

Cheerwin Group Limited

朝雲集團有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 6601)

Terms of Reference for the Environmental, Social and Governance Office

CHAPTER 1 PURPOSE

Article 1 Environmental, Social and Governance (“ESG”) are of great significance to Cheerwin Group Limited (the “Company”). The Company has set up Environmental, Social and Governance office (the “Office”) to assist the board of directors of the Company (the “Board”) in identifying and monitoring the Company’s ESG risks, formulating ESG strategies, following up ESG performance, and disclosing ESG related information.

CHAPTER 2 MEMBERS

Article 2 The Office is a working body under the Board managed by an executive director of the Company designed by the Board (“Designated Director”), and reports to the Board. Members of the Office consist of the Designated Director and the office director, a position taken by an employee from the Internal Audit Department of the Company. The composition and terms of reference of the Office shall be regularly updated in accordance with regulatory requirements and best practices.

The office director shall be appointed and removed by the Designated Director, and is responsible for presiding over the Office.

CHAPTER 3 ESG WORK MEETINGS

Article 3 The Office may decide the number of meetings to be held as needed at its discretion, provided that at least two meetings shall be held each year. The Designated Director has the right to convene extraordinary meetings. The Designated Director and the office director constitute the quorum of such a meeting.

The Office may invite other board members, senior management members and personnel from relevant functional departments to attend the meeting as observers and express their opinions. External consultants may also be invited to attend the meeting as observers.

The convening of an ESG meeting is subject to the rules for holding meeting of other committees under the Board.

CHAPTER 4 AUTHORIZATION

Article 4 The Office has been authorized by the Board to review, evaluate and advise on any matters within its terms of reference.

The Office has been authorized by the Board to, where the Office considers it necessary to perform its duties, consult an independent legal counsel or any other independent professional team and ensure that independent professionals with relevant experience and expertise attend any of its meetings.

The Office should be provided with sufficient resources to perform its duties.

CHAPTER 5 DUTIES

Article 5 ESG Vision, Targets, Strategies and Structure

- (1) Review and formulate the Company's ESG vision, targets and strategies, and advise the Board on ESG work. Supervise the development and implementation of the Company's ESG targets, including: setting the Company's performance targets for ESG management and submit them to the Board for consideration and approval, reviewing the progress of the targets, and advising on the actions needed to achieve the targets.
- (2) Review and report to the Board the main international trends regarding ESG and the risks and opportunities of ESG.
- (3) Supervise the implementation of ESG strategies and coordinate internal and external resources to advance related work.
- (4) Regularly evaluate the progress of ESG targets and the ESG performance, and review whether the relevant improvement measures are effective and appropriate.
- (5) Identify ESG-related issues that have a significant impact on the operations of the Company and/or the rights and interests of other important stakeholders.
- (6) Review and monitor the Company's ESG policies and practices to ensure compliance with legal and regulatory requirements, and adopt and update policies on environmental protection, corporate responsibility management and corporate governance when necessary.

Article 6 ESG Performance

- (1) Supervise, review, evaluate and report to the Board the following:
 - the actions taken by the Company to promote ESG targets, strategies and structure.
 - the Company's performance on ESG indicators.
- (2) Monitor the communication channels and methods with the Company's stakeholders, and ensure that there is an appropriate communication policy, which can effectively promote the relationship between the Company and its stakeholders and protect the Company's reputation.
- (3) Monitor internal and external opinions on the Company's ESG work, and make suggestions on improving such work.

Article 7 ESG Report

- (1) Review the Company's public reports on its performance on identified important ESG issues and put forward opinions to the Board, including but not limited to:
 - monitoring and reporting the appropriate international or national standards (if applicable) for ESG reports.
 - preparing an annual ESG report based on the results achieved, submitting it to the Board for consideration and approval, and if approved, uploading it to the websites of The Stock Exchange of Hong Kong Limited and the Company.
 - reviewing the annual ESG report and other disclosure information on ESG work, and making suggestions to the Board for approval.
- (2) Review the Board's supervision of and engagement in the Company's ESG issues, and make suggestions for improvement to the Board.
- (3) Ensure that an ESG report prepared by the Board in accordance with the disclosure requirements of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules"), the Corporate Governance Code set out in Appendix 14 to the Listing Rules, and the Environmental, Social and Governance Reporting Guide set out in Appendix 27 to the Listing Rules, is contained in the Company's summary financial report (if any) and annual report or separately published.

Article 8 Other Matters

- (1) Comply with such requirements, instructions and regulations as may be from time to time specified by the Board, or set out in the Company's articles of association, or imposed by legal or regulatory authorities.
- (2) Arrange ESG training for the Board, relevant senior executives and functional departments.

CHAPTER 6 REPORTING PROCEDURES

Article 9 The Office shall report its decisions and suggestions to the Board at least twice a year. After each ESG meeting, the office director shall provide a copy of the meeting resolutions and minutes to the joint company secretaries/company secretary of the Company, and the minutes or written resolutions shall specify the findings, suggestions and decisions of the Office. The joint company secretaries/company secretary of the Company shall submit a copy of the minutes/written resolutions of the ESG meeting to the Board at the next board meeting, and put the matters to be submitted to the board meeting on the agenda of the Board.

CHAPTER 7 UPDATE OF TERMS OF REFERENCE

Article 10 When necessary, these terms of reference shall be updated and amended according to changes in environmental and regulatory requirements, such as the Listing Rules. Any amendment to these terms of reference is subject to the approval of the Board and shall be in full compliance with the Listing Rules and other regulatory requirements.