 Members may vote at the meeting of the Strategy Management and ESG Committee by the show of hands or by poll, which may be convened in the form of on-site meeting or correspondence voting.

Article 16 The Strategy Management and ESG Committee meeting may invite the directors or senior management of the Company to attend the meeting, if necessary.

Article 17 Where necessary, the Strategy Management and ESG Committee may engage intermediaries to provide professional advice for its decision-making, and the cost shall be borne by the Company.

Article 18 The convening procedures, voting methods and resolutions passed at the meeting of the Strategy Management and ESG Committee must comply with requirements under relevant laws, regulations, the Articles of Association and these terms of reference.

Article 19 The meeting of the Strategy Management and ESG Committee shall be recorded, and the members attending the meeting shall sign the minutes of the meeting, which shall be kept by the secretary to the board of directors of the Company. The directors of the Company may inspect the minutes of the meeting at a reasonable time upon reasonable notice.

Article 20 The resolutions and poll results passed at the meeting of the Strategy Management and ESG Committee shall be reported in writing to the board of directors of the Company.

Article 21 Members attending the meeting shall be obliged to keep confidentiality regarding the matters discussed at the meeting, and shall not disclose relevant information without authorization, nor to make use of the information that they know for insider trading or for others to engage in insider trading.

Chapter VI Supplementary Provisions

Article 22 These terms of reference shall be implemented from the date of approval by the board of directors, and any amendments shall be subject to the same procedure.

Article 23 The matters not covered herein shall be implemented in accordance with the relevant national laws and regulations, the securities regulatory rules of the place where the shares of the Company are listed and the Articles of Association. In case of any conflicts between these terms of reference and any laws and regulations promulgated by the state, the securities regulatory rules of the place where the shares of the Company are listed or the Articles of Association as amended under lawful procedures, the relevant national laws and regulations, the securities regulatory rules of the place where the shares of the Company are listed and the Articles of Association shall prevail.

Article 24 The board of directors of the Company shall be responsible for the interpretation and revision of these terms of reference.

Zhejiang Sanhua Intelligent Controls Co., Ltd.
October 2025