

**Gotion High-tech Co., Ltd.**

**2023 Annual General Meeting of Shareholders**

**Meeting Materials**

**May 21, 2024**

## **Notes on 2023 Annual General Meeting of Shareholders**

In order to ensure the smooth convening of the Company's annual meeting of shareholders, in accordance with the relevant provisions of the Company Law of the People's Republic of China, the Securities Law of the People's Republic of China, and the Articles of Association, the following notice of the shareholders' meeting is hereby formulated:

1. A meeting affairs team shall be established for the shareholders' meeting, specifically responsible for matters related to the shareholders' meeting. In order to ensure the seriousness and normal order of the shareholders' meeting, and effectively safeguard the legitimate rights and interests of attending shareholders (or proxies), shareholders and shareholder representatives attending this meeting shall complete the registration procedures by presenting their identity cards or copies of business licenses, authorization letters, and securities account cards and other documents at latest ten minutes before the meeting. Shareholders who have not registered cannot participate in this meeting.

2. In order to ensure the seriousness and normal order of the shareholders' meeting and effectively safeguard the legitimate rights and interests of attending shareholders (or authorized representatives of shareholders), except for shareholders (or authorized representatives of shareholders) attending the meeting, directors, supervisors, senior management personnel of the Company, company-appointed lawyers, and personnel invited by the board of directors, the Company has the right to refuse entry to other individuals in accordance with the law.

3. During the meeting, all attendees should safeguard the legitimate rights and interests of shareholders, ensure the normal order and efficiency of the meeting, and conscientiously fulfill their legal obligations.

4. Shareholders attending the meeting have the rights of speech, questioning, and voting in accordance with the law. Participants shall not engage in loud noise or arbitrary movement at the venue, and shall not engage in behavior that disrupts the order of this meeting and infringes upon the legitimate rights and interests of other shareholders. The meeting affairs team has the right to take necessary measures to stop such behavior that disrupts the order of the shareholders' meeting and infringes upon the legitimate rights and interests of other shareholders, and promptly report to the relevant departments for investigation and punishment.

5. During the meeting, if shareholders have prepared speeches in advance, they should register with the meeting affairs team and fill out the "Shareholders' Meeting Speech Registration Form" beforehand. If shareholders request to speak or raise inquiries on relevant issues on the spot, they should apply to the meeting affairs team and obtain permission from the chairperson of the meeting before doing so. When shareholders speak, they should first report the number of shares they hold. Each shareholder's speaking time should not exceed 5 minutes. Due to the limited time of this meeting, the Company will arrange the time for answering shareholders' questions

according to the registration situation. Shareholders shall not interrupt the reports of meeting presenters or the speeches of other shareholders.

6. The general meeting shall be voted by open ballot, and no statement shall be made at the voting.

7. The witnessing lawyers for this shareholders' meeting are from Shanghai Llink Law Offices. After the on-site voting results are counted, the lawyer will read out the legal opinion and announce the on-site voting results.

Gotion High-tech Co., Ltd.  
May 21, 2024

**Gotion High-tech Co., Ltd.**

**2023 Annual General Meeting of Shareholders Agenda**

I. Meeting time: 2:30 PM, May 21, 2024 (Tuesday)

II. Meeting venue: Global Conference Hall, Gotion High-tech Co., Ltd., 566 Huayuan Avenue, Baohe District, Hefei City, Anhui Province

III. Convenor: The Board of Directors

IV. Participants:

1. Shareholders and shareholders' representatives of the Company;
2. Directors, supervisors and senior management of the Company;
3. Witness lawyers engaged by the Company.

V. Presiding officer: Mr. Li Zhen, Chairman of the Board of Directors

VI. Agenda:

No.	Proposal
1	Proposal on the 2023 Annual Work Report of the Board of Directors
2	Proposal on the 2023 Annual Work Report of the Board of Supervisors
3	Proposal on the 2023 Financial Final Accounts Report
4	Proposal on the 2023 Annual Report and its Summary
5	Proposal on the 2023 Special Report on the Deposit and Use of Raised Funds
6	Proposal on the 2023 Profit Distribution Plan
7	Proposal on the 2024 Annual Financial Budget Report
8	Proposal on Applying for Comprehensive Credit Lines for the Year 2024
9	Proposal on the Estimated Guarantee Amount for the Year 2024

10	Proposal on Entrusting Financial Management of Idle Own Funds for the Year 2024
11	Proposal on Conducting Foreign Exchange Hedging Business in 2024
12	Proposal on the Estimated Routine Daily Related Transactions in 2024
13	Proposal on the Renewal of the Accounting Firm for the Year 2024
14	Proposal on Remuneration Program for Directors and Supervisors for the Year 2024
15	Proposal on the “ <i>Fourth Employee Stock Ownership Plan of the Company (Draft)</i> ” and its Summary
16	.Proposal on the “ <i>Administrative Measures for the Fourth Employee Stock Ownership Plan of the Company</i> ”
17	Proposal on requesting the General Meeting of Shareholders to authorize the Board of Directors to handle matters relating to the Fourth Employee Stock Ownership Plan
18	Proposal on the Establishment of the “ <i>Independent Directors’ s Work System</i> ”

VII. Shareholders deliberate each matter and fill in the votes, the scrutineers and vote counters count the votes.

VIII. The lawyers read out the legal opinion and the voting results.

IX. The closing of the meeting, the signing of the meeting materials, etc.

## Contents

Proposal One .....	6
Proposal Two .....	7
Proposal Three .....	8
Proposal Four .....	17
Proposal Five .....	18
Proposal Six .....	19
Proposal Seven .....	21
Proposal Eight .....	23
Proposal Nine .....	24
Proposal Ten .....	32
Proposal Eleven .....	35
Proposal Twelve .....	39
Proposal Thirteen .....	61
Proposal Fourteen .....	65
Proposal Fifteen .....	68
Proposal Sixteen .....	69
Proposal Seventeen .....	70
Proposal Eighteen .....	72
Annex1 .....	73
Annex2 .....	90
Annex3 .....	133
Annex4 .....	141
Annex5 .....	142
Annex6 .....	151
Annex7 .....	169
Annex8 .....	226
Annex9 .....	279
Annex10 .....	311

## Proposal One

### Proposal on the 2023 Annual Work Report of the Board of Directors

Dear Shareholders:

In 2023, the Board of Directors of the Company implemented all resolutions of the General Meeting of Shareholders in strict accordance with laws and regulations, normative documents and *“the Articles of Association”*. All directors are conscientious and diligent, they have done a lot of fruitful work for the scientific decision-making and standardized operation for the Board of Directors, and compiled *“the 2023 Annual Work Report of the Board of Directors of Gotion High-tech Co.,Ltd.”*. Please see the annex for details.

The Company’s independent directors, Mr. Sun Zhe, Mr. Qiu Xinping, Mr. Wang Feng and Mr. Qiao Yun, submitted the *“2023 Annual Work Report of the Independent Directors of the Company”* to the Board of Directors, and will report their work at the 2023 Annual General Meeting of shareholders of the Company. The details are set out in the Annex.

This proposal has been reviewed and approved during the 6th meeting of the 9th Board of Directors of the Company.

Please review the above proposal.

Annex 1: *2023 Annual Work Report of the Board of Directors of the Company.*

Annex 2: *2023 Annual Work Report of Independent Directors of the Company.*

Gotion High-tech Co., Ltd.

May 21, 2024

## **Proposal Two**

### **Proposal on the 2023 Annual Work Report of the Board of Supervisors**

Dear Shareholders:

Under the leadership of the Board of Supervisors, the Company has successfully achieved the annual work objectives set at the beginning of 2023. All supervisors have been diligent, responsible, and have prepared the "*Annual Work Report of the Board of Supervisors of Gotion High-tech Co., Ltd. for 2023.*" Please refer to the attached document for detailed information.

This proposal has been reviewed and approved during the 6<sup>th</sup> meeting of the 9th Board of Supervisors of the Company.

Please review the above proposal.

Annex 3: *2023 Annual Work Report of the Board of Supervisors of the Company.*

Gotion High-tech Co., Ltd.

May 21, 2024



## **Proposal Three**

### **Proposal on the 2023 Financial Final Accounts Report**

Dear Shareholders:

In 2023, the Company achieved operating revenue of RMB 31,605.49 million, a year-on-year increase of 37.11%; achieved operating profit of RMB 975.4255 million, a year-on-year increase of 390.92%; achieved total profit of RMB 948.1597 million, a year-on-year increase of 266.14%; achieved net profit of RMB 969.0989 million, a year-on-year increase of 165.04%, among which the net profit attributable to the owners of the parent company was 938.7268 million yuan, a year-on-year increase of 201.28%. The financial closing report for the year 2023 is now presented as follows:

#### **I.Consolidated Financial Statements and Audit Status**

##### **(1) Scope of the 2023 Consolidated Financial Statements**

The scope of the 2023 consolidated financial statements of the Company includes: Gotion High-tech Co., Ltd., Jiangsu Dongyuan Electrical Group Co., Ltd., Nantong Alstom Electric Manufacturing Co., Ltd., Nantong Gotion New Energy Technology Co., Ltd., Hefei Gotion High-tech Power Energy Co., Ltd., Anhui Gotion New Energy Automotive Technology Co., Ltd., Shanghai Xuanyi New Energy Development Co., Ltd., Nanjing Gotion Battery Co., Ltd., Hefei Gotion Battery Material Co., Ltd., Shanghai Gotion New Energy Co., Ltd., Qingdao Gotion Battery Co., Ltd., Tangshan Gotion Battery Co., Ltd., Tangshan Xuanteng International Trade Co., Ltd., Tangshan Xuanteng Energy Storage Technology Co., Ltd., Gotion New Energy (Lujiang) Co., Ltd., Hefei Gotion Precision Coating Material Co., Ltd., Hefei Gotion Battery Co., Ltd., Nanjing Gotion New Energy Co., Ltd., Shanghai Gotion New Energy (Hefei) Energy Storage Technology Co., Ltd., Nanjing Gotion Battery Research Institute Co., Ltd., Hefei Jiachi Technology Co., Ltd., Liuzhou Gotion Battery Co., Ltd., Indonesia Gotion Green Energy Application Co., Ltd., Jiangsu Gotion New Energy Technology Co., Ltd., Feidong Gotion New Materials Co., Ltd., Hefei Gotion Recycling Technology Co., Ltd., Hefei Gotion New Material Technology Co., Ltd., Inner Mongolia Gotion Zero Carbon Technology Co., Ltd., Jiangxi Gotion New Energy Technology Co., Ltd., Yichun Gotion Battery Co., Ltd., Yichun Gotion Lithium Co.,

Ltd., Jiangxi Weihong Lithium Industry Co., Ltd., Fengxin Gotion Lithium Co., Ltd., Yifeng Gotion Lithium Co., Ltd., Yichun Gotion Mining Co., Ltd., Yifeng County Hua Lithium Mining Development Co., Ltd., Yichun Kefeng New Material Co., Ltd., Jiangxi Hezong Lithium Industry Technology Co., Ltd., Jiangxi Lixing Technology Collaborative Innovation Co., Ltd, Tongcheng Gotion New Energy Co., Ltd., Tongcheng Gotion Battery Technology Co., Ltd., Beijing Xuanyi New Energy Co., Ltd., Hefei Gotion Battery S&T Co., Ltd. , Hefei Gotion Battery Technology Co., Ltd., Hefei Gotion Kehong New Energy Technology Co., Ltd., Tianjin Hengtian New Energy Automobile Research Institute Co., Ltd., Tianjin Gotion New Energy Technology Co., Ltd., Hefei Xuanyi Private Equity Fund Management Co., Ltd., Gotion GmbH, Gotion Germany Battery GmbH, Hefei Gotion Runhui New Energy Technology Co., Ltd., Hefei Gotion Yune Energy Technology Co., Ltd., Gotion Inc., Beijing Xuanyi New Energy Technology Co., Ltd., Gotion High-tech (HK) Limited, Gotion Singapore Pte.Ltd., Gotion (Yichun) New Materials Co., Ltd., PT. Gotion Indonesia Materials, and Gotion High-tech Japan Co., Ltd., Jinzhai Gotion New Energy Co., Ltd., Chuzhou Goiton New Energy Power Co., Ltd., Hefei Zhengyi Testing Technology Co., Ltd., Shanghai Xuanmei Remote Control New Energy Co., Ltd., Weihai Guoxuan New Energy Technology Co., Ltd., Yichun Guangxuan New Energy Automobile Transportation Co., Ltd., Jiangxi Huayou Mining Co., Ltd., Indonesia Gotion Trading Co., Ltd., Gotion Singapore Materials Holdings Co., Ltd., PT Konawe Alam Energi (Indonesia), PT Intan Perdhana Puspa (Indonesia), Gotion New Energy (Hong Kong) Co., Ltd., GOTION ARGENTINA S.A., 333 South Spruce LLC (USA), New Energy Real Estate Holdings Co., Ltd. (USA), Gotion Illinois New Energy Co., Ltd., Singapore Technology Co., Ltd., Gotion Luxembourg Technology Co., Ltd.

## **(2) Audit of the Company's 2023 Financial Statements**

The 2023 financial statements of the Company have been audited by the accounting firm Suyu Jincheng Certified Public Accountants (Special General Partnership), which issued an unqualified audit report (Suyu Audit No. [2024]654) . The auditor's opinion is that Gotion High-tech's financial statements have been prepared in accordance with the accounting standards for enterprises in all material respects, and fairly reflect the financial position of Gotion High-tech as of December 31, 2023, as well as the consolidated and parent company's operating results and cash flows for the year 2023.

## II. Analysis of the Company's Main Financial Indicators

### (1) Overall Financial Status

**Table of main financial indicators for 2023**

Unit: RMB Ten thousand yuan

Item	2023	2022	Rate of Change
Total Asset	9,359,265.21	7,262,736.53	28.87%
Total Owner's Equity	2,629,588.10	2,449,777.42	7.34%
Item	Current Period Amount	Previous Period Amount	Rate of Change
Operating Revenue	3,160,549.00	2,305,170.15	37.11%
Total Profit	94,815.97	25,896.39	266.14%
Net profit attributable to owners of the parent company	93,872.68	31,157.64	201.28%
Weighted average return rate on net assets	3.87%	1.50%	2.37%
Basic earnings per share	0.53	0.18	194.44%
Net cash flows generated from operating activities	241,869.08	80,127.08	201.86%

1. The total assets at the end of 2023 increased by RMB 20,965.2869 million, up 28.87% from the beginning of the year. This was mainly due to the expansion of production capacity and the purchase of various long-term assets during the period.

2. The Company's operating revenue in 2023 increased by RMB 8,553.7885 million, up 37.11% from the same period last year. This was mainly due to the increase in sales volume during the year.

3. The net profit attributable to owners of the parent company in 2023 increased by RMB 627.1504 million, up 201.28% from the same period last year. This was mainly due to the increase in sales volume during the period, resulting in an increase in net profit attributable to the parent company.

4.The net cash flow generated from operating activities of the company in 2023 increased by RMB 1,617.4200 million, up 201.86% from the same period last year. This was mainly due to the increase in sales received payments.

## (2) Major changes in assets and liabilities

**Table of Major Changes in Assets and Liabilities**

Unit: RMB Ten thousand yuan

Item	2023	2022	Ratio of Change
Trading Financial Assets	470,705.40	351,400.62	33.95%
Notes receivable	12,907.84	9,432.10	36.85%
Accounts receivable	1,291,089.61	864,234.58	49.39%
Receivables Financing	48,237.60	73,140.34	-34.05%
Prepayments	34,907.64	51,749.74	-32.55%
Other receivables	49,987.81	28,585.79	74.87%
Other current assets	308,977.18	189,137.80	63.36%
Long-term equity investment	150,496.73	108,561.34	38.63%
Other equity investment	152,533.68	51,046.85	198.81%
Other non-current financial assets	156,754.10	100,000.00	56.75%
Fixed assets	2,185,684.74	1,178,528.00	85.46%
Construction in progress	1,582,062.15	1,166,925.80	35.58%
Right-of-use assets	13,393.38	5,279.81	153.67%
Intangible assets	468,409.98	290,290.21	61.36%
Development expenditure	39,637.52	62,037.80	-36.11%
Deferred tax assets	105,358.77	79,556.53	32.43%
Other non-current assets	201,321.72	409,080.90	-50.79%
Short-term borrowings	1,623,695.87	1,082,070.42	50.05%
Contract liabilities	102,588.01	60,357.71	69.97%

Payroll payable	45,668.68	32,614.16	40.03%
Non-current liabilities due within one year	537,752.56	363,346.62	48.00%
Other current liabilities	150,842.72	36,686.08	311.17%
Long-term borrowings	1,815,984.46	1,068,895.39	69.89%
Lease liabilities	22,909.80	16,397.87	39.71%
Deferred tax liabilities	27,297.67	11,860.88	130.15%

1. By the end of 2023, the trading financial assets increased by RMB 1,193.0478 million , a rise of 33.95% compared to the beginning of the year, mainly due to the increase in investment of structured deposit during the current period.

2. .By the end of 2023, the notes receivable increased by RMB 34.7574 million, a rise of 36.85% compared to the beginning of the year, mainly due to the increase in sales scale and the corresponding increase of bill settlement during the current period.

3. By the end of 2023, the accounts receivable increased by RMB 4268.5503 million, a rise of 49.39%, compared to the beginning of the year, mainly due to the increase in sales scale and the corresponding increase of accounts receivable during the current period.

4. By the end of 2023, the receivables financing decreased by RMB 240.0274 million, a decrease of 34.05% compared to the beginning of the year, mainly due to the reduction of the notes held at the end of the period.

5. By the end of 2023, the prepayments decreased by RMB 168.4210 million , a decrease of 32.55% compared to the beginning of the year, mainly due to the prepaid material payment of Yongtai changes to the other receivables during the current period.

6. By the end of 2023, the other receivables increased by RMB 214.0202 million, a rise of 74.87% compared to the beginning of the year, mainly due to the prepaid payment of Yongtai changes to the other receivables during the current period.

7. By the end of 2023, the current assets increased by RMB 1198.3938 million, a rise of 63.36% compared to the beginning of the year, mainly due to the increased in deductible input taxes.

8. By the end of 2023, the Long-term equity investment increased by RMB 419.3540 million, a rise of 38.63% compared to the beginning of the year, mainly due to the additional investment to the invested units in current period.

9. By the end of 2023, the Other equity investment increased by RMB 1014.8683 million, a rise of 198.81% compared to the beginning of the year, mainly due to the increased in external investment during the current period.

10. By the end of 2023, the Other non-current financial assets increased by RMB 567.5410, a rise of 56.75% compared to the beginning of the year, mainly due to the increase in financial assets at fair value through profit or loss during the current period.

11. By the end of 2023, the Fixed assets increased by RMB 10071.5675 million, a rise of

85.46% compared to the beginning of the year, mainly due to the transfer of construction in progress to fixed assets during the current period.

12. By the end of 2023, the Construction in progress increased by RMB 4151.3636 million, a rise of 35.38% compared to the beginning of the year, mainly due to the construction of multiple supporting bases during the current period.

13. By the end of 2023, the Right-of-use assets increased by RMB 81.1357 million, a rise of 153.67% compared to the beginning of the year, mainly due to the increase in leased assets during the current period.

14. By the end of 2023, the Intangible assets increased by RMB 1781.1977 million, a rise of 61.36% compared to the beginning of the year, mainly due to the increase of new purchased mining rights and non-patented Technology in this period.

15. By the end of 2023, the Development expenditure decreased by RMB 222.0028 million, a decrease of 36.11% compared to the beginning of the year, mainly due to the formation of intangible assets capitalized in the current period.

16. By the end of 2023, the Deferred tax assets increased by RMB 258.0224 million, a rise of 32.43% compared to the beginning of the year, mainly due to the increase in deductible temporary differences such as make provision for undistributed deficit and bad debt during the current period.

17. By the end of 2023, the Other non-current assets decreased by RMB 2977.5918 million, a decrease of 50.79% compared to the beginning of the year, mainly due to the decrease in prepaid equipment and project payments during the current period.

18. By the end of 2023, the Short-term borrowings increased by RMB 5416.2545 million, a rise of 50.05% compared to the beginning of the year, mainly due to the increase in borrowing scale during the current period.

19. By the end of 2023, the Contract liabilities increased by RMB 422.3030 million, a rise of 69.97% compared to the beginning of the year, mainly due to the increase in payment of advances during the current period.

20. By the end of 2023, the Payroll payable increased by RMB 130.5452 million, a rise of 40.03% compared to the beginning of the year, mainly due to the increase in employee compensation during the current period.

21. By the end of 2023, the Non-current liabilities due within one year increased by RMB 1744.0594 million, a rise of 48.00% compared to the beginning of the year, mainly due to the increase in long-term debt due within one year during the current period.

22. By the end of 2023, the Other current liabilities increased by RMB 1141.5664 million, a rise of 311.17% compared to the beginning of the year, mainly due to the increase in accounts payable without terminated recognition during the current period.

23. By the end of 2023, the Long-term borrowings increased by RMB 7470.8907 million, a rise of 69.89% compared to the beginning of the year, mainly due to the increase in long-term financing during the current period.

24. By the end of 2023, the Lease liabilities increased by RMB 65.1193 million, a rise of 39.71% compared to the beginning of the year, mainly due to the increase in finance lease during the current period.

25. By the end of 2023, the Deferred tax liabilities increased by RMB 154.3679 million, a rise of 130.15% compared to the beginning of the year, mainly due to the differences in depreciation of fixed assets during the current period.

### (3) Changes in Major Operating Indicators

**Table of Major Operating Indicators**

Unit: RMB Ten thousand yuan

Item	Current Amount	Previous Amount	Ratio of Change
Operating Income	3,160,549.00	2,305,170.15	37.11%
Operating Cost	2,625,721.19	1,894,969.62	38.56%
Taxes and surcharges	23,400.61	16,090.61	45.43%
Sales expenses	65,587.32	47,078.72	39.31%
Management expenses	173,618.24	131,094.41	32.44%
R&D expenses	206,123.95	179,348.80	14.93%
Financial expenses	54,749.32	32,267.23	69.67%
Other income	127,301.14	92,150.66	38.14%
Investment income	6,868.50	21,717.60	-68.37%
Fair Value Changes Income	10,589.09	-13,987.37	175.70%
Impairment losses on credit	-33,942.79	-48,902.83	-30.59%
Impairment losses on assets	-24,436.86	-37,203.46	-34.32%

1. The company's operating income in 2023 increased by RMB 8,553.7885 million compared to the same period last year, up 37.11%, mainly due to the growth in sales during the current period.

2. The company's operating cost in 2023 increased by RMB 7,307.1557 million compared to the same period last year, up 38.56%, mainly due to the growth in sales during the current period.

3. The company's taxes and surcharges in 2023 increased by RMB 73.10 million compared to the same period last year, up 45.43%, mainly due to the growth in property tax and stamp duty during the current period.

4. The company's sales expenses in 2023 increased by RMB 185.0860 million compared to the same period last year, up 39.31%, mainly due to the growth in sales scale and the increase in relevant marketing expenses.

5. The company's management expenses in 2023 increased by RMB 425.2383 million compared to the same period last year, up 32.44%, mainly due to the increase in salaries, office and other operating expenses of management personnel.

6. The company's research and development expenses in 2023 increased by RMB 267.7516 million compared to the same period last year, up 14.93%, mainly due to the increase in research and development investment.
7. The company's financial expenses in 2023 increased by RMB 224.8209 million compared to the same period last year, up 69.67%, mainly due to the increase in interest expense during the current period.
8. The company's other income in 2023 increased by RMB 351.5048 million compared the same period last year, up 38.14%, mainly due to the increase in government subsidies received during the current period.
9. The company's investment income in 2023 decreased by RMB 148.4910 million compared to the same period last year, down 68.37%, mainly due to the decrease in income from financial asset disposal.
10. The company's fair value changes income in 2023 increased by RMB 245.7646 million compared to the same period last year, up 175.70%, mainly due to the increase in fair value of a part of trading financial asset.
11. The company's impairment losses on credit in 2023 decreased by RMB 149.6004 million compared to the same period last year, down 30.59%, mainly due to the sales received payments and the decrease of bad debt losses.
12. The company's impairment losses on assets in 2023 decreased by RMB 127.6660 million compared to the same period last year, down 34.32%, It is mainly caused by the increase of sales, the decrease of inventory balance and the loss of inventory decline.

#### (4) Changes in Cash Flow Indicators

##### Statement of changes in cash flow indicators.

Unit: RMB Ten thousand yuan

Item	Current Amount	Previous Amount	Ratio of Change
Net cash flows from operating activities	241,869.08	80,127.08	201.86%
Net cash flows from investing activities	-1,647,455.04	-1,752,504.95	5.99%
Net cash flows from financing activities	1,388,819.98	1,830,448.93	-24.13%



1. In 2023, the company's net cash flows from operating activities increased by RMB 1,617.42 million compared to the same period last year, a increase of 201.86%, mainly due to an increase in sales received payments.
2. In 2023, the company's net cash flows from investing activities increased by RMB 1,050.4991 million compared to the same period last year, a increase of 5.99%, mainly due to an increase in cash received from the recovered investment in the current period.
3. In 2023, the company's net cash flows from financing activities decreased by RMB 4,416.2895 million compared to the same period last year, a decrease of 24.13%, mainly due to the decrease in cash raised and the increase in cash paid for debt repayment.

This proposal has been reviewed and approved during the 6th meeting of the 9th Board of Directors of the Company and the 6th meeting of the 9th Board of Supervisors of the Company.

Please review the above proposal.

Gotion High-tech Co., Ltd.

May 21, 2024

## **Proposal Four**

### **Proposal on the 2023 Annual Report and its summary**

Dear Shareholders:

In accordance with the relevant laws and regulations of the CSRC and Shenzhen Stock Exchange, in combination with the Company's production and operation in 2023, the Company has prepared the *2023 Annual Report of the company*. and its summary. Please check the annex for details.

This proposal has been reviewed and approved during the 6th meeting of the 9th Board of Directors of the Company and the 6th meeting of the 9th Board of Supervisors of the Company.

Please review the above proposal.

Annex 4: *2023 Annual Report of the Company*.

Annex 5: *Summary of the 2023 Annual Report of the Company*.

Gotion High-tech Co., Ltd.

May 21, 2024

## Proposal Five

### Proposal on the 2023 Special Report on the Deposit and Use of Raised Funds

Dear Shareholders:

In accordance with the relevant provisions of the “*Securities Law of the People’s Republic of China*”, the “*Shenzhen Stock Exchange Self-disciplinary Supervision Guidelines for Listed Companies No. 1 - Standardized Operation of Listed Companies on the Main Board*” and other laws, regulations and normative documents, the Company has prepared the “*2023 Special Report on the Deposit and Use of Raised Funds of the company*”. Please see the annex for details.

This proposal has been reviewed and approved during the 6th meeting of the 9th Board of Directors of the Company and the 6th meeting of the 9th Board of Supervisors of the Company.

Please review the above proposal.

Annex 6: *2023 Special Report on the Deposit and Use of Raised Funds of the Company*.

Gotion High-tech Co., Ltd.

May 21, 2024

**Proposal Six****Proposal on the 2023 Profit Distribution Plan**

Dear Shareholders:

**I. The 2023 Annual Retained Earnings**

Subject to the audit by Suyu Jincheng Certified Public Accountants (Special General Partnership), the Company realized a net profit attributable to shareholders of the listed Company of RMB 938.7268 million in 2023. As of December 31, 2023, the Company's cumulative available-for-distribution profit on the consolidated and parent company statements were as follows:

Unit: RMB Ten thousand yuan

<b>Term</b>	<b>Consolidated Statement</b>	<b>Parent Statement</b>
Retained earnings at the beginning of the period	354,631.65	9,523.55
Plus: Net profit attributable to owners of the parent company	93,872.68	11,703.20
Deduct : Withdrawal of statutory surplus reserve	1,170.32	1,170.32
Dividends payable on ordinary shares	0.00	0.00
Other	33.83	0.00
Retained earnings at the end of the period	447,300.18	20,056.42

Note: According to the relevant provisions of the *“Listing Rules of Stocks on the Shenzhen Stock Exchange”*, a listed company shall make profit distribution plan on a basis of the available-for-distribution profit on the parent company statement. Meanwhile, in order to avoid over-allocation, the Company shall determine the specific profit distribution ratio on the basis of the lower of the available-for-distribution profit in the consolidated statement and the parent company statement.

**II. The Company's 2023 Annual Profit Distribution Plan**

Based on factors such as the Company's profitability in 2023, capital requirements for future development, industry conditions and shareholders' return on investment, on the basis of paying attention to a reasonable return on investment for investors and taking into account the sustainable development of the Company, the Board of Directors of the Company puts forward the following

proposal for the 2023 annual profit distribution plan:

The Company intends to distribute a cash dividend of RMB 1.00 (inclusive of tax) per ten shares to all shareholders on the basis of the total share capital registered on the date of registration of shareholdings for the implementation of the equity distribution, less the repurchased shares in the Company's special securities account for repurchase, with no bonus shares to be distributed and no capital increase. As of April 19, 2024, the total share capital of the Company is 1,785,717,757 shares, less the repurchased shares 18,834,168 shares in the Company's special securities account for repurchase, which is calculated as the total proposed cash dividend of RMB 176,688,358.90 (including tax), accounting for 18.82% of the net profit attributable to shareholders of the listed company for the year 2023. During the period from the date of disclosure of this announcement to the share registration date for the implementation of the equity distribution, if there is any change in the total share capital of the Company, or if there is any change in the shares held in the Company's repurchase special account due to share repurchase, cancellation of the repurchased shares, or the completion of the non-trading transfer of the repurchased shares transferred to the Employee Stock Ownership Plan, the Company intends to maintain the same ratio of the distribution per share, and to adjust the total amount of the distribution accordingly, and to announce the specific adjustments in a separate announcement.

This proposal has been reviewed and approved during the 6th meeting of the 9th Board of Directors of the Company and the 6th meeting of the 9th Board of Supervisors of the Company.

Please review the above proposal.

Gotion High-tech Co., Ltd.

May 21, 2024

## **Proposal Seven**

### **Proposal on the 2024 Financial Budget Report**

Dear Shareholders:

On the basis of summarizing the Company's operation in 2023 and analyzing the operating outlook for the year 2024, combined with market demand and the Company's business expansion plan, and considering the influence of factors such as economic environment, policy changes, industry situation, and market demand, the Company has formulated the 2024 financial budget report with a cautious principle.

#### **I. Basic assumptions of budget preparation**

1. There is no material change in the current laws and regulations applicable to the Company at the national and local levels;
2. There is no material change in the social and economic environment of the Company's main operating location and business-related areas;
3. There is no material change in the industry situation and market conditions of the Company.
4. The Company's production and operation plan, investment plan, and marketing plan can be implemented on schedule without material changes.
5. The current major tax rates, exchange rates, bank loan interest rates, etc. will not experience severe fluctuations.
6. There are no other force majeure or unforeseeable factors that will have a material adverse impact on the Company.

#### **II. Basis and scope of budget preparation**

1. Based on the "Enterprise Accounting Standards" and related guidelines, a financial budget is prepared for the Company's business activities.
2. The scope of the financial budget includes Gotion High-tech Co., Ltd. and its holding subsidiaries.

#### **III. Main budget targets for 2024**

1. Actively explore new markets to achieve the goal of rapid business growth.
2. Placing economic benefits at the center and exploring potential while reducing consumption and costs. Continuously improve the level of management and operation efficiency, enhance product quality and capacity utilization, strengthen domestic and overseas industrial synergy effects, and strengthen cost advantages.

3. Continue to increase R&D investment, promote product technology updates and upgrades, actively deploy forward-looking technology research and development, and maintain a leading position in the battery technology industry.

4. Actively explore overseas markets and expand the Company's global business and production capacity layout.

**IV. Special note:**

The 2024 budget indicators are only reference indicators for the Company's internal management and performance assessment, and do not represent the Company's profit forecast or commitment for 2024. Whether the budget can be realized is subject to the influence of various factors such as the economic environment and market demand, and there is uncertainty.

This proposal has been reviewed and approved during the 6th meeting of the 9th Board of Directors of the Company and the 6th meeting of the 9th Board of Supervisors of the Company.

Please review the above proposal.

Gotion High-tech Co., Ltd.

May 21, 2024

## **Proposal Eight**

### **Proposal on Applying for the Comprehensive Credit Line from Banks for the Year 2024**

Dear Shareholders:

According to the Company's 2024 business plan, in order to meet the capital needs for production and operation, the Company and its holding subsidiaries intend to apply to banks and other financial institutions for a comprehensive credit line of no more than RMB 97 billion (or the equivalent in foreign currencies). The form and purpose of the credit include but are not limited to liquidity loans, fixed asset loans, acceptance bills, letter of guarantee, letter of credit, financial leasing and other comprehensive businesses. On the premise that the general meeting of shareholders approves the above comprehensive credit line, the board of directors of the company authorizes the chairman to adjust the credit line between the holding subsidiaries and the financial institutions within the total amount of credit granted.

The specific line of credit shall be subject to the line of credit actually approved by each financial institution. The line of credit shall be valid from the date of review and approval by the 2023 Annual General Meeting of Shareholders to the date of convening the 2024 Annual General Meeting of Shareholders. During the authorized period, the comprehensive credit line can be used on a revolving basis. The Company will determine the specific financing amount according to the actual capital demand of production, operation, investment and construction.

This proposal has been reviewed and approved during the 6th meeting of the 9th Board of Directors of the Company and the 6th meeting of the 9th Board of Supervisors of the Company.

Please review the above proposal.

Gotion High-tech Co., Ltd.

May 21, 2024



## **Proposal Nine**

### **Proposal on Estimated Guarantee Amount for the Year 2024**

Dear Shareholders:

#### **I. Overview of Guarantees**

According to the production and operation plan of the Company, the Company and its holding subsidiaries intend to apply for a total guarantee amount of not more than RMB 99.00 billion (or equivalent in foreign currency, the same below) in 2024, which will be used for the provision of guarantees by the Company or the Company's controlled subsidiaries to the controlled subsidiaries and the participating companies in their applications for comprehensive credit lines from financial institutions such as banks and other financial institutions in 2024, as well as performance-type guarantees provided by the Company or the Company's controlled subsidiaries to the controlled subsidiaries and the participating companies for conducting business. The validity period of the aforesaid guarantees is from the date of consideration and approval at the 2023 Annual General Meeting to the date of the conclusion of the 2024 Annual General Meeting. The guarantee amount includes existing guarantees, new guarantees and extension or renewal of the original guarantees, and the forms of guarantees provided include, but are not limited to, the forms of credit guarantees (including general guarantees, joint and several liability guarantees, etc.), mortgage guarantees, pledged guarantees, or a combination of any of the foregoing. Among them:

#### **1. Guarantees provided by the Company for its controlled subsidiaries**

The Company intends to provide guarantees to the Company's controlled subsidiaries (including wholly-owned controlled subsidiaries and non-wholly-owned controlled subsidiaries) in respect of their applications to banks and other financial institutions for comprehensive credit lines as well as performance-type guarantees in respect of the conduct of business, and the aggregate amount of the guarantees will be no more than RMB 80.00 billion. Among them, the amount of guarantee provided for the controlled subsidiaries with asset-liability ratio less than 70% shall not exceed RMB 17.50 billion, and the amount of guarantee provided for the controlled subsidiaries with asset-liability ratio of 70% (including) or more shall not exceed RMB 62.50 billion.

## **2.Guarantees provided by the Company's controlled subsidiaries for other controlled subsidiaries**

The controlled subsidiaries of the Company intend to provide guarantees to the Company's controlled subsidiaries in respect of their applications to banks and other financial institutions for comprehensive credit lines as well as performance-type guarantees in respect of the conduct of business, and the aggregate amount of the guarantees will be no more than RMB 17.00 billion. Among them, the amount of guarantee provided for the other controlled subsidiaries with asset-liability ratio less than 70% shall not exceed RMB 5.00 billion, and the amount of guarantee provided for the other controlled subsidiaries with asset-liability ratio of 70% (including) or more shall not exceed RMB 12.00 billion.

## **3.Guarantees provided by the Company or its controlled subsidiaries for participating companies**

The Company or its controlled subsidiaries intend to provide guarantees to the Company's participating companies in respect of their applications to banks and other financial institutions for comprehensive credit lines as well as performance-type guarantees in respect of the conduct of business, and the above guarantees shall be in proportion to their capital contributions, and the aggregate amount of the guarantees shall be no more than RMB 2.00 billion. Among them, the amount of guarantee provided for the participating companies with asset-liability ratio less than 70% shall not exceed RMB 1.20 billion, and the amount of guarantee provided for the participating companies with asset-liability ratio of 70% (including) or more shall not exceed RMB 0.80 billion. And at the same time, the guaranteed parties shall strictly comply with the relevant regulations of the China Securities Regulatory Commission and the Shenzhen Stock Exchange and other relevant regulations.

## **4.Other matters for clarification**

When the Company provides guarantees to its non-wholly owned controlled subsidiaries and participating companies, it will require each shareholder of the guaranteed person to provide risk control measures such as equivalent guarantees or counter-guarantees to the guaranteed person in proportion to its capital contribution or to provide other resource support based on their respective

strengths, and it will also require the guaranteed person of the participating company to provide counter-guarantees.

If the Company's controlling subsidiary becomes a participant of the Company or other third-party company due to equity transfer, equity dilution and other factors, the original guarantee for the said companies will passively form an external guarantee. The passively formed external guarantees are not within the expected scope of the current year's guarantee amount, and it should fulfil the corresponding approval procedures in a timely manner in accordance with the requirements of relevant laws and regulations.

Subject to the approval of the aforesaid guarantees by the General Meeting of Shareholders, in accordance with the “*Supervisory Guidelines for Listed Companies No. 8 - Supervisory Requirements for Capital Transactions and External Guarantees of Listed Companies*” and the “*External Guarantee Management System*” of the Company and other relevant regulations, combined with the Company’s actual operational needs, and within the corresponding type of guarantee amount approved by the general meeting of shareholders, the Board of Directors of the Company authorized the Chairman of the Company to make specific adjustments to the guarantee amounts between each controlled subsidiaries and each participating companies and enter into specific guarantee agreements. At the time of adjustment, for the guarantee object with an asset-liability ratio of more than 70%, the guarantee amount can only be obtained from the guaranteed party with an asset-liability ratio of more than 70%. At the same time, when the amount of guarantee adjustment provided by the Company or its controlled subsidiaries for participating companies , the amount of a one adjustment shall not exceed 10% of the audited net assets of the company in the latest period, and the cumulative total amount of adjustment shall not exceed 50% of the estimated total amount of guarantee.

## II. Basic Information of the Guaranteed Parties

### 1. Basic information of controlled subsidiaries

No.	Company Name	Legal Representative	Date of Establishment	Registered Capital (in 10,000)	Currency	Shareholder	Shareholding Ratio
Controlled subsidiaries with an asset-liability ratio of less than 70%							
1	Hefei Gotion Battery S&T Co., Ltd.	Li Zhen	July 23, 2021	100,000.00	RMB	Hefei Gotion High-tech Power Energy Co., Ltd.	95.00%

Meeting Materials of 2023 Annual General Meeting of Shareholders

						Jiangsu Goiton New Energy Technology Co., Ltd.	5.00%
2	Tangshan Xuanteng Energy Storage Technology Co., Ltd.	Ge Daobin	September 13, 2023	10,000.00	RMB	Tangshan Goiton Battery Co., Ltd.	100.00%
3	Gotion New Energy (Lujiang) Co., Ltd.	Xu Xingwu	May 5, 2017	100,000.00	RMB	Hefei Gotion High-tech Power	100.00%
4	Hefei Gotion Battery Technology Co., Ltd.	Wang Qiang	August 31, 2022	50,000.00	RMB	Hefei Gotion High-tech Power	100.00%
5	Hefei Gotion Battery Material Co., Ltd.	Rao Yuanyuan	April 10, 2015	115,514.71	RMB	Hefei Gotion High-tech Power	95.23%
						Anhui Jintong New Energy Automotive Phase I Fund Partnership (Limited Partnership)	4.77%
6	Shanghai Gotion New Energy Co., Ltd.	Li Chen	December 30, 2015	20,000.00	RMB	Hefei Gotion High-tech Power	100.00%
7	Shanghai Xuanmei Remote Control New Energy Co., Ltd.	Song Ge	June 28, 2023	60,000.00	RMB	Hefei Gotion High-tech Power	100.00%
8	Hefei Gotion Precision Coating Material Co., Ltd.	Du Lin	September 19, 2017	5,000.00	RMB	Hefei Gotion High-tech Power	100.00%
9	Gotion Inc.	Li Chen	March 6, 2014	5,000.00	USD	Hefei Gotion High-tech Power	100.00%
10	Gotion GmbH	Li Chen	August 27, 2019	2.5	EUR	Hefei Gotion High-tech Power	100%
11	Hefei Gotion Runhui New Energy Technology Co., Ltd.	Wu Yousheng	June 29, 2022	5,000.00	RMB	Hefei Gotion High-tech Power	90.00%
						Hefei Yaoke Equity Investment Partnership (Limited partnership)	10.00%
12	Hefei Gotion Yuneng New Energy Technology Co., Ltd.	Wang Zhiqian	June 29, 2022	5,000.00	RMB	Hefei Gotion High-tech Power	90.00%
						Hefei Yaoke Equity Investment Partnership (Limited partnership)	10.00%
13	Tongcheng Gotion Battery Technology Co., Ltd.	Jiang Ping	November 9, 2022	200,000.00	RMB	Tongcheng Gotion New Energy Co. Ltd.	100.00%
14	Nanjing Gotion Battery Co., Ltd.	Song Jinbao	April 1, 2015	50,000.00	RMB	Hefei Gotion High-tech Power	100.00%
15	Tianjin Gotion New Energy Technology Co., LTD	Ma Guifu	March 11, 2022	5,000.00	RMB	Hefei Gotion High-tech Power	100.00%
16	Beijing Xuanyi New Energy Technology Co., Ltd.	Liu Youwen	August 4, 2023	120,000.00	RMB	Shanghai Xuanyi New Energy Development Co., Ltd.	100.00%
17	Tangshan Xuanteng International Trade Co., Ltd.	Ge Daobin	December 6, 2022	3,000.00	RMB	Tangshan Goiton Battery Co., Ltd.	100.00%
18	Jiangsu Dongyuan Electric Appliance Group Co. LTD	Yang Kaiyu	June 15, 2015	55,000.00	RMB	Company	99.82%
						Nantong Gotion New Energy Technology Co. LTD.	0.18%
19	Yichun Gotion Battery Co., LTD	Zhang Wei	April 23, 2021	200,000.00	RMB	Jiangxi Gotion New Energy Technology Co., Ltd.	100.00%
20	Yichun Gotion Mining Co. LTD	Ge Chuanjin	April 22, 2021	30,000.00	RMB	Jiangxi Gotion New Energy Technology Co., Ltd.	51.00%
						Yichun Mining Co., Ltd.	49.00%
21	Yifeng County Hua Li Mining Development Co. LTD	Chen Yichun	November 7, 2022	1,654.00	RMB	Yichun Gotion Mining Co., Ltd.	51.03%
						Jiangxi Yongcheng Lithium Technology Co., Ltd.	48.97%
22	Yichun Gotion New Energy Automobile Transportation Co., Ltd.	Mao Cuiping	March 16, 2023	1,000.00	RMB	Yichun Gotion Lithium Co., Ltd.	51.00%
						Yichun Guanghui Green New Energy Technology Co., Ltd.	39.00%
						Yifeng County Huaqiao Township Shantian Village Shareholding Economic Co-operative Society	10.00%

Meeting Materials of 2023 Annual General Meeting of Shareholders

23	Jiangxi Weihong Lithium Co., LTD	Dong Jigang	December 17, 2018	14,500.00	RMB	Yichun Gotion Lithium Industry Co., Ltd.	100.00%
24	Yifeng Gotion Lithium Co., LTD	Huang Zhangxi	June 29, 2021	60,000.00	RMB	Yichun Gotion Lithium Industry Co., Ltd.	100.00%
25	Fengxin Gotion Lithium Co., LTD	Zhao Xinliang	June 29, 2021	5,000.00	RMB	Yichun Gotion Lithium Industry Co., Ltd.	100.00%
26	Jiangxi Huayou Mining Co., Ltd.	Ge Chuanjin	April 11, 2007	857.14	RMB	Yichun Gotion Lithium Co., Ltd.	65.00%
						Jiangxi Yunwei New Materials Co., Ltd.	35.00%
27	Feidong Gotion New Material Co., LTD	Peng Lihuang	April 30, 2021	80,000.00	RMB	Company	62.50%
						Anhui Hefei Cycle Economic Model Garden Construction Investment Co., Ltd.	37.50%
28	Hefei Gotion New Energy Technology Co., Ltd.	Wei Jiabin	January 18, 2024	5,000.00	RMB	Hefei Gotion High-tech Power Energy Co., Ltd.	100.00%
29	Xuanyi Ouwei New Energy Development Co., Ltd.	Zhang Dinglin	January 19, 2024	100,000.00	RMB	Hefei Gotion High-tech Power Energy Co., Ltd.	100.00%
30	Anhui Gotion New Energy Co., Ltd.	Sun Aiming	January 4, 2024	10,000.00	RMB	Company	100.00%
31	Huaibei Gotion Township Wind New Energy Co., Ltd.	Gu Jinsheng	January 19, 2024	100	RMB	Anhui Gotion New Energy Co., Ltd.	80%
						Beijing Xiangfeng New Energy Technology Co., Ltd.	20%
32	Gotion (Yichun) New Materials Co., Ltd.	Huang Wenbin	December 25, 2022	1,500.00	USD	Gotion Singapore Pte. Ltd	100.00%
33	Weihai Guoxuan New Energy Technology Co., Ltd.	Li Xiaojian	October 31, 2023	20,000.00	RMB	Hefei Gotion High-tech Power Energy	100.00%
34	Gotion Germany Battery GmbH	Dr. Toptas, Ahmet	September 14, 2017	2.5	EUR	Gotion GmbH	100%
<b>Controlled subsidiaries with an asset-liability ratio of more than 70%</b>							
1	Hefei Gotion High-tech Power Energy Co., Ltd.	Wang Qisui	May 9, 2006	1,000,000.00	RMB	Company	100.00%
2	Chuzhou Gotion New Energy Power Co., Ltd	Liu Dajun	April 4, 2023	100,000.00	RMB	Hefei Gotion High-tech Power Energy Co., Ltd.	100.00%
3	Hefei Gotion Battery Co., Ltd	Chen Wei	March 30, 2018	100,000.00	RMB	Hefei Gotion High-tech Power Energy Co., Ltd.	100.00%
4	Hefei Gotion Kehong New Energy Technology Co. LTD	Li Yonggen	August 19, 2021	100,000.00	RMB	Hefei Gotion High-tech Power Energy Co., Ltd.	90.00%
						Hefei Yaoke Equity Investment Partnership (Limited partnership)	10.00%
5	Hefei Zhengyi Testing Technology Co., Ltd.	Zhu Zhendong	April 23, 2023	100	RMB	Hefei Gotion High-tech Power Energy Co., Ltd.	100.00%
6	Anhui Gotion New Energy Automobile Technology Co. Ltd.	Zhang Hongli	May 6, 2008	20,000.00	RMB	Hefei Gotion High-tech Power Energy Co., Ltd.	100.00%
7	Jinzhai Gotion New Energy Co., Ltd.	Zhang Zhiyuan	March 16, 2023	10,000.00	RMB	Hefei Gotion High-tech Power Energy Co., Ltd.	100.00%
8	Nanjing Gotion New Energy Co., Ltd.	Song Jinbao	February 5, 2018	120,000.00	RMB	Nanjing Gotion Battery Co., Ltd.	100.00%
9	Tongcheng Gotion New Energy Co. Ltd.	Jiang Ping	October 15, 2021	200,000.00	RMB	Hefei Gotion High-tech Power Energy Co., Ltd.	100.00%
10	Nanjing Gotion Battery Research Institute Co., Ltd	Song Jinbao	May 21, 2019	1,000.00	RMB	Nanjing Gotion Battery Co., Ltd.	100.00%
11	Tangshan Gotion Battery Co., Ltd.	Ge Daobin	2 August 12, 2016	100,000.00	RMB	Hefei Gotion High-tech Power Energy Co., Ltd.	100.00%
12	Qingdao Gotion Battery Co., Ltd.	Wang Weidong	January 6, 2016	50,000.00	RMB	Hefei Gotion High-tech Power Energy Co., Ltd.	100.00%

Meeting Materials of 2023 Annual General Meeting of Shareholders

13	Liuzhou Gotion Battery Co., Ltd.	Hou Fei	June 30, 2020	47,403.28	RMB	Hefei Gotion High-tech Power Energy Co., Ltd.	55.96%
						Gotion Guangtong Dongcheng Li-battery Industry Fund Partnership (Limited Partnership)	22.95%
						Gotion Liuzhou Dongcheng Investment & Development Co., Ltd.	21.09%
14	Shanghai Xuanyi New Energy Development Co., Ltd.	Qian Kui	October 9, 2014	150,000.00	RMB	Hefei Gotion High-tech Power Energy Co., Ltd.	100.00%
15	Shanghai Gotion New Energy (Hefei) Energy Storage Technology Co., LTD	Tao Zhenan	June 6, 2018	2,000.00	RMB	Shanghai Gotion New Energy Co., LTD	100.00%
16	Hefei Jiachi Technology Co., LTD	Zhou Xiang	September 4, 2019	10,000.00	RMB	Hefei Gotion High-tech Power Energy Co., Ltd.	90.00%
						Hefei Xuanda Equity Investment Partnership (Limited Partnership)	10.00%
17	Beijing Xuanyi New Energy Co., LTD	Liu Youwen	September 2, 2021	200	RMB	Hefei Gotion High-tech Power Energy Co., Ltd.	100.00%
18	Jiangsu Gotion New Energy Technology Co. LTD	Zhang Wei	June 25, 2021	180,000.00	RMB	Company	100.00%
19	Nantong Gotion New Energy Technology Co. LTD	Yang Kaiyu	July 10, 2015	57,360.00	RMB	Jiangsu Dongyuan Electric Appliance Group Co. LTD.	100.00%
20	Jiangxi Gotion New Energy Technology Co., LTD	Huang Zhangxi	April 22, 2021	50,000.00	RMB	Company	100.00%
21	Yichun Gotion Lithium Industry Co., Ltd	Huang Zhangxi	June 28, 2021	28,500.00	RMB	Jiangxi Gotion New Energy Technology Co., Ltd.	38.60%
						Yichun Xinrui Ronghe Investment Partnership (Limited Partnership)	35.09%
						Yichun Yixuan Investment Partnership (Limited Partnership)	15.79%
						Yichun Runxuan New Energy Investment Enterprise (Limited Partnership)	10.52%
22	Nantong Astone Electric Appliance Manufacturing Co., LTD	Jiang Zhirong	December 3, 2004	5,345.98	RMB	Jiangsu Dongyuan Electric Appliance Group Co. LTD.	100.00%
23	Hefei Gotion Recycling Technology Co., Ltd.	Liu Zhen	March 9, 2021	5,000.00	RMB	Feidong Gotion New Material Co., LTD.	100.00%
24	Hefei Gotion New Material Technology Co., LTD	Wang Sheng	March 9, 2021	5,000.00	RMB	Feidong Gotion New Material Co., LTD	100.00%
25	Inner Mongolia Gotion Zero Carbon Technology Co. LTD	Gao Erping	August 2, 2021	10,000.00	RMB	Feidong Gotion New Material Co., LTD	100.00%
26	PT. Gotion Indonesia Materials	Antony	September 19, 2022	3000	USD	Gotion Singapore Pte. Ltd.	55.00%
						PT. NEOPOWER TEKNOLOGI	45.00%
						INDONESIA	
27	Gotion High-tech (HK) Limited	李晨 Li Chen	June 20, 2018	1,000.00	HKD	Company	100.00%
28	Gotion Singapore Pte.Ltd.	Li Chen	October 2, 2017	1465.16	SGD	Hefei Gotion High-tech Power Energy Co., Ltd.	59.05%
						ASTRIA HOLDINGS PTE. LTD.	40.95%
29	GOTION ARGENTINA S.A.	Lin Yongyou	May 19, 2022	9.5	ARS	Gotion Inc.	95%
						Lin Yongyou	5%

If any of the Company's controlled subsidiaries shown above is included in the list of Dishonest Parties Subject to Enforcement, the Company will no longer provide any guarantee therefor.

## 2. Basic information of participating companies

No.	Company Name	Legal Represent ative	Date of Establishment	Registered Capital (in 10,000)	Currenc y	Shareholder	Shareholdi ng Ratio
Participating companies with an asset-liability ratio of less than 70%							
1	MCC Ruimu New Energy Technology Co. LTD.	Lu Dongyu	September 6, 2017	165,637.00	RMB	China Metallurgical Science & Industry Group Co. LTD	51.00%
						Hefei Gotion High-tech Power Energy Co., Ltd.	30.00%
						BYD Company Limited	10.00%
						Tangshan Caofeidian Development investment Group Co. LTD	9.00%
2	Hefei Xingyuan New Energy Materials Co., LTD.	Wu Zhouji	January 5, 2016	65,000.00	RMB	Shenzhen Senior Technology Material Co., Ltd.	41.54%
						Hefei Urban Construction Investment Holding Co. LTD	30.77%
						Hefei Gotion High-tech Power Energy Co., Ltd.	27.69%
3	V-G HIGH-tech ENERGY SOLUTIONS	Shi Yonghui	October 11, 2022	14,025.00	USD	Gotion Inc.	51.00%
						Vines Energy Solutions Joint Stock Company	49.00%
4	NV Gotion Company Limited"	None	February 22,2023	75,000.00	THB	Nuovo Plus Company Limited	51%
						Gotion Singapore Pte.Ltd.	49%
Participating companies with an asset-liability ratio of more than 70%							
1	Shanghai Electric Gotion New Energy Technology Co. LTD.	Hu Jianbo	December 11, 2017	50,000.00	RMB	Shanghai Electric Group Co. LTD	47.40%
						Company	45.40%
						Shanghai Xuanneng New Energy Technology Partnership (Limited Partnership)	3.60%
						Shanghai Hao hao New Energy Technology Partnership (Limited partnership)	3.60%
2	Shanghai Electric Gotion New Energy Technology (Nantong) Co., Ltd.	Ni Guoping	October 16, 2018	30,000.00	RMB	Shanghai Electric Gotion New Energy Technology Co. LTD.	100.00%

Mr. Wang Qiang, Deputy General Manager of the Company, serves as a director of MCC Ramu New Energy Technology Co., Ltd. And Mr. Li Chen, one of the controlling shareholders of the Company, serves as a director of V-G High-tech Energy Solutions, a participating company. In accordance with the relevant provisions of the "Stock Listing Rules on the Shenzhen Stock Exchange", the aforesaid participating company is a related party of the Company, and the provision of guarantees by the Company to the said company constitutes a connected transaction.

In addition to the above established controlled subsidiaries and participating companies, the Company will provide guarantees for newly established or acquired controlled subsidiaries which happened from the date of the conclusion of the 2023 Annual General Meeting Shareholders until the date of the conclusion of the 2024 Annual General Meeting of Shareholders and participating companies, within the guarantee amount considered and approved by the General Meeting of Shareholders.

### **III. Main Contents of the Guarantee Agreement**

Such material terms under the guarantee agreement such as guarantee method, guarantee amount, guarantee period and guarantee fee rate, etc., shall be negotiated by the Company and its controlled subsidiaries and participating companies together with relevant financial institutions within the limit of above guarantees, and the relevant guarantee matters shall be subject to the guarantee documents duly executed.

### **IV. Accumulative External Guarantees and Overdue Guarantees of the Company**

As of April 19, 2024, the actual total amount of external guarantees provided by the Company and its controlled subsidiaries was RMB 66,059.1912 million, with a total guarantee balance of RMB 41,994.3199 million, accounting for 167.53% of the Company's audited net assets attributable to the parent company in 2023. Among them, the total amount of guarantee provided by the Company and its controlled subsidiaries to entities outside of the consolidated financial statements is RMB 578.88 million, and the total balance of guarantee is RMB 449.68 million, accounting for 1.79% of the Company's audited net assets attributable to the parent company in 2023. The Company and its controlled subsidiaries have gone through the corresponding approval procedures in accordance with relevant laws and regulations, and are in compliance with relevant regulations. There are no overdue guarantees, and no guarantee involving litigation or loss due to the judgment of guarantee.

This proposal has been reviewed and approved during the 6th meeting of the 9th Board of Directors of the Company and the 6th meeting of the 9th Board of Supervisors of the Company.

The above proposal, related shareholders need to avoid voting, please non-affiliated shareholders review.

Gotion High-tech Co., Ltd.

May 21, 2024



## **Proposal Ten**

### **Proposal on the Use of Idle Own Funds for Entrusted Wealth Management in 2024**

Dear Shareholders:

#### **I. Basic Overview of Entrusted Financial Management**

##### **(1) Investment Purpose**

In order to improve the efficiency of the Company's fund utilization, reasonably use idle own funds in stages, without affecting the normal operation of the Company, the Company and its holding subsidiaries plan to use idle own funds for entrusted financial management, to increase the Company's fund income and obtain more investment returns for the Company and shareholders.

##### **(2) Investment Types**

The Company and its holding subsidiaries plan to purchase financial products issued by banks or other financial institutions with controlled risk, good liquidity, low risk, and a maximum product investment period of not more than 12 months.

##### **(3) Investment Amounts**

The Company and its holding subsidiaries intend to use not more than RMB 3 billion of idle own funds (including foreign currencies) for entrusted financial management, which can be rolled over during the validity period of the above amount and resolution.

##### **(4) Resolution Validity Period**

The investment period is within 12 months from the date of approval by the General Meeting of Shareholders of the company.

##### **(5) Fund Source**

The funds for this entrusted financial management are temporarily idle own funds (including foreign currencies) of the Company and its holding subsidiaries.

##### **(6) Explanation of Related Relationships**

The trustees of the short-term financial products purchased by the Company are commercial banks or financial institutions that have no related relationships with the Company.

#### **II. Implementation of Entrusted Financial Management**

For the convenience of efficient subsequent work, within the above quota and period range, the Board of Directors authorizes the Chairman or his authorized person to exercise the investment decision-making power and sign relevant legal documents, including but not limited to: selecting

qualified investment product issuers, specifying investment amount and period, selecting financial product types, signing contracts, etc. The Company's finance department will implement specific matters and report the implementation and progress to the Board of Directors in a timely manner. The authorization period is consistent with the resolution validity period.

### **III. Investment Risks and Risk Control Measures**

#### **(1) Investment Risks**

1. The products invested by the Company and its holding subsidiaries for entrusted financial management have been strictly screened and evaluated and belong to lower-risk investment varieties, but the rate of return is affected by the market and may fluctuate.
2. The Company and its holding subsidiaries will purchase such products at the right time and in the right amount in accordance with the changes in the economic situation and the financial market, so the actual return on short-term investments cannot be expected.
3. Operational and monitoring risks of relevant staff.

#### **(2) Risk Control Measures**

1. The finance department of the Company will timely analyze and track the investment direction and project progress of the financial products, and if there appears risk factors that may affect the safety of the Company's funds, the finance department will take corresponding measures in a timely manner to control investment risks.
2. The internal audit department of the Company carries out daily supervision of the use and custody of funds for financial management, and conducts regular audits and verifications of the use of such funds.
3. Independent directors and board of supervisors have the right to supervise and inspect the use of the funds for financial management. When necessary, professional institutions can be hired for auditing.
4. The finance department of the Company is responsible for establishing a ledger to manage the invested financial products, establishing sound accounting records, and conducting accounting and settlement work. Closely monitor the total transaction amount of entrusted wealth management over the past 12 months to ensure that the amount entrusted by the Company is within the approved limit.

5. The Company will make relevant information disclosures work in accordance with the relevant regulations of the Shenzhen Stock Exchange.

#### **IV. Impact on the Company**

On the premise of ensuring the capital needs for normal operations and the safety of funds, the Company uses some idle own funds for entrusted financial management in accordance with the principle of prudence. In accordance with the "*Stock Listing Rules of Shenzhen Stock Exchange*", "*Self-regulatory Guidelines of Listed Companies of Shenzhen Stock Exchange No.1* — — *Standard Operation of Main Board Listed Companies*" and other relevant provisions, the risks are controllable. The company will fully estimate and calculate the risks and returns of the specific investment projects, to ensure it will not affect the normal operation of the Company's main business, and it can improve the efficiency of funds utilization, reduce the Company's financial costs, and obtain certain investment income, and obtain more investment returns for the Company and shareholders. There is no circumstance that damages the interests of the company's shareholders, especially the minority shareholders.

This proposal has been reviewed and approved during the 6th meeting of the 9th Board of Directors of the Company and the 6th meeting of the 9th Board of Supervisors of the Company.

Please review the above proposal.

Gotion High-tech Co.,Ltd

May 21, 2024

## **Proposal Eleven**

### **Proposal on Conducting Foreign Exchange Hedging Business in 2024**

Dear Shareholders:

#### **I. Overview of Foreign Exchange Hedging Business**

##### **(1) Purpose of Foreign Exchange Hedging**

As the scale of overseas business of the Company, the size of foreign exchange receipts and payments also increases accordingly. In view of the uncertainty of global currency exchange rates and interest rate fluctuations due to factors such as fluctuations in the international economic and financial environment, the Company plan to moderately carry out foreign exchange hedging business through foreign exchange derivative transactions to prevent the fluctuation risks of the foreign exchange and interest rate and enhance financial stability, based on the specific situation of foreign currency assets, liabilities, and foreign exchange receipts and payments.

##### **(2) Basic Information of Foreign Exchange Hedging Business**

1. Trading varieties: Currencies that are the same as the main settlement currencies used for the Company's production and operations, including USD, EUR, HKD, JPY, IDR, THB, etc.
2. Trading tools: Including forward foreign exchange transactions, foreign exchange swaps, foreign exchange options, interest rate swaps, currency swaps, interest rate swaps, interest rate options, and other foreign exchange derivatives or combinations of the aforementioned products.
3. Trading places/counterparties: Financial institutions approved by regulatory authorities with business qualifications for foreign exchange derivatives trading.
4. Trading amount: According to the Company's operational and business requirements, the Company plans to conduct foreign exchange hedging for its future foreign exchange needs. The upper limit of the transaction margin required for this business (including the margin for occupying financial institution credit lines) will not exceed RMB 0.8 billion or the equivalent amount in other foreign currencies. The highest contract value held on any trading day will not exceed RMB 8 billion or the equivalent amount in other foreign currencies.
5. Funding source: Self-owned and self-raised funds, with no public fundraising funds involved.
6. Trading period: The effective period of this trading amount is within 12 months from the date of deliberation and approval of the Company's General Meeting of Shareholders. If the duration of a single transaction exceeds the authorized period, the authorized period will be automatically extended until the termination of the transaction.

#### **II. Implementation of Foreign Exchange Hedging**

According to the relevant provisions of the *"Listing Rules of the Shenzhen Stock Exchange"*, *"Shenzhen Stock Exchange Self-disciplinary Supervision Guidelines for Listed Companies No. 7 - Transactions and Connected Transactions"*, and the company's *"Management System for*

*Securities Investment and Derivatives Trading*”, the above matters still need to be submitted to the Company’s General Meeting of Shareholders for approval. On the premise of the approval of the General Meeting of Shareholders for this foreign exchange hedging business, the board of directors of the Company will request the General Meeting of Shareholders to authorize the chairman of the board of directors or his authorized persons to be responsible for approving and signing relevant legal documents within the above-mentioned trading amount, and the finance department of the Company will specifically implement the relevant matters and report the implementation and progress of the matter to the board of directors in a timely manner. The authorization period is consistent with the trading limit.

### **III. Risk Analysis of Foreign Exchange Hedging**

The foreign exchange hedging business conducted by the Company follows the principles of legality, prudence, safety, and effectiveness, and is not intended for speculation, and is based on normal production and operation, and seeks to avoid and prevent foreign exchange or interest rate risks. However, there may be certain risks, as follows:

1. Market risk: The difference between the exchange rate, interest rate, and maturity date of the trading contract and the actual exchange rate, interest rate, and maturity date will result in trading gains and losses. During the term of the contract, fair value is used for measurement, and a revaluation gain or loss is generated for each accounting period. The cumulative revaluation gain or loss at maturity equals the trading gain or loss. Therefore, there is a market risk of gains or losses caused by fluctuations in market prices such as the underlying exchange rate and interest rate of foreign exchange hedging products.
2. Liquidity risk: Since all foreign exchange hedging business is conducted through financial institutions, there is a risk of incurring transaction fees to banks due to insufficient liquidity.
3. Technology risk: The abnormal operation of the trading system due to uncontrollable or unpredictable system or network failures may lead to delays, interruptions, or data errors in trading instructions, resulting in corresponding risks.
4. Default risk: If the counterparty defaults, the Company may not be able to hedge actual exchange losses through the profits of the foreign exchange hedging contract as agreed.
5. Other risks: Failure to comply with prescribed procedures for reporting and approval, or inaccurate or untimely identification of relevant business information by personnel may result in losses or missed trading opportunities.

### **IV. Risk control measures**

1. Clarify the principles of foreign exchange hedging business: All foreign exchange hedging business is based on normal cross-border business and foreign currency investment and financing business, with the aim of avoiding and preventing exchange rate and interest rate risks, and not engaging in foreign exchange derivative trading for speculation purposes.

2. Product selection: Select hedging products with simple structures, strong liquidity, and controllable risks for foreign exchange hedging business. The Company will strictly control the scale of hedging funds, plan and use margin rationally, set risk limits, and establish and implement strict stop-loss mechanisms.
3. Counterparties selection: The Company selects large state-owned commercial banks and international banks with good credit, a long history of cooperation with the company, and a good credit record as its counterparties for foreign exchange hedging business.
4. Employ professional staff: The Company has employed personnel with expertise in financial derivatives to be responsible for specific work such as exchange rate risk management, market analysis, and product research. The Company will continue to strengthen the training of business personnel, improve their professional skills and business level, and enhance their risk management and prevention awareness.
5. Establish and improve risk warning and reporting mechanisms: Real-time monitoring of market dynamics, timely monitoring and evaluation of risk exposure, and regular provision of risk analysis reports to management and the board of directors. In the case of significant market volatility or increased risk, increase the frequency of reports and develop response plans in a timely manner.
6. The audit department conducts periodic inspections or audits of the actual operation, use of funds, and profit and loss situation of foreign exchange hedging business according to the situation.

## **V. Accounting policies and principles**

The Company conducts accounting and disclosure for foreign exchange derivative trading business in accordance with relevant regulations and guidelines such as the “*Enterprise Accounting Standards No. 22-Financial Instruments Recognition and Measurement*”, “*Enterprise Accounting Standards No. 24-Hedge Accounting*”, “*Enterprise Accounting Standards No. 37-Financial Instruments Presentation*” and “*Enterprise Accounting Standards No. 39-Fair Value Measurement*” promulgated by the Ministry of Finance.

## **VI. Impact of the company**

Under the premise of normal production and operation, the company's foreign exchange hedging business is conducive to the company to avoid the risks in the foreign exchange market, prevent the adverse effects of large exchange rate fluctuations on the company, improve the efficiency of the use of foreign exchange funds, and is conducive to the long-term steady development of the company.

This proposal has been reviewed and approved during the 6th meeting of the 9th Board of Directors of the Company and the 6th meeting of the 9th Board of Supervisors of the Company.

Please review the above proposal.

Gotion High-tech Co.,Ltd

May 21, 2024

## Proposal Twelve

### Proposal on the Estimated Routine Related Transactions in 2024

Dear Shareholders:

#### **I. Basic information about Routine Related Transactions**

##### (1) Overview of Expected Daily Related Transactions

In order to regulate the Company's business operations and protect the legitimate interests of the Company and its shareholders in accordance with relevant laws and regulations, the daily related party transactions between the Company and its controlling subsidiaries and related parties have been estimated. The estimated amount of daily related party transactions will be effective from the date of approval by the company's 2023 annual general meeting of shareholders until the date of approval of the estimated amount of daily related party transactions for the year of 2024 by 2024 annual general meeting of shareholders.

In accordance with relevant laws and regulations such as the *Listing Rules of the Shenzhen Stock Exchange* and *Self-Regulatory Guidelines for Listed Companies of the Shenzhen Stock Exchange No.7 - Trading and Related Party Transactions*, the expected related party transactions require approval by the general meeting of shareholders. This related party transaction does not constitute a major asset restructuring as defined in the *Administrative Measures for Major Asset Restructuring of Listed Companies*. Related director Mr. Zhen Li, Mr. Olaf Korzinovski and Ms. Andrea Nahmer have recused themselves from voting.



## (2) Categories and amounts of the estimated daily related transactions.

Unit: 10,000 RMB

Categories	Related Parties	Pricing principle	Contract amount/Estimated Amount	Amount incurred in March 31, 2024	Amount incurred last year
Purchase raw materials	MCC Ruimu New Energy Technology Co. LTD.	Refer to market prices for fair pricing	50,000.00	3,439.96	16,774.03
	Hefei Qianrui Technology Co., Ltd.		50,000.00	11,230.32	40,613.23
	Anhui Chiyu New Material Technology Co., Ltd.		20,000.00	4,408.34	15,341.21
	Hefei Yuanyuan Technology Co., Ltd.		90,000.00	7,186.55	17,027.21
	Nanjing Shengshi Precision Industry Co., Ltd.		100,000.00	10,221.81	21,644.82
	Anhui Gotion Xianglu Technology Co., Ltd.		50,000.00	10,648.30	54,933.48
	Shanghai Gotion Digital Energy Technology Co., Ltd.		80,000.00	0	0
	Bengbu Jinshi Technology Co., Ltd.		20,000.00	1,935.15	10,073.90
	Gotion Group and its subsidiaries		50,000.00	0	2,542.94

	Nanjing Gotion Holidng and its subsidiaries		50,000.00	0	4.12
	<b>Sub-total</b>		<b><u>560,000.00</u></b>	<b><u>49,070.43</u></b>	<b><u>178,954.94</u></b>
Sell goods to related parties	Volkswagen (CHINA) Investment Company Limited and its affiliates(note 4)	Refer to market prices for fair pricing	100,000.00	3,023.94	17,270.06
	Enover (Suzhou) New Energy Technology Co., Ltd.		50,000.00	0	5,603.95
	Tata Auto Comp Gotion Green Energy Solutions Private Limited		180,000.00	2,299.01	69,963.48
	Shanghai Gotion Digital Energy Technology Co., Ltd.		100,000.00	6,386.55	53,607.16
	Inner Mongolia Xuanhua New Energy Co., Ltd.		50,000.00	0	0
	Gotion Group and its subsidiaries		10,000.00	77.00	557.69
	Nanjing Gotion Holidng and its subsidiaries		60,000.00	0	3,037.44

	<b>Sub-total</b>		<b><u>550,000.00</u></b>	<b><u>11,786.50</u></b>	<b><u>150,039.78</u></b>
Accept services provided by related parties	Gotion Group and its subsidiaries	Refer to market prices for fair pricing	40,000.00	4,182.04	19,211.17
	Nanjing Gotion Holding and its subsidiaries		10,000.00	383.25	154.29
	<b>Sub-total</b>		<b><u>50,000.00</u></b>	<b><u>4,565.29</u></b>	<b><u>19,365.46</u></b>
Provide services to related parties	Volkswagen (CHINA) Investment Company Limited and its affiliates	Refer to market prices for fair pricing	20,000.00	0	19,813.43
	<b>Sub-total</b>		<b><u>20,000.00</u></b>	<b><u>0</u></b>	<b><u>19,813.43</u></b>
Leasing asset to related parties	Gotion Group and its subsidiaries	Refer to market prices for fair pricing	9,000.00	607.88	2,708.19
	Nanjing Gotion Holding and its subsidiaries		3,000.00	551.10	0
	<b>Sub-total</b>		<b><u>12,000.00</u></b>	<b><u>1,158.98</u></b>	<b><u>2,708.19</u></b>
<b>Total</b>			<b><u>1,192,000.00</u></b>	<b><u>66,581.20</u></b>	<b><u>370,881.80</u></b>

**Note 1:**Due to the large number of related parties between some related parties and the company, it is difficult to disclose all the information of related parties. Therefore, for the related parties whose estimated transaction amount is not expected to reach 0.5% of the audited net assets of the company in the previous year, the enterprises under the same control shall be consolidated and listed;

**Note 2:**The amount in the table is excluding the tax amount;

**Note 3:**Within the scope of the above estimated total amount of related transactions, the Company and its subsidiaries may adjust according to the actual situation within the scope of the estimated total amount of various related transactions of each related party under the same control, and the specific

transaction amount and content shall be subject to the contract signed;

**Note 4:** VW China is the company's largest shareholder, and in accordance with the principle of prudence, its related parties refer to entities that are identified as affiliated parties of the Company based on the relevant provisions of the *Stock Listing Rules of Shenzhen Stock Exchange*

(3) Actual amount of daily related transactions incurred in the previous year

Unit: 10,000 RMB

Categories	Related Parties	Subject Matter of the Transactions	Amount Actual Incurred	Estimated Amount	Percentage of Actual Amount compared to the amount of similar business (%)	Difference between Actual Amount and Estimated Amount (%)
Purchase raw materials and products from related parties	Anhui Tongguan Copper Foil Group Co., Ltd.	Copper foil	24,068.17	30,000.00	16.37%	19.77%
	MCC Ruimu New Energy Technology Co. LTD.	NCM Ternary Precursor	16,774.03	50,000.00	51.37%	66.45%
	Hefei Qianrui Technology Co., Ltd	Electrolyte, Dimethyl carbonate	40,613.23	60,000.00	29.92%	32.31%
	Anhui Chiyu New Material Technology Co.,	Battery box and Accessories	15,341.21	10,000.00	14.65%	-53.41%

	Ltd					
	Anhui Gotion Xianglv Technology Co., Ltd.	Battery box and Accessories	54,933.48	50,000.00	36.51%	-9.87%
	Hefei Yuanyuan Technology Co., Ltd.	Aluminum foil, Conductive paste	17,027.21	45,000.00	32.48%	62.16%
	Gotion Group and its subsidiaries	Raw materials and Battery accessories	12,616.84	10,000.00	2.18%	-26.17%
	Nanjing Gotion Holding and its subsidiaries	Battery accessories	21,648.94	10,000.00	11.48%	-116.49%
	<b>Sub-total</b>		<b><u>203,023.11</u></b>	<b><u>265,000.00</u></b>	--	---
Sell materials and products to related parties	Volkswagen (CHINA) Investment Company Limited and its affiliates	Battery Cell and Battery Pack	17,270.06	50,000.00	1.60%	65.46%
	Enover (Suzhou) New Energy Technology Co., Ltd.	Battery Pack	5,603.95	35,000.00	6.50%	83.99%
	Tata AutoComp Gotion Green Energy Solutions	Battery cell	69,963.48	180,000.00	2.90%	61.13%

	Private Limited					
	Gotion Group and its subsidiaries	Battery cell and Transmission and Distribution products, etc	54,164.85	100,000.00	3.29%	45.84%
	Nanjing Gotion Holidng and its subsidiaries	Battery cell,Battery Pack and Energy storage products	3,037.44	0.00	0.19%	--
	<b>Sub-total</b>		<b><u>150,039.78</u></b>	<b><u>365,000.00</u></b>	<b>--</b>	<b>--</b>
Purchase services provided by related parties	Gotion Group and its subsidiaries	Leasing of factories and buildings, Proprety services, Hotel and canteen management, Entrusted raw material processing, Collect and pay water and electricity charges, conference services, etc,	21, 919.36	30,000.00	92.74%	35.96%
	Nanjing Gotion Holidng and its subsidiaries	Leasing of factories and buildings, Collect and pay water and electricity charges, Car rental services, etc	154.29	20,000.00	1.31%	99.23%

	Sub-total		<u>22,073.65</u>	<u>50,000.00</u>	--	--
Provide services to related parties	Volkswagen (CHINA) Investment Company Limited and its affiliates	Development services, consulting services	19,813.43	30,000.00	56.14%	33.96%
	Sub-total		<u>19,813.43</u>	<u>30,000.00</u>	--	--
Total			<u>394,949.97</u>	<u>710,000.00</u>	--	--
Disclosure Date and Index			The specific details can be found in the "Announcement on the Expected Routine Related Transactions for 2023" (2023-032) disclosed by the company on April 28, 2023 on the Cninfo website.			
Board of Directors' Explanation on the Significant Differences Between the Actual and the Estimated Daily Related Party Transactions			The actual amount of related party transactions in 2023 differed from the estimation mainly due to market changes, the Company's business operation, and changes in customer demand. The related party transactions that incurred in 2023 were necessary for the Company's production and operation, priced fairly, and did not harm the interests of the Company and its shareholders.The Company and its subsidiaries can adjust the estimated total amount of various related transactions by related party under the same control with the actual situation.			
Independent Directors' Explanation on the Significant Differences Between the Actual and the Estimated Daily Related Party Transactions			All daily related party transactions between the Company and its related parties followed the principles of fairness and justice, with market prices used as the basis for pricing. The difference between the actual and estimated amounts of daily related party transactions in 2023 was caused by normal business activities, and the pricing of the transactions was fair and reasonable, without any harm to the Company's interests. It will not have a significant impact on the Company's financial status and operating results for the current and future periods, and will not affect the Company's independence.			

## **II. Introduction of Related Parties and their Relationships**

(1) Basic information on related party relationships

### **1)MCC Ruimu New Energy Technology Co., Ltd. (referred to as "MCC New Energy")**

Date of establishment: September 6, 2017

Registered capital: RMB 1,656,370,000

Legal representative: Lu Dongyu

Registered address: Caofeidian Industrial Zone, Steel and Power Industrial Park

Enterprise type: limited liability company (state-owned holding)

Business scope: research and development, production, and sales of secondary battery materials, high-energy storage and key electronic materials, high-purity rare earth compounds, rare earth special alloys, high-purity rare earth metals and products, rare earth hydrogen storage materials, 3D printing materials, new building materials; industrial solid waste, waste lithium-ion battery recycling and resource utilization (excluding dangerous goods and industrial policy prohibition); new energy and new materials technology promotion services; sales of non-ferrous metal mineral products (except for national monopolies), chemical products (except for dangerous chemicals); self-operated and agent goods and technology imports and exports(except for the import and export of goods and technologies prohibited by the state or involved in administrative examination and approval).

Equity structure: Hefei Gotion High-tech Power Energy Co., Ltd., a wholly-owned subsidiary of the company, holds 30% of the shares, China Metallurgical Science and Technology Group Corporation Limited holds 51% of the shares, BYD Company Limited holds 10% of the shares, and Tangshan Caofeidian Development Investment Group Co., Ltd. holds 9% of the shares.

Relationship with the Company: Mr. Wang Qiang, the deputy general manager of the Company, serves as a director of MCC New Energy. According to the provisions of Article 6.3.3 of the Shenzhen Stock Exchange Listing Rules, the above-mentioned company is a related party of the Company.

### **2)Hefei Qianrui Technology Co., Ltd. (referred to as "Hefei Qianrui")**

Date of establishment: May 17, 2021

Registered capital: RMB 240,000,000

Legal representative: Liao Shuailing

Registered address: Northeast corner of Shiquan Road and Ruquan Road intersection, Hefei



Circular Economy Demonstration Park, Feidong County, Hefei City, Anhui Province

Enterprise type: other limited liability company

Business Scope: General projects: promotion of new material technology services; technical services, technical development, technical consultation, technical exchange, technology transfer, technology promotion; chemical product production (excluding licensed chemical products); basic chemical raw material manufacturing (excluding the manufacturing of hazardous chemical products and other licensed chemical products); resource recycling technology research and development; new material technology research and development; non-residential real estate leasing (except for licensed businesses, independently operated in accordance with laws and regulations, non-prohibited or restricted projects).

Equity Structure: Anhui Gotion Feidong New Energy Technology Co., Ltd. holds 79.17% of the shares, Anhui Gaoxin Investment New Materials Industry Fund Partnership Enterprise (Limited Partnership) holds 16.67% of the shares, and Hefei Jiahuang New Energy Partnership Enterprise (Limited Partnership) holds 4.16% of the shares.

Relationship with the company: Mr. Li Zhen, the actual controller of the Company, indirectly controls Hefei Qianrui. According to Article 6.3.3 of the Shenzhen Stock Exchange Listing Rules, the above-mentioned company is a related legal entity of the Company.

### **3) Anhui Chiyu New Materials Technology Co., Ltd. ("Anhui Chiyu")**

Date of establishment: February 4, 2021

Registered capital: RMB 200 million

Legal representative: An Yu

Registered address: 100 meters west of Cuozhen Road, at the northwest corner of the intersection of Dianzhong Road and Fanhua Avenue, Feidong Circular Economy Demonstration Park, Feidong County, Hefei City, Anhui Province

Business type: Other Limited Liability Company

Business Scope: General projects: promotion of new material technology services; synthetic material manufacturing (excluding hazardous chemicals); manufacturing of automobile parts and accessories; metal surface treatment and heat treatment processing; electroplating processing; spray coating processing; quenching processing; manufacturing of automobile hubs; manufacturing of metal signs for transportation and public administration; manufacturing of metal chains and other metal products; manufacturing of metal daily necessities; manufacturing of safety and fire protection metal products; manufacturing of building decoration, plumbing parts, and other metal products for construction use; manufacturing of metal fittings for construction use;

manufacturing of metal structures; mold manufacturing; mold sales; manufacturing of equipment for solid waste treatment; manufacturing of general parts; knitting or crocheting fabrics and their products manufacturing; production of labor protection supplies; rubber product manufacturing; plastic product manufacturing; plastic surface treatment; manufacturing of automotive decorative products; manufacturing of high-performance fibers and composite materials; production of industrial textile products; manufacturing of insulation and sound insulation materials; manufacturing of fiberglass and products; manufacturing of fiberglass reinforced plastic products; production of refractory materials; manufacturing of new building materials (excluding hazardous chemicals); manufacturing of high-speed rail equipment and accessories; manufacturing of railway locomotive and vehicle accessories; manufacturing of motorcycle parts; manufacturing of hardware products; machining of mechanical parts and components; sales of knitted textile products and raw materials; sales of metal materials; sales of rubber products; wholesale of auto parts; sales of new energy vehicles; sales of chemical products (excluding licensed chemical products); sales of knitted textile products; sales of plastic products; sales of labor protection supplies; sales of used cars; sales of coatings (excluding hazardous chemicals); retail of automobile parts; sales of metal chains and other metal products; research and development of new material technology; technical services, technical development, technical consultation, technical exchange, technology transfer, technology promotion; professional design services; research and development of automobile parts, sales of photovoltaic equipment and components; sales of batteries; sales of Marine engineering equipment; energy storage technology services (except for permitted business, it can independently operate projects not prohibited or restricted by laws and regulations)

Equity Structure: Anhui Gotion Feidong New Energy Technology Co., Ltd. holds 95.00% of the shares, and Anhui Jueyao New Energy Partnership Enterprise (Limited Partnership) holds 5.00% of the shares.

Relationship with the Company: Mr. Li Zhen, the actual controller of the Company, indirectly controls Anhui Chiyu. According to Article 6.3.3 of the Shenzhen Stock Exchange Listing Rules, the aforementioned company is a related party of the Company.

#### **4) Anhui Yuanyuan Technology Co., Ltd. (referred to as "Yuanyuan Technology")**

Date of establishment: July 6, 2022

Registered capital: RMB 50 million

Legal representative: Zhang Jiangwei

Registered address: No. 88 Ketan Road, High-tech Zone, Lujiang County, Hefei City, Anhui Province

Enterprise type: Limited liability company (invested or controlled by natural persons)

Business scope: General items: promotion services for new material technology; research and development of new material technology; technical services, technical development, technical consulting, technical communication, technology transfer, technology promotion; production and sales of battery parts; manufacturing and sales of new membrane materials; vacuum coating processing; research and development and sales of metal products; manufacturing and sales of graphite and carbon products; manufacturing of coatings (excluding dangerous chemicals); sales of coatings (excluding dangerous chemicals); information consulting services (excluding licensed information consulting services); import and export of goods; import and export of technology (except for licensed businesses, projects that are not prohibited or restricted by laws and regulations can be operated independently).

Equity structure: Gotion Holding Group Co., Ltd. holds 52% of the shares, Hefei Yuanyuan Equity Investment Partnership Enterprise (limited partnership) holds 15% of the shares; Hefei Fumo Equity Investment Partnership Enterprise (limited partnership) holds 13% of the shares, Hefei Xinzhitong Asset Management Partnership Enterprise (limited partnership) holds 10% of the shares, and Ms. Lai Xiaoyan holds 10% of the shares.

Relationship with the Company: Mr. Li Zhen, the actual controller of the Company, indirectly controls Yuanyuan Technology. According to Rule 6.3.3 of the Shenzhen Stock Exchange Listing Rules, the above-mentioned companies are related legal persons of the Company.

### **5)Nanjing Shengshi Precision Industry Co., Ltd.(referred to as "Nanjing Shengshi")**

Date of establishment: August 10, 2023

Registered capital: RMB 100 million

Legal representative: Liu Chengshi

Registered address: No. 8 Huyue East Road, Longchi Street, Liuhe District, Nanjing City, Jiangsu Province

Enterprise type: Limited liability company (invested or controlled by natural persons)

Business scope: auto parts and accessories manufacturing; battery parts and accessories production; battery parts and accessories sales; battery manufacturing; battery sales; engineering and technology research and experimental development; engineering and technology research and experimental development (except for human stem cells, gene diagnostics and treatment technology development and application, China's rare and unique precious and excellent varieties); technology promotion services; technical services, technology development, technology consulting, technology exchange, technology transfer, technology promotion; research and

development of resource recycling technology; research and development of new material technology; manufacture of power electronic components; sales of power electronic components; research and development of emerging energy technology; energy storage technology services; import and export of goods; manufacture of general-purpose equipment (excluding manufacture of special equipment) (in addition to projects subject to approval by law, carry out business activities independently according to the law with business licence)

Equity structure:Gotion Holding Group Co., Ltd. holds 100% of the shares

Relationship with the Company:Mr. Li Zhen, the actual controller of the Company, indirectly controls Nanjing Shengshi Precision Industry Co., Ltd. According to Rule 6.3.3 of the Shenzhen Stock Exchange Listing Rules, the above-mentioned companies are related legal persons of the Company.

**6)Anhui Gotion Xianglv Aluminum Technology Co., Ltd. ("Anhui Xianglv Aluminum")**

Date of establishment: March 26, 2020,

Registered capital: RMB 200 million

Legal representative: Du Huo,

Registered address: No. 36 Yunlong Road, Longhu Industrial Park, Economic Development Zone, Huaibei City, Anhui Province.

Business Type: limited liability company (invested or controlled by natural persons).

Business Scope: non-ferrous metal rolling processing; metal material manufacturing; metal product research and development; metal product sales; metal cutting processing services; non-ferrous metal alloy manufacturing; non-ferrous metal alloy sales; metal product repair; manufacturing of automotive parts and accessories; wholesale of automotive parts and accessories; research and development of automotive parts; manufacturing of new energy power equipment; sales of new energy power equipment; sales of new energy vehicle electronic accessories; battery manufacturing; battery sales; manufacturing of electronic components and electromechanical components; sales of electronic components and electromechanical components; sales of high-performance non-ferrous metals and alloy materials; manufacturing of metal chains and other metal products; sales of metal chains and other metal products; research and development of new material technology; manufacturing and sales of communication equipment; sales of electronic products; manufacturing and sales of doors and windows; technical services, technical development, technical consultation, technical exchange, technology transfer, and technology promotion (except for licensed businesses, it can operate independently in accordance with laws and regulations that are not prohibited or restricted).

Equity structure: Gotion Holding Group Co., Ltd. holds 65% of the shares, and Mr. Zhang Hong holds 35% of the shares.

Relationship with the Company: The actual controller of the Company, Mr. Li Zhen, indirectly controls Anhui Xianglv Aluminum. According to Article 6.3.3 of the Shenzhen Stock Exchange Listing Rules, the aforementioned company is a related legal person of the Company.

**7) Bengbu Jinshi Technology Co., Ltd. (referred to as "Bengbu Jinshi")**

Date of establishment: March 11, 2019

Registered capital: RMB 30 million.

Legal representative: Wang Dun

Registered address: No. 99, Xuehan Road, Economic Development Zone, Bengbu City, Anhui Province,

Business Type: limited liability company

Business Scope: R&D and promotion of new energy technology; application of electronic technology and communication technology; production and sales of flexible circuit boards, electronic components, hardware, battery parts, and supporting products for new energy vehicles; import and export of goods and technology (except for the import and export of goods and technology prohibited by the state or involving administrative approval).

Equity structure: Anhui Guolian Real Estate Co., Ltd. holds 60% of the shares, Bengbu Xincheng Technology Co., Ltd. holds 40% of the shares.

Relationship with the Company: The actual controller of the Company, Mr. Li Zhen, indirectly controls Bengbu Jinshi Technology Co., Ltd. According to Article 6.3.3 of the Shenzhen Stock Exchange Listing Rules, the aforementioned company is a related legal person of the Company.

**8) Gotion Holding Group Co., Ltd. (referred to as "Gotion Group")**

Date of establishment: July 31, 2002

Registered capital: RMB 200 million

Legal representative: Li Zhen

Registered address: 5th floor, Tai'an Building, Fengyang East Road, Yaohai District, Hefei City, Anhui Province

Enterprise type: Limited Liability Company (invested or controlled by natural persons)

Business scope: Real estate development, sales; property management, house leasing; hotel project development and management, tourism development; investment and consulting in the fields of new energy, new materials, and new technologies; decoration engineering. (Business activities can only be carried out after approval by relevant departments for projects that require approval by law)

Equity structure: Mr. Li Zhen holds 92% of the shares, and other natural person shareholders hold 8%.

Relationship with the Company: Mr. Li Zhen, the actual controller of the Company, directly controls Gotion Group. According to Article 6.3.3 of the Shenzhen Stock Exchange Listing Rules, the above-mentioned company is a related legal person of the Company.

**9)Nanjing Gotion Holding Group Co., Ltd. ("Nanjing Gotion Holding")**

Establishment date: April 15, 2005

Registered capital: RMB 19.83 million

Legal representative: Li Zhen

Registered address: No. 8 Huyue East Road, Nanjing Liuhe Economic Development Zone

Enterprise type: Limited liability company

Business scope: General projects include: technical services, technical development, technical consulting, technical exchange, technology transfer, technology promotion; sales of new cars; wholesale of auto parts; retail of auto parts; sales of new energy vehicles; sales of new energy vehicle charging facilities; sales of new energy vehicle production testing equipment; R&D of auto parts; domestic trade agency; trade brokerage; sales agency; engaged in investment activities with its own funds.

Equity structure: Mr. Li Zhen holds 80.69% of the shares, and other individual shareholders hold 19.31% of the shares.

Relationship with the Company: Mr. Li Zhen, the actual controller of the Company, directly controls Nanjing Gotion Holdings. Mr. Li Zhen, Mr. Li Chen, and Nanjing Guoxuan Holdings are acting in concert and are the controlling shareholders of the Company. According to Rule 6.3.3 of the Shenzhen Stock Exchange Listing Rules, the aforementioned company is a related legal person of the Company.

**10)Volkswagen (China) Investment Co., Ltd. ("Volkswagen China")**

Date of establishment: February 4, 1999

Registered capital: 130.41496 million US dollars

Legal representative: Ralf Brandstaetter

Registered address: 1st Floor, Building 1, No. 12, Qisheng Middle Street, Chaoyang District, Beijing, China (zip code: 100020), and 5th floor and 7th floor

Type of enterprise: Limited Liability Company (Wholly Foreign-owned)

Business scope: Invest in areas allowed by the country for foreign investment in accordance with the law; Upon the written commission (unanimously approved by the board of directors) of the invested enterprise, provide the following services to the invested enterprise: a. Assist or act as an agent for the invested enterprise to purchase machinery and equipment, office equipment, raw materials, components, and parts required for production for the enterprise's own use, from domestic and foreign markets or sell the invested enterprise's products (excluding complete vehicles) through dealership and provide after-sales services; b. Balance foreign exchange between the invested enterprises with the approval and supervision of the foreign exchange management department; c. Provide technological support, employee training, and internal personnel management services for the invested enterprise during the production, sales, and market development process; d. Assist the invested enterprise in seeking loans and providing guarantees. Establish research and development centers or departments in China to engage in the research and development of new products and high-tech, transfer the research and development results, and provide corresponding technical services; Provide consulting services to its investors and related companies regarding market information and investment policies related to its investment; Purchase the products produced by the invested enterprise for system integration and sell them domestically and internationally. If the products produced by the invested enterprise cannot fully meet the requirements of system integration, allow the purchase of supporting products for system integration domestically and internationally, but the value of the purchased supporting products should not exceed 50% of the total value of all products required for system integration; Provide technical training to the domestic dealers, agents, and domestic companies and enterprises that have signed technology transfer agreements with the invested enterprise, its parent company, or related companies; Provide operational leasing services for machinery and office equipment to the invested enterprise, or establish a leasing company in accordance with the law; Undertake outsourcing services for domestic and foreign enterprises; Engage in warehousing, logistics, and distribution services in accordance with relevant regulations; With the approval of the China Banking Regulatory Commission, establish a financial company to provide relevant financial services to investment companies and their invested enterprises; With the approval of the Ministry of Commerce, engage in overseas engineering contracting and overseas investment, establish a financing leasing company, and provide relevant services; Entrust other domestic enterprises to produce/process its products (excluding complete vehicles) or its parent company's products (excluding complete vehicles) and sell them domestically and internationally; Wholesale, retail (without physical stores), and commission-based agency (excluding auctions) for the sale of

automotive repair services, spare parts, raw and auxiliary materials, equipment, and special tools required, and provide corresponding vehicle display, marketing, and after-sales services. Wholesale daily necessities and Class II medical devices; technological development, technological promotion, technological transfer, technological consulting, technological services. (The market entity chooses to operate independently within the legal business scope and engage in business activities. For projects that require approval according to the law, they may operate business activities within the approved scope after obtaining approval from the relevant departments. They shall not engage in business activities that are prohibited or restricted by national and local industrial policies.)

Equity structure: Volkswagen Aktiengesellschaft (Volkswagen Group) holds 100% of the shares.

Relationship with the Company: Volkswagen China is the largest shareholder of the Company, holding 24.77% of the shares. According to Article 6.3.3 of the Shenzhen Stock Exchange Listing Rules, the aforementioned company is a related legal entity of the Company.

**11) Suzhou ICS New Energy Technology Co., Ltd. ("Suzhou ICS").**

Date of establishment: April 7, 2020.

Registered capital: RMB 300 million .

Legal representative: Mark Möller.

Registered address: Building 6, No. 1688 Songwei Road, Guoxiang Street, Wujiang Economic Development Zone, Suzhou.

Type of enterprise: Limited liability company (foreign investment, non-sole proprietorship).

Business scope: Permitted projects include import and export of goods, and import and export of technology (business activities can only be carried out after approval by relevant departments for projects that require approval by law, and the specific business projects shall be subject to the approval results). General projects include battery manufacturing, battery sales, sales of new energy vehicle charging facilities, manufacturing of new energy power equipment, sales of new energy vehicle electric accessories, sales of new energy power equipment, research and development of emerging energy technologies, sales of distributed AC charging piles, centralized fast charging stations, sales of motor vehicle charging, manufacturing of transmission and control equipment, sales of intelligent transmission and control equipment, technical services, technical development, technical consultation, technical exchange, technology transfer, technology promotion, engineering and technical research and experimental development, software development, manufacturing of automotive parts and accessories (except for projects that require approval by law, business activities can be independently carried out based on the business license and in accordance with the law).



Equity structure: Volkswagen (China) Investment Co., Ltd. holds 50% of the shares, and Dupu (Suzhou) New Energy Technology Co., Ltd. holds 50% of the shares.

Relationship with the company: Volkswagen China is the largest shareholder of the Company, holding 24.77% of the shares. According to Article 6.3.3 of the Shenzhen Stock Exchange Listing Rules, the aforementioned company is a related legal entity of the Company.

## **12)Tata AutoComp Gotion Green Energy Solutions Private Limited ( "Tata Gotion")**

Date of establishment: March 28, 2020

Registered capital: 200 million rupees

Registration number: U29304PN2020PTC190510

Registered address: TACO House, Plot No 20/B FPNO 85 V G Damle Path Off Law College Road Erandwane Pune Pune MH 411004 IN

Scope of business: including design, development, validation, and manufacturing of battery modules and battery systems, as well as battery management systems, for various passenger and commercial vehicles within the region.

Equity structure: Hefei Gotion High-tech Power Energy Co., Ltd. holds 40% of the shares, and Tata AutoComp Systems Limited holds 60% of the shares.

Relationship with the Company: Mr. Li Chen, former Deputy General Manager of the Company, serves as a director of Tata Gotion. According to Article 6.3.3 of the Shenzhen Stock Exchange Listing Rules, the above company is an related legal entity of the Company.

## **13)Shanghai Gotion Digital Energy Technology Co., Ltd.(“Shanghai Shuneng”)**

Date of establishment: January 7, 2022

Registered capital: RMB 100 million

Legal representative: Xu Haochen

Registered address: Room J5227, 1F, No.5358 Huyi Highway, Jiading District, Shanghai, China

Type of enterprise: Limited liability company (Wholly owned by legal persons invested or controlled by natural persons).

Scope of business: General: energy storage technology services; solar thermal equipment sales; solar thermal products sales; battery sales; intelligent power transmission, distribution and control equipment sales; rail transit special equipment, key systems and components sales; graphite and carbon products sales; key supporting system development for ocean engineering; new materials

technology R & D; testing machine sales; battery leasing; new energy vehicle sales; new energy vehicle electric Accessories Sales; New Energy Vehicle Power Exchange Facilities Sales; New Energy Vehicle Production and Testing Equipment Sales; New Energy Primary Equipment Sales; Emerging Energy technology Research and Development; Power Distribution and Switching Control Equipment Research and Development; Motorcycle and Components Research and Development; Integrated Circuits Sales; Retail Sales of Electronic Components; Power Distribution and Switching Control Equipment Sales; Wholesale Sales of Electronic Components; Internet of Things Application Services; Integrated Circuit Chip and Product Sales; technical Services, technology Development, technology Consulting, technology Exchange, technology Transfer, technology Promotion; Solar Power Generation technology Services; Climate Feasibility Consulting Services; Wind Farm Related Equipment Sales; Power Electronic Components Sales; Engineering Management Services; Industrial Design Services; Wind Farm Related System Research and Development; Solar Thermal Power Generation Products Sales; Solar Thermal Power Generation Equipment Sales; Photovoltaic Power Generation Equipment Leasing; Photovoltaic Equipment and Components Sales; Sales of electronic special materials; Sales of mechanical and electrical equipment; Sales of special equipment; Centralized fast charging stations; Sales of marine engineering equipment; Sales of generators and generator sets; R&D of on-line energy monitoring technology; Contract energy management; Import and export of technology; Import and export agency; Conference and exhibition services; Import and export of goods. (Except for projects subject to approval by law, with business licenses to carry out business activities independently according to law)

Equity structure: Gotion Holding Group holds 100% of the shares.

Relationship with the Company: Mr. Li Zhen, the actual controller of the Company, indirectly controls Shanghai Shuneng. According to Article 6.3.3 of the Shenzhen Stock Exchange Listing Rules, the above company is an related legal entity of the Company.

14)Inner Mongolia Xuanhua New Energy Co.(“Inner Mongolia Xuanhua”)

Date of establishment: August 9, 2022

Registered capital: RMB 50 million

Legal representative: Tong ShuMeng

Registered address:Low-carbon Industrial Park, Wuhai High-tech Industrial Development Zone, Hainan District, Wuhai City, Inner Mongolia Autonomous Region.

Type of enterprise: Limited liability company (Wholly owned by legal persons invested or controlled by natural persons).

Scope of business: Solar power generation technology services; contract energy management; technology services, technology development, technology consulting, technology exchange, technology transfer, technology promotion; information consulting services (excluding licensed information consulting services)

Equity structure: Inner Mongolia Gotion Huaxin Innovative Energy Co., Ltd. holds 100% of the shares.

Relationship with the Company: Mr. Li Zhen, the actual controller of the Company, indirectly controls Shanghai Shuneng. According to Article 6.3.3 of the Shenzhen Stock Exchange Listing Rules, the above company is an related legal entity of the Company.

(2) Main Financial Data of Related Parties for the Year of 2024 (Amount in RMB Ten Thousand)

Company Name	Total Asset	Net Asset	Revenue	Net Profit
MCC New Energy	347,532.55	170,074.33	319,950.66	19,886.68
Hefei Qianrui	126,100.96	44,185.51	37,943.64	389.46
Anhui Chiyu	95,329.89	18,352.53	21,567.46	-1,019.59
Yuanyuan Technology	51,083.41	5,683.20	15,733.56	1,363.53
Nanjing Shengshi	26,932.69	6,153.29	13897.9	154.29
Anhui Xianglv	65,422.75	14,938.94	134,919.20	1,328.27
Shanghai Shuneng	54,031.26	9,613.84	41,183.60	926.87
Bengbu Jinshi	12,277.32	5,452.15	14,974.50	971.7
Gotion Group	465,641.29	-18,362.92	2,465.22	-1,023
Nanjing Gotion Holding	419,220.05	130,846.71	0	-6,449.05
VW China	6,366,071.35	5,458,247.38	410,073.63	1,065,510.92
Suzhou ICS	—	—	—	—
Tata Gotion	—	—	—	—
Inner Mongolia	494.50	-114.36	0.00	-114.36

Xuanhua				
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Note: The financial data in MCC New Energy, Hefei Qianrui, Anhui Chiyu, Yuanyuan Technology, Shanghai Shuneng, Bengbu Jinshi and Nanjing Gotion Holding have been audited, while other data has not been audited.

### (3) Analysis of the Performance Capability of Related Parties

The above-mentioned related parties are not dishonest judgment debtors subject to enforcement, and their production and operation are normal, their financial and credit status are good, and they have good performance capability. They can fulfill the contents of the contract normally in daily transactions, and their performance capability does not have significant uncertainties.

## III. Main Content of Related Transactions

### (1) Pricing Policy and Basis

All transactions between the Company and the related parties follow the principle of independence of entities and fair and reasonable pricing, with market prices as the basis. There is no price premium or price discount. The transaction amount will be calculated based on the agreed price and actual transaction quantity, and the payment arrangement and settlement method will be implemented according to the contract.

### (2) Main Content of Related Transactions and Agreement Execution Status

The Company and its holding subsidiaries purchase the NCM Ternary Precursor from MCC New Energy, sell battery cell and spare parts to Tata Gotion and purchase raw materials and accessories from Gotion Group and its subsidiaries (such as Anhui Xianglv, Shanghai Shuneng, Bengbu Jinshi, Inner Mongolia Xuanhua, etc.), and sell battery cells, Energy storage products etc. to them, and receive leasing, labor, hotel and catering, property management services and collect and pay water and electricity charges from them. The Company also purchases raw materials and accessories from Nanjing Gotion Holding and its subsidiaries (such as Hefei Qianrui, Anhui Chiyu, Yuanyuan Technology, Nanjing Shengshi), and sells battery cell, battery Pack and energy storage products and transmission and distribution products etc. to them, and accepts the leasing of assets, labor services, collection and payment of water and electricity charges from them. The Company also sells battery cells to Volkswagen China and its affiliates. These transactions are all necessary for the Company's daily production and operation.

The Company's management is authorized to sign related transaction agreements with related parties according to actual production and operation. The transaction parties may adjust or increase or decrease the above transaction items based on actual needs, changes in market conditions, or other reasonable reasons. When the cumulative transaction amount exceeds the

expected amount, the Company will fulfill the corresponding approval procedures and information disclosure obligations, and disclose the execution status in regular reports.

#### **IV. Purpose of the Transactions and their Impact on the Company**

The related transactions that the Company expects to occur in its daily operations are necessary for the Company's daily business, and the transaction prices are based on fair market prices, without harming the interests of the Company and its shareholders. These transactions will not affect the independence of the Company, and the Company's main business will not become dependent on related parties because of such transactions.

This proposal has been considered and approved during the 1st specialized meeting of the independent Directors in 2024, the 6th meeting of the 9th Board of Directors of the Company and the 6th meeting of the 9th Board of Supervisors of the Company.

The above proposal, related shareholders need to avoid voting, please non-affiliated shareholders review.

Gotion High-tech Co., Ltd.

May 21, 2024

## **Proposal Thirteen**

### **Proposal on the Renewal of the Accounting Firm for the Year 2024**

Dear Shareholders:

Suya Jincheng Certified Public Accountants (Special General Partnership) (hereinafter referred to as “*Suya Jincheng*”) has provided audit services for the Company for 4 consecutive years. Since Suyu Jincheng was engaged as the Company’s accounting firm, it has completed various audit work of the Company with due care and diligence by conducting independent audits in accordance with the practicing standards of independence, fairness and objectivity. As proposed by the Audit Committee of the Board of Directors of the Company, the Company intends to retain Suyu Jincheng as the Company’s accounting firm for the year of 2024 to carry out the financial report auditing and internal control auditing. The details are set out below:

#### **I. Basic information about the proposed renewal of the accounting firm**

##### **1. Organizational information**

###### **(1) Basic information**

Name of the organization: Suyu Jincheng Certified Public Accountants (special general partnership)

Type of organization: Special general partnership enterprise

Date of establishment: December 2, 2013

Registered address: Floors 14-16, Block A, Zhengtai Center Building, No. 159 Taishan Road, Jianye District, Nanjing City

Chief partner: Zhan Congcai

Historical development: Suyu Jincheng Certified Public Accountants (special general partnership) was formerly known as Jiangsu Suyu Audit Firm (formerly affiliated with the Jiangsu Provincial Audit Department), founded in May 1996. In October 1999, it was restructured as Jiangsu Suyu Certified Public Accountants Co., Ltd. In July 2000, it was reorganized and established as Jiangsu Suyu Jincheng Certified Public Accountants Co., Ltd. with the approval of the Jiangsu Provincial Department of Finance. On December 2, 2013, it was approved for conversion into a special general partnership enterprise.

Business qualifications: Suyu Jincheng has obtained the CPA firm practice certificate, and has the qualifications of bankruptcy case administrator designated by the people’s court, judicial appraisal, and consultation services for military-related confidential business.

Personnel information: As of December 31, 2023, Suya Jincheng has 832 employees, including 49 partners. It has 348 registered accountants, of which 187 have experience in securities-related business services.

Business information: Suya Jincheng's total business income (audited) in 2023 was RMB 436 million, including RMB 345 million in audit business income and RMB 143 million in securities business income. In 2023, it had a total of 37 listed company audit clients, with a total audit fee of RMB 79 million, involving major industries such as electrical machinery and equipment manufacturing, chemical raw materials and chemical product manufacturing, metal products, special equipment manufacturing, retail, etc. In 2023, it had 7 audit clients in the same industry as the Company, and Suya Jincheng has practice experience in the Company's industry.

(2) Investor protection capability:

Suya Jincheng has adopted to purchase professional liability insurance for registered accountants to improve the investor protection capability. As of the end of 2023, the cumulative compensation limit for the professional insurance purchased by Suya Jincheng is RMB 100 million, and the relevant professional insurance can cover civil compensation liability caused by audit failures.

Suya Jincheng has one civil lawsuit pending trial in the past three years due to its practice behavior, and there may be a chance of assuming civil liability.

(3) Independence and integrity record:

Suya Jincheng has not violated the requirements of independence in the *"Code of Ethics for Chinese Certified Public Accountants"* in the past three years.

Suya Jincheng has not received criminal penalties, administrative penalties, self-disciplinary measures and disciplinary actions due to its practice behavior in the past three years (since 2021), and has been subject to supervisory and management measures 2 times. Practitioners have been subject to supervisory and management measures for their practice behavior twice in the past three years, involving four personnel.

## 2. Project information

(1) Personnel information:

Proposed Project Partner: Luo Zhenxiong has been engaged in audit services for listed companies since 2005. He obtained his Chinese Certified Public Accountant qualification in 2007 and has been practicing at Suya Jincheng since May 2010. He began providing audit services to the Company in 2020 and has signed audit reports for several listed companies including Yawei Co. Ltd. (002559) and Tunan Co. Ltd. (300855) in the past three years.

Proposed Signing Certified Public Accountant: Li Zhenzhen has been engaged in audit services for listed companies since 2017. She obtained her Chinese Certified Public Accountant

qualification in 2019 and has been practicing in Suya Jincheng since July 2017. She started providing audit services to the Company in 2020.

Proposed Project Quality Control Reviewer: Wang Yijun, who has been engaged in audit services for listed companies since 2002. He obtained his Chinese Certified Public Accountant qualification in 2002 and has been practicing at Suya Jincheng since July 1996. He began providing audit services to the Company in 2020 and has reviewed 15 public listed companies, 2 IPO companies and 1 unlisted public companies in the past three years.

## (2) Independence and Integrity Records

The proposed accounting firm, project partner, signing certified public accountant, and project quality control reviewer have no relationship with the Company, actual controller, controlling shareholder, directors, supervisors, or senior management that may affect their independence.

The proposed project partner Luo Zhenxiong, proposed signing certified public accountant Li Zhenzhen, and proposed project quality control reviewer Wang Yijun have not been subject to criminal penalties, administrative penalties or supervision measures by the China Securities Regulatory Commission or its dispatched agencies, industry regulatory authorities, and disciplinary actions by industry associations and other self-regulatory organizations in the past three years.

## (3) Audit Fees

The audit fees for the Company's 2024 financial report is RMB 2,100,000, which are determined based on various factors, including the Company's business scale, industry, accounting complexity, and the number of audit personnel required for the annual report audit, as well as the workload and fee standards of the accounting firm.

## II. Procedure for the Proposed Renewal of the Accounting Firm

### 1. Performance of the Audit Committee

The Company's Audit Committee has thoroughly reviewed Suya Jincheng and its employees' qualification certificates, past audit experience, and other relevant information. They unanimously recognize Suya Jincheng's independence, professional competence, and investor protection capabilities, and their adherence to the principles of independent audit. They also acknowledge that the audit reports issued by the firm are objective and fair, and that they can meet the requirements of the Company's annual financial report and internal control audit. Therefore, they agree to reappoint Suya Jincheng as the Company's accounting firm for 2024 and submit the proposal to the board of directors for approval.

### 2. Opinions of Board of Supervisors



The Board of Supervisors of the Company is of the view that Suyu Jincheng has acted diligently in its role as the Company's accounting firm and has issued independent audit opinions in a fair and reasonable manner. We agree to re-appoint Suyu Jin Cheng as the Company's accounting firm for the year 2024 and agree to submit this matter to the Company's 2023 Annual General Meeting of Shareholders for consideration.

This proposal has been considered and approved by the Company's 6<sup>th</sup> Meeting of the 9<sup>th</sup> Board of Directors and the 6<sup>th</sup> Meeting of the 9<sup>th</sup> Board of Supervisors.

Please review the above proposal.

Gotion High-tech Co., Ltd.

May 21, 2024

**Proposal Fourteen****Proposal on Remuneration Program for Directors and Supervisors for the Year 2024**

Dear Shareholders:

In order to further improve the Company's incentive and constraint mechanism, effectively mobilize the enthusiasm and creativity of the Directors and Supervisor of the Company, and enhance the work efficiency and the Company's operating benefits, according to the "Articles of Association", in the light of the Company's operation and development, the Company has formulated the remuneration program for the Directors and Supervisors of the Company with reference to the remuneration level of the industry and the region, and the details are as set out below:

**I. Remuneration of Directors and Supervisors for the Year 2023**

Based on the scale of the Company's operations and with reference to the industry remuneration level and other actual circumstances, the remuneration of Directors and Supervisors of the Company for the year 2023 is set out below:

<b>Name</b>	<b>Job Title</b>	<b>Compensation before tax (RMB ten thousand)</b>
Li Zhen	Chairman, General Manager	184.14
Steven Cai	Director, Deputy General Manager	194.42
Olaf Korzinovski	Director	0
Andrea Nahmer	Director	0
Zhang Hongli	Director	155.2
Sun Zhe	Independent Director	30
Qiao Yun	Independent Director	30
Qiu Xinping	Independent Director	30
Wang Feng	Independent Director	30
Yang Dafa	Chairman of Board of Supervisor	106.83
Liyan	Supervisor	8.00
Wu Yibing	Staff Representative Supervisor	52.18

Note: 1. Excluding directors and supervisors who have left office during the reporting period.

2.Total compensation before tax includes basic salaries, bonuses, allowances, subsidies, employee

benefits and various insurance premiums, accumulation funds, annuities and other forms of compensation received from the Company, excluding income from equity incentives and employee stock ownership plans.

## **II. 2024 Remuneration Assessment Program**

### **1.Applicable objects**

This remuneration program applies to the Directors and Supervisors of the Company.

### **2.Applicable period**

The remuneration program for the Directors and Supervisors shall become effective upon consideration and approval by the General Meeting of Shareholders of the Company until the new remuneration program is adopted and shall automatically expire.

### **3.Remuneration Standard**

#### **(1).Directors' Remuneration Program**

A) Allowance for Independent Directors and Chairman of the Company is RMB 300,000 per year (before tax);

B) Allowance for other Directors of the Company (except Independent Directors and the Chairman) is RMB 160,000 per year (before tax);

C) Non-Independent Directors who hold managerial positions in the Company shall, in addition to receiving director's allowance, receive remuneration in accordance with the Company's relevant remuneration and performance appraisal management system according to the managerial positions they hold.

#### **(2) Remuneration Program for Supervisors**

A) Allowance for Supervisors of Company is RMB 80,000 per year (before tax);

B) The Supervisors who hold managerial positions in the Company shall, in addition to receiving supervisor's allowance, receive remuneration in accordance with the Company's relevant remuneration and performance appraisal management system according to the managerial positions they hold.

### **4.Other Description**

(1)Directors' and supervisors' allowances are paid quarterly;

(2)The annual remuneration standard of directors and supervisors serving as specific management

positions in the Company consists of the basic salary, performance salary, seniority allowance and annual operation performance bonus. Among them, the basic salary and seniority allowance is paid on a monthly basis, the performance salary is paid on a quarterly or annually basis, and the annual operation performance bonus is paid on the basis of the results of the annual performance appraisal, which is assessed and evaluated by the Remuneration and Evaluation Committee of the Board of Directors and reported to the Board of Directors or the General Meeting of Shareholders for approval at the end of the year.

(3)The above remuneration is pre-tax income, and the part of personal income tax involved will be uniformly withheld and paid by the Company. The Company may adjust the remuneration program according to the industry conditions and actual operation.

(4)If a director or supervisor member of the Company leaves his/her position due to a change of session, re-election or resignation during his/her term of office, his/her remuneration shall be calculated and paid according to his/her actual term of office. If they still work for the Company after leaving office, their remuneration shall be paid according to their positions.

(5)Matters not covered in this remuneration program shall be implemented in accordance with relevant laws, regulations, normative documents and the “Articles of Association” of the Company; if this remuneration program contradicts with relevant laws, regulations, normative documents and the “Articles of Association” of the Company amended through legal procedures to be implemented in the future, it shall be implemented in accordance with relevant laws, regulations, normative documents and the “Articles of Association” of the Company amended through legal procedures.

This proposal has been considered by the Company’s 6<sup>th</sup> Meeting of the 9<sup>th</sup> Board of Directors and the 6<sup>th</sup> Meeting of the 9<sup>th</sup> Board of Supervisors, and all directors and supervisors have recused themselves from voting.

Related shareholders of the Company shall recuse themselves from voting on the above proposal, and other non-related shareholders are requested to consider the proposal.

Gotion High-tech Co., Ltd.

May 21, 2024

## Proposal Fifteen

### **Proposal on the “*Fourth Employee Stock Ownership Plan of the Company (Draft)*” and its Summary**

Dear Shareholders :

The Company held the 2024 First Employee Representative Meeting on April 27, 2024 to fully consult the employees on the proposed implementation of the Fourth Employee Stock Ownership Plan of the Company (hereinafter referred to as the “*Employee Stock Ownership Plan*”), and the meeting agreed to the implementation of the Employee Stock Ownership Plan by the Company.

In order to establish and perfect the benefit-sharing mechanism between workers and owners, further improve the level of corporate governance, enhance the cohesion of workers and the competitiveness of the Company, promote the long-term, sustainable and healthy development of the Company, and fully mobilize the sense of responsibility of the Company’s employees towards the Company, in accordance with the “*Company Law of the People’s Republic of China*”, the “*Securities Law of the People’s Republic of China*”, the “*Guiding Opinions on the Implementation of Employee Stock Ownership Plans by Listed Companies on a Pilot Basis*”, the “*Guidelines for Self-discipline and Supervision of Companies on Shenzhen Stock Exchange No. 1 - Standardized Operation of Main Board Companies*” and other relevant laws, administrative regulations, rules, normative documents and the provisions of the “*Articles of Association*”, in light of the actual situation of the Company, the Company intends to implement the Employee Stock Ownership Plan and has formulated the “*Fourth Employee Stock Ownership Plan of the Company (Draft)*” and its summary. Please see the annex for details.

This proposal has been considered and approved by the Company’s 7<sup>th</sup> meeting of the 9<sup>th</sup> Board of Directors and 7<sup>th</sup> meeting of the 9<sup>th</sup> Board of Supervisors, and related directors and directors have recused themselves from voting.

Related shareholders of the Comapny shall recuse themselves from voting on the above proposal, and other non-related shareholders are requested to consider the proposal.

Annex 7: *The Fourth Employee Stock Ownership Plan of the Company (Draft)*.

Annex 8: *The Summary of the Fourth Employee Stock Ownership Plan of the Company (Draft)*.

Gotion High-tech Co., Ltd.

May 21, 2024

## Proposal Sixteen

### **Proposal on the “*Administrative Measures for the Fourth Employee Stock Ownership Plan of the Company*”**

Dear Shareholders:

In order to regulate the implementation of *the Fourth Employee Stock Ownership Plan of the Company* (hereinafter referred to as “*the Employee Stock Ownership Plan*”) and ensure the effective implementation of this Employee Stock Ownership Plan, in accordance with the “*Company Law of the People’s Republic of China*”, the “*Securities Law of the People’s Republic of China*”, the “*Guiding Opinions on the Implementation of Employee Stock Ownership Plans by Listed Companies on a Pilot Basis*”, the “*Guidelines for Self-discipline and Supervision of Companies on Shenzhen Stock Exchange No. 1 - Standardized Operation of Main Board Companies*” and other relevant laws, administrative regulations, rules and normative documents, the Company has formulated the “*Administrative Measures for the Fourth Employee Stock Ownership Plan of the Company*”. Please see the annex for details.

This proposal has been considered and approved by the Company’s 7<sup>th</sup> meeting of the 9<sup>th</sup> Board of Directors and 7<sup>th</sup> meeting of the 9<sup>th</sup> Board of Supervisors, and related directors and directors have recused themselves from voting.

Related shareholders of the Company shall recuse themselves from voting on the above proposal, and other non-related shareholders are requested to consider the proposal.

Annex 9: *The Administrative Measures for the Fourth Employee Stock Ownership Plan of the Company*.

Gotion High-tech Co., Ltd.

May 21, 2024

## **Proposal Seventeen**

### **Proposal on requesting the General Meeting of Shareholders to authorize the Board of Directors to handle matters relating to the Fourth Employee Stock Ownership Plan**

Dear Shareholders:

In order to ensure the smooth implementation of *the Fourth Employee Stock Ownership Plan* of the Company (hereinafter referred to as “the Employee Stock Ownership Plan”), the Board of Directors intends to propose to request the General Meeting of Shareholders to authorize the Board of Directors to handle the matters relating to this Employee Stock Ownership Plan, and the authorizing details are set out below:

- 1.To authorize the Board of Directors and its Remuneration and Assessment Committee to be responsible for the preparation and amendment of this Employee Stock Ownership Plan;
- 2.To authorize the Board of Directors to implement this Employee Stock Ownership Plan, including but not limited to the nomination of candidates for members of the ESOP Management Committee;
- 3.To authorize the Board of Directors to handle the changes and termination of this Employee Stock Ownership Plan, including but not limited to the disqualification of the holders of this Employee Stock Ownership Plan in accordance with the agreement of this Employee Stock Ownership Plan and the early termination of this Employee Stock Ownership Plan;
- 4.The Board of Directors is authorized to make a decision on the extension of the duration of this Employee Stock Ownership Plan;
- 5.After the Employee Stock Ownership Plan has been considered and approved by the General Meeting of Shareholders, if there are changes in relevant laws, regulations and policies during the implementation period, the Board of Directors is authorized to make corresponding adjustments to the Employee Stock Ownership Plan in accordance with the new laws, regulations and policies;
- 6.To authorize the Board of Directors to handle all matters relating to the locking and unlocking as well as the allocation of the shares transferred under this Employee Stock Ownership Plan;
- 7.To authorize the Board of Directors to determine or change the asset management institution (if any) of this Employee Stock Ownership Plan and sign the relevant agreement;

8.To authorize the Board of Directors to make decisions on the participation of this Employee Stock Ownership Plan in refinancing matters such as share allotment of the Company during the term of its existence;

9. To authorize the Board of Directors to draw up and sign the relevant agreement documents in relation to this Employee Stock Ownership Plan;

10. To authorize the Board of Directors to handle other necessary matters required under this Employee Stock Ownership Plan, except for the rights expressly provided for in relevant laws, regulations, normative documents and the “*Articles of Association*” of the Company, etc. to be exercised by the General Meeting of Shareholders.

The above authorization shall be effective from the date of approval by the Company’s General Meeting of Shareholders to the date of termination of this Employee Stock Purchase Plan. The above authorizations may be exercised directly by the Chairman of the Board of Directors or an appropriate person authorized by him on behalf of the Board of Directors, except for those matters that are expressly provided for in laws, administrative regulations, departmental rules, normative documents, this Employee Stock Ownership Plan or the “*Articles of Association*” that are required to be adopted by resolution of the Board of Directors.

This proposal has been considered and approved by the 7<sup>th</sup> meeting of the 9<sup>th</sup> Board of Directors of the Company , and related directors have recused themselves from voting.

Related shareholders of the Company shall recuse themselves from voting on the above proposal, and other non-related shareholders are requested to consider the proposal.

Gotion High-tech Co., Ltd.

May 21, 2024



## **Proposal Eighteen**

### **Proposal on the Establishment of the Independent Directors' Work System**

Dear Shareholders:

In order to further improve the corporate governance structure, give full play to the role of independent directors in corporate governance and promote the standard operation of the Company, in accordance with the *“Company Law of the People’s Republic of China”*, the *“Securities Law of the People’s Republic of China”*, the *“Measures for the Administration of Independent Directors of Listed Companies”*, the *“Stock Listing Rules of Shenzhen Stock Exchange”*, the *“Guidelines for Self-discipline and Supervision of Companies on Shenzhen Stock Exchange No. 1 - Standardized Operation of Main Board Companies”* and other relevant laws, administrative regulations, normative documents and relevant provisions of the *“Articles of Association”* of the Company, in light of the actual situation of the Company, we hereby formulate the *“Independent Directors' Work System”*.

After this system comes into effect, the *“Working System of Independent Directors (August 2009)”* issued by the Company shall be abolished at the same time.

The proposal has been considered and approved by the 7<sup>th</sup> Meeting of the 9<sup>th</sup> Board of Directors.

Please review the above proposal.

Annex 10: *The Work System of the Independent Directors of the Company (May 2024)*.

Gotion High-tech Co., Ltd.

May 21, 2024

## Annex 1

### **Gotion High-tech Co., Ltd.**

#### **2023 Annual Work Report of the Board of Directors**

In 2023, in strict accordance with the *Company Law of the People's Republic of China* (the “**Company Law**”), the *Securities Law of the People's Republic of China* (the “**Securities Law**”), and the *Rules Governing the Listing of Shares on Shenzhen Stock Exchange* (the “**Listing Rules**”) and other relevant laws, regulations and regulatory documents, as well as the *Articles of Association* and the *Working Rules of the Board of Directors* and other regulations of the Company, the Board of Directors of Gotion High-tech Co., Ltd. (the “**Company**”) practically performed and/or exercised the duties and powers conferred on it by the General Meeting of Shareholders (the “**GMS**”), strictly implemented various resolutions of the GMS, proactively promoted the implementation of various resolutions of the Board of Directors, and constantly standardized the corporate governance structure of the Company, aiming to ensure the scientificity of the decision-making of the Board and its standardized operation, promote the healthy and stable development of the Company on a continuous basis, and safeguard the legitimate rights and interests of the Company and its shareholders.

The work of the Board of Directors of the Company in 2023 is hereby reported as follows:

#### **I. Overview of the Company's Operation during the Reporting Period**

In 2023, in a more complicated and austere international environment, with the transformation of the energy structure and the popularization of low carbon in all countries in the world, the demand for new energy vehicles in major countries and regions in the world will further increase. The industry has experienced severe involution, huge price fluctuations, and increased trade barriers, but the global new energy vehicle market is still growing strongly. Market competition will be further intensified with the gradual release of the capacity of mainstream battery companies.

According to the statistical data of EVTank and SNE Research, the global sales of new energy vehicles in 2023 was 14.653 million, an increase of 35.4% year-on-year, and the global installed capacity of power batteries was approximately 705.5 GWh, up 38.6% year-on-year. The sales of new energy vehicles in China was 9.495 million, an increase of 37.0% year-on-year, accounting for 64.8% of the global sales. The market penetration rate of new energy vehicles in China was up to 31.6%. In addition, according to the statistics of GGII, the global shipment of energy storage lithium battery was 225 GWh in 2023, up 50% year-on-year. The shipment of energy storage lithium battery in China was 206 GWh, an increase of 58% year-on-year, accounting for 91.6% of the global shipment. The explosive growth of energy storage market continuously brought impetus to the development of the industry. According to the statistic of SEN Research, in 2023, the Company's global market share of installed power batteries was 2.4%, ranking eighth in the world, remaining stable. According to the data of the China Automobile Power Battery Industry Innovation Alliance, the Company's market share of installed power batteries in China was 4.10% in 2023, ranking fifth in China. In particular, the market share of lithium iron phosphate power batteries was 5.64%, ranking fourth in China.

During the reporting period, with a view to achieving the strategic and business objectives, the Company continued to deepen cooperation with Volkswagen, promoting the Company's management capability to a new level. In the case of declining product prices, the revenue of overseas business and energy storage business doubled, while a number of new international strategic customers were attracted, optimizing the customer structure and making new breakthroughs in market power. The Company's UC battery cell became the first designated product of Volkswagen in the world, moving the product power to a new height. At the same time, through the introduction of Volkswagen quality management system, lean manufacturing capability was improved, and supplier quality control was strengthened, promoting manufacturing power to a new level. The Company actively expanded financing channels, promoted the reduction of financing costs, and effectively supported the implementation of strategies and the development of business,

achieving new improvement in capital power. The three major sectors of the Americas, Euro-Africa, and the Asia-Pacific were constructed, and the layout of ten overseas bases initially took shape. Overseas revenue of RMB 7 billion was realized, forming a new layout of globalization.

In 2023, the Company achieved operating revenue of RMB 31,605.49 million, a year-on-year increase of 37.11%; achieved operating profit of RMB 975.4255 million, a year-on-year increase of 390.92%; achieved total profit of RMB 948.1597 million, a year-on-year increase of 266.14%; achieved net profit of RMB 969.0989 million, a year-on-year increase of 165.04%, among which the net profit attributable to the owners of the parent company was RMB 938.7268 million, a year-on-year increase of 201.28%.

## II. Main Work of the Board of Directors during the Reporting Period

### (I) Meetings of Board of Directors

During the reporting period, the Company held 5 meetings of the Board of Directors in total, and the following proposals were discussed at such meetings and resolutions were made accordingly:

No.	Meeting Name	Meeting Date	Meeting Form	Proposals Reviewed and Passed
1	The 1st meeting of the 9th Board of Directors	March 30, 2023	Via means of communication	<i>Proposal on the Election of the Chairman for the Ninth Board of Directors, Proposal on By-elections for the Non-Independent Directors for the Ninth Board of Directors, Proposal on the Election of Members of the Ninth Special Committees under the Board of Directors, Proposal on Appointment of General Manager, Proposal on Appointment of Deputy General Manager, Proposal on</i>

				<i>Appointment of Board Secretary, Proposal on Appointment of Head of Finance, Proposal on Appointment of Head of the Audit Department, Proposal on Appointment of Securities Affairs Representative, Proposal on Requesting the Convening of the Second Extraordinary General Meeting of Shareholders in 2023</i>
2	The 2nd meeting of the 9th Board of Directors	April 26, 2023	On-site and via means of communication	<i>Proposal on the 2022 Work Report of the General Manager, Proposal on the 2022 Work Report of the Board of Directors, Proposal on the 2022 Final Financial Accounts Report, Proposal on the 2022 Annual Report and its Summary, Proposal on the 2022 ESG (Environment, Social and Corporate Governance) Report, Proposal on the 2022 Self-evaluation Report on Internal Control, Proposal on the 2022 Special Report on Deposit and Use of Raised Funds, Proposal on the 2022 Profit Distribution Plan, Proposal on the 2023 Financial Budget Report, Proposal on the 2023 Application for the Comprehensive Credit Line, Proposal on the 2023 Prediction of the Guarantee Amount, Proposal on the 2023 Use of Own Idle Funds for Entrusted Financial Management, Proposal on the 2023 Business of Foreign Exchange Hedging,</i>

				<p><i>Proposal on the 2023 Prediction of Daily Related-party Transactions, Proposal on Changes in Accounting Policies, Proposal on the 2023 Renewal of Accounting Firm, Proposal on the 2023 First Quarter Report, Proposal on the Increase of the Capital of a Subsidiary, Proposal on the Partial Change of the Company's Business Scope and Amendment to Relevant Provisions of the Articles of Association, Proposal on Formulating a "Entrusted Financial Management System", Proposal on Shareholder Return Planning for the Next Three Years (2023-2025), Proposal on the Fulfillment of the Conditions for the Third Unlock Period of the Second Employee Stock Ownership Plan, Proposal on Requesting the Convening of the 2022 Annual General Meeting of Shareholders</i></p>
3	The 3rd meeting of the 9th Board of Directors	August 28, 2023	On-site and via means of communication	<p><i>Proposal on the Special Report on the Deposit and Use of Funds Raised by the Company in the Half Year of 2023, Proposal on the 2023 Semi Annual Report of the Company and Its Summary, Proposal on the Use of Part of the Idle Raised Funds for Cash Management, Proposal on the Fulfillment of the Exercise Conditions for the First Exercise Period of the 2021 Share Option Incentive Plan, Proposal on</i></p>

				<i>Cancelling Part of the Share Options Granted under the 2021 Share Option Incentive Plan, Proposal on the Fulfillment of the Exercise Conditions for the First Exercise Period of the First Grant of the 2022 Share Option Incentive Plan , Proposal on Cancelling Part of the Share Options Granted under the First Grant of the 2022 Share Option Incentive Plan</i>
4	The 4th meeting of the 9th Board of Directors	October 26, 2023	On-site and via means of communication	<i>Proposal on the Company's 2023 Third Quarter Report, Proposal on the Proposed Registration and Issuance of Pooled Short-term Financing Bonds, Proposal on Formulating a "External Donation Management System", Proposal on Requesting the Convening of the Third Extraordinary General Meeting of Shareholders in 2023</i>
5	The 5th meeting of the 9th Board of Directors	December 4, 2023	On-site and via means of communication	<i>Proposal on the Plan for Repurchase of the Company's Shares, Proposal on Appointment of Board Secretary, Proposal on Adjusting the Implementation Schedule of Some Projects Invested with Raised Proceeds, Proposal on Cancelling Part of the Share Options Granted under the 2021 Share Option Incentive Plan</i>

For the 5 meetings of the Board of Directors held in 2023, the convening and holding procedures, the qualifications of the attendees thereof, the voting procedures and results, and the resolutions are all in line with the requirements of the *Company Law*, the *Articles of Association* and the *Working Rules of the Board of Directors*.

## (II) The GMSs Organized by the Board of Directors

In 2023, the Board of Directors of the Company convened and organized four GMSs, including one annual GMS and three extraordinary GMSs. The following proposals were discussed at such meetings and resolutions were made accordingly:

No.	Meeting Name	Meeting Date	Proposals Reviewed and Passed
1	2023 first extraordinary GMS	January 18, 2023	<i>Proposal on the Renewal of the Board of Directors and Election of the Non-Independent Directors for the Ninth Board of Directors, Proposal on the Renewal of the Board of Directors and Election of the Independent Directors for the Ninth Board of Directors, Proposal on the Renewal of the Board of Supervisors and Election of the Non-Employee Representative Supervisors for the Ninth Board of Supervisors</i>
2	2023 second extraordinary GMS	April 26, 2023	<i>Proposal on By-elections for the Non-Independent Directors for the Ninth Board of Directors</i>
3	The annual GMS in 2022	May 25, 2023	<i>Proposal on the 2022 Work Report of the Board of Directors, Proposal on the 2022 Work Report of the Board of Supervisors, Proposal on the 2022 Report on Final Financial Accounts, Proposal on the 2022 Annual Report and its Summary, Proposal on the 2022 Special Report on the Deposit and Use of Raised Funds, Proposal on the 2022 Profit Distribution Plan, Proposal on the 2023 Financial Budget Report, Proposal on the 2023 Application for the Comprehensive Credit Line, Proposal on the 2023 Prediction of the Guarantee</i>



			<i>Amount, Proposal on the 2023 Use of Own Idle Funds for Entrusted Financial Management, Proposal on the 2023 Business of Foreign Exchange Hedging, Proposal on the 2023 Prediction of Daily Related-party Transactions, Proposal on Changes in Accounting Policies, Proposal on the 2023 Renewal of Accounting Firm, Proposal on the Increase of the Capital of a Subsidiary, Proposal on the Partial Change of the Company's Business Scope and Amendment to Relevant Provisions of the Articles of Association, Proposal on Formulating a "Entrusted Financial Management System", Proposal on Shareholder Return Planning for the Next Three Years (2023-2025)</i>
4	2023 third extra ordin ary GMS	November 16, 2023	<i>Proposal on the Proposed Registration and Issuance of Pooled Short-term Financing Bonds, Proposal on Formulating a "External Donation Management System"</i>

All of the four GMSs held by the Company in 2023 adopted the method combining on-site and online voting, and the votes of minority investors were counted separately for major matters affecting the interests of minority investors, so as to facilitate the investors to participate in the GMSs to vote, and effectively protect the right of participation and the right of supervision of minority investors.

The Company strictly followed the laws and regulations, and relevant provisions of the *Articles of Association* and the *Working Rules of the General Meeting of Shareholders*, seriously implemented the decision-making procedures for major issues, carried out the decision-making principle of "first deliberation and review, and then implementation", and conscientiously implemented various resolutions passed by the GMSs in strict accordance with the resolutions and authorizations of the GMSs; meanwhile, there were no such circumstances where major issues were not subject to the approval of the GMS, or any implementation was carried out without first being

deliberated and reviewed.

### (III). Performance of the Board of Directors and the Special Committees

The Company's Board of Directors is composed of nine directors, including four independent directors. During the reporting period, the Company's Board of Directors elected the Chairman of the Board and members of the specialized committees, at the same time, Mr. Frank Engel, a director, resigned as a director due to personal work adjustment. After the qualification examination of the Nomination Committee of the Board of Directors of the Company, at the first meeting of the ninth Board of Directors of the Company and the second extraordinary general meeting of shareholders in 2023, Mr. Olaf Korzinovski was by-elected as a non-independent director of the ninth Board of Directors of the Company, with the term of office commenced from the date of approval by the general meetings of shareholders of the Company to the expiration date of the term of office of the ninth Board of Directors.

#### 1. Performance of the Board of Directors

All directors of the Company worked scrupulously to fulfill duties in a diligent and responsible manner. They were able to proactively pay attention to the operating management information, financial status, major issues and other related information of the Company, conduct in-depth discussions on various proposals submitted to the Board for review and deliberation, offer advice and suggestions for the operation and development of the Company, and take the interests and demands of the minority shareholders fully into account when making decisions, thereby actually enhancing the scientificity of the decision-making of the Board of Directors and promoting the continuous, stable and healthy development of various work in the production and operation of the Company.

#### 2. Performance of the Independent Directors

The independent directors of the Company were diligent and had fulfilled their duties in strict accordance with relevant laws, regulations and rules. During the reporting period, all independent directors had personally participated in the GMSs

and the board meetings held by the Company, actively participated in the work of the special committees under the Board, carefully reviewed relevant proposals and made independent, objective and fair judgments, and issued independent opinions on relevant major issues, thereby effectively safeguarding the interests of the Company and minority shareholders.

### 3. Performance of the Special Committees

There are four special committees under the Board of Directors of the Company, i.e., the Strategy Committee, the Nomination Committee, the Audit Committee, and the Remuneration and Evaluation Committee. All special committees were responsible to the Board of Directors. In 2023, with adherence to the principle of diligence and responsibility, the special committees had carried out relevant work in accordance with the relevant laws and regulations, normative documents, and the rules of procedures of the respective special committees of the Company, and conducted research on various specialized matters and put forward opinions and suggestions. During the reporting period, the performance of the special committees was as follows:

#### (1) Strategy Committee

The main responsibility of the Strategy Committee is to study and make suggestions on the long-term development strategy and major investment decisions of the Company. During the reporting period, the Strategy Committee kept up with the strategic development requirements of the Company, carried out studies on the development trends of the industry and the strategic planning for the future development of the Company and, in combination with the economic situations at home and abroad and the characteristics of the industry segment that the Company belonged to, conducted an in-depth analysis of the operating status and development prospects of the Company and timely put forward suggestions on capital operation, long-term development planning and other matters of the Company to the Board of Directors of the Company. During the reporting period, the Company's Strategy Committee held one meeting:

Meeting Name	Meeting Date	Agenda
The first meeting of the Strategy Committee in 2023	April 25, 2023	<i>Proposal on the Increase of the Capital of a Subsidiary</i>

### (2) Nomination Committee

The main responsibility of the nomination committee is to formulate the criteria and procedures for the selection of directors and senior executives, and to select and examine the candidates for directors and senior executives and their qualifications. During the reporting period, the Nomination Committee carefully reviewed the qualifications and other related matters of the Company's candidates for directors and senior executives to ensure their professional quality and performance ability. During the reporting period, the Nomination Committee of the Company held two meetings in total:

Meeting Name	Meeting Date	Proposals Reviewed and Passed
The first meeting of the Nomination Committee in 2023	March 30, 2023	<i>Proposal on Nomination of Senior Executives and other Candidates of the Company, Proposal on Nomination of Candidates for Non-independent Directors of the Ninth Board of Directors</i>
The second meeting of the Nomination Committee in 2023	December 4, 2023	<i>Proposal on Appointment of Board Secretary</i>

### (3) Audit Committee

During the reporting period, the Audit Committee reviewed, on a regular basis, the periodic reports provided by the Company and the work reports submitted by the internal audit department, reviewed the internal control system of the Company and its implementation, audited all the important accounting policies of the Company, and supervised and guided the internal audit department of the Company to inspect and evaluate the financial management operations of the Company on a regular and

ad-hoc basis, thereby implementing effective guidance and supervision on the financial status and operating conditions of the Company. During the reporting period, the Audit Committee held four meetings in total. In addition to reviewing the following in the table below, the Company also made a special report on the progress of major matters such as the use of raised funds, external guarantees, and related-party transactions:

Meeting Name	Meeting Date	Proposals Reviewed and Passed
The first meeting of the Audit Committee in 2023	April 25, 2023	<i>Proposal on the 2022 Report on Final Financial Accounts, Proposal on the 2022 Annual Financial Report, Proposal on the 2023 Financial Budget Report, Proposal on the Financial Report for the First Quarter of 2023, Proposal on the 2023 Use of Own Idle Funds for Entrusted Financial Management, Proposal on the 2023 Business of Foreign Exchange Hedging, Proposal on the 2022 Self-Evaluation Report on Internal Control, Proposal on the 2022 Internal Audit Report and 2023 Internal Audit Plan, Proposal on the Internal Audit Report for the First Quarter of 2023 and Internal Audit Plan for the Second Quarter of 2023, Proposal on the 2023 Renewal of Accounting Firm</i>
The second meeting of the Audit Committee in 2023	May 26, 2023	<i>Proposal on Hiring EY to Conduct Special Audit</i>
The third meeting of the Audit Committee in 2023	August 28, 2023	<i>Proposal on the 2023 Semi-annual Internal Audit Report and Internal Audit Plan for the Third Quarter, Proposal on the 2023 Semi-annual Financial Report</i>
The fourth meeting of the Audit Committee in 2023	October 26, 2023	<i>Proposal on the 2023 Internal Audit Report for the Third Quarter and Internal Audit Plan for the Fourth Quarter, Proposal on Financial Report</i>

		<i>for the Third Quarter of 2023</i>
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#### (4) Remuneration and Evaluation Committee

The main responsibilities of the Remuneration and Evaluation Committee are to formulate the standards for evaluating the Company's directors and senior executives and conduct evaluation accordingly, and formulate and review the Company's policies and plans on the remuneration of directors and senior executives. During the reporting period, the Remuneration and Evaluation Committee carefully reviewed the performance of, and audited the payment and implementation of the remuneration for, the directors and senior executives of the Company, thereby performing the duties of the committee. It played an important role in strengthening the Company's management responsibility system and assessment management and improving the incentive and restraint mechanism. During the reporting period, the Company's Remuneration and Evaluation Committee did not hold a formal meeting, but reviewed the Company's 2021 share option incentive plan, the fulfillment of the exercise conditions for the first exercise period of the 2022 share option incentive plan, the fulfillment of the conditions for the third unlock period of the second employee stock ownership plan and other related matters.

During the reporting period, the foregoing special committees had performed their duties in accordance with the law, and improved the scientificity of the decision-making of the Board of Directors; moreover, with the expertise and experience, the committee members have provided many feasible and effective solutions for the production, operation and management of the Company.

#### (IV) Information Disclosure of the Company

The Board of Directors conscientiously and consciously performed its obligations for information disclosure and strictly controlled the disclosure of information in accordance with the *Company Law*, the *Securities Law*, the *Administrative Measures on Information Disclosure of Listed Companies*, the *Listing Rules* and other laws, regulations, rules, regulatory documents, and the Articles of Association, thereby effectively improving the standardized operation level and

transparency of the Company.

During the reporting period, the Company submitted and disclosed relevant documents on the designated newspapers and websites in a timely manner and within the time limit as prescribed by the laws, regulations and the *Listing Rules*, with a total of 153 announcements disclosed on Shenzhen Stock Exchange and 24 documents disclosed on SIX Swiss Exchange. The information disclosure made by the Company is true, accurate and complete, which can objectively reflect the corresponding matters occurred in the Company and is free from false records, fraudulent statements or major omissions, thereby ensuring the accuracy, reliability and usefulness of the information disclosure.

#### (V) Management of Investor Relations

The Company has established a specialized agency and assigned corresponding personnel to take charge of the management of investor relations, so as to actively interact with investors through diversified communication channels, maintain information communication with investors and research institutions, and listen to the opinions and suggestions of investors on the operation and development of the Company, as well as strive to promote the awareness and recognition of investors for the operations and future development strategies of the Company and build and maintain good investor relations.

The Company ensures that investors fully exercise their rights and safeguard the legitimate rights and interests of them. During the reporting period, the Company: reasonably and properly conducted the reception work, such as arranging for institutional investors, analysts, news media and other specific objects to participate in the on-site visits, seminars and researches in the Company, and practically kept the confidentiality of undisclosed information; held GMSs in a way combining on-site meeting and online voting to facilitate the active participation of investors; received various types of investors through investor telephone calls, investor interactive platform and other methods in 2023, and replied to the questions raised by investors in a timely, patient and meticulous manner; took opportunity of the online conference

for introducing the business performance of 2022 to arrange the direct communication between the directors and senior executives of the Company, and the investors and research institutions, and make exchanges and interactions with respect to the production and operation conditions, future development plans and other issues relating to Company.

#### (VI) Standardized Governance of the Company

The Company has been standardizing the governance structure in strict accordance with the *Company Law*, the *Securities Law*, the *Standardized Operation*, the *Listing Rules* and other laws and regulations, as well as the requirements of the China Securities Regulatory Commission, the stock exchange, China Securities Regulatory Bureau and other regulatory authorities, and in combination with the actual conditions of its own, so as to achieve true and complete information disclosure, good and interactive investor relations, strict and effective internal control and risk control system, honest operation and transparent management, continuously improve the corporate governance structure, standardize the operations of the Company, and practically protect the interests of all shareholders and the Company to the greatest extent.

During the reporting period, the Company had organized to formulate or amend the *Articles of Association*, the *Entrusted Financial Management System*, the *External Donation Management System* and other rules and regulations of the Company, to constantly perfect and improve the corporate governance structure of the Company and ensure that each piece of work has the corresponding rules to follow or the basis for reference, so as to make the corporate governance system to be more standardized and sounder.

During the reporting period, the Company organized the actual controllers, controlling shareholders, directors, supervisors, senior executives and the relevant personnel of the Company to accept legal training from time to time and seriously study the laws, administrative regulations, rules and related cases issued by the China Securities Regulatory Commission, Shenzhen Stock Exchange, SIX Exchange



Regulation AG and other regulatory authorities, and required relevant personnel to firmly establish the awareness of compliance and enhance the awareness of responsibility and risk, and implement the internal control policies of the Company in strict accordance with relevant laws and regulations.

During the reporting period, all directors, supervisors, senior executives and other relevant insiders were able to strictly perform the confidentiality obligations during the window periods and sensitive periods when the periodic reports and major issues had not been disclosed to the public, and there were no circumstances where insiders bought or sold the stocks of the Company in violation of relevant regulations.

### **III. Key Tasks and Work Plan of the Board of Directors in 2024**

In 2024, the Board of Directors will continue to uphold the principle of being responsible to all shareholders, actively play its core role in corporate governance, do well its daily work, make decisions on major matters in a scientific and efficient manner, and strive to maximize the interests of all shareholders and the Company.

1. The Board of Directors will further improve, and urge the operation management of the Company to strictly abide by, the rules and regulations of the Company in strict accordance with the requirements of relevant laws and regulations. In addition, the Board of Directors will continue to optimize the corporate governance, strengthen internal control system and process construction, improve the risk prevention mechanism, enhance the standardized operation of the Company, so as to ensure the healthy, stable and sustainable development of the Company.

2. The Board of Directors will require directors, supervisors, senior executives and relevant staff to further strengthen the study of relevant laws and regulations on listed companies and relevant management rules of the Company, continuously improve the performance ability, make decisions on major matters of the Company on a scientific and efficient manner, and give full play to the core role of the Board of Directors in corporate governance.

3. The Board of Directors will continue to do well the works information

disclosure and other daily works in strict accordance with the requirements of the *Company Law*, the *Securities Law* and the *Listing Rules* and other relevant laws and normative documents, and focus on the management of investor relations, interpret the relevant data of the Company's operation for the majority of investors, answer the questions that investors are concerned about, and safeguard the legitimate rights and interests of investors, especially medium and small investors, according to law.

4. The Board of Directors will continue to do well the work of convening and convening the GMSs, implement the resolutions of the GMSs, put forward reasonable suggestions on major issues arising in the operation of the Company, continue to urge the management to further implement the assessment responsibility system of the Company's business objectives, always adhere to the social benefits in the first place, grasp the economic benefits, consolidate the main business, and strive to complete various business indicators in 2024 and maximize the interests of all shareholders and the Company.

Board of Directors of Gotion High-tech Co., Ltd.

April 18, 2024

## Annex 2

# 2023 Work Report of Independent Directors of Gotion High-tech Co., Ltd.

To all shareholders and shareholders' representatives:

As an independent director of Gotion High-tech Co., Ltd. (the “**Company**”), I have been honestly, diligently and independently performing my duties and fully playing the role of an independent director, and safeguarding the interests of the Company and the legitimate rights and interests of all shareholders, especially minority shareholders, in strict accordance with the *Company Law of the People's Republic of China* (the “**Company Law**”), the *Rules for the Governance of Listed Companies*, the *Rules Governing the Listing of Shares on the Shenzhen Stock Exchange* (the “**Listing Rules**”), the *Self-regulatory Guidelines for the Companies Listed on Shenzhen Stock Exchange No. 1 - Standardized Operation of Companies Listed on the Main Board* (the “**Self-regulatory Guidelines**”) and other related laws and administrative regulations of China as well as the *Articles of Association* of the Company. I hereby make a report on my fulfillment of duties during my tenure in 2023 as follows:

## I. Personal information

Born in January 1966, I am Sun Zhe, a Chinese national with a doctor's degree. I successively served as the deputy director, professor and doctoral supervisor of the Center for American Studies of Fudan University in Shanghai, the director and professor of the Center for Sino-U.S. Relations of Tsinghua University, and served as the independent director of MGM China Holdings Limited (2282.HK) for 10 consecutive years. Currently, I am the co-director of the China Project of Columbia University, a researcher of the Institute of Government Governance Innovation of Beijing University, an independent non-executive director of China Resources Land Co., Ltd. (1109.HK), an independent non-executive director of JS Global Lifestyle

Company Limited (1691.HK), and an independent director of the Company.

As an independent director of the Company, I find after self-inspection that I meet the requirements for the independence of independent directors as stipulated in the *Measures for the Management of Independent Directors of Listed Companies*, the *Self-regulatory Guidelines* and related laws and regulations, and there is no circumstance that will affect my independence as an independent director.

## II. Fulfillment of duties during the year

The Company held a total of 5 board meetings and 4 shareholders' meetings in year 2023. I attended all of those board meetings, and attended all of those shareholders' meetings as a non-voting member. I voted in favor of all proposals deliberated at the board meetings, I did not authorized any other independent director to attend any of the said meetings on behalf of me, and I did not raise any objection to any matters deliberated at any of the said meetings.

(I) My attendance at the board meetings and the shareholders' meetings during the reporting period is as follows:

Name of independent director	Number of board meetings I should attend as an independent director this year	Number of board meetings I attended in person	Number of board meetings I attended by proxy	Number of board meetings I absent ed	Number of shareholders' meetings I should attend as an independent director this year	Number of shareholders' meetings I attended
Sun Zhe	5	5	0	0	4	4

(II) My opinions expressed at the board meetings and the shareholders' meetings during the reporting period

As an independent director of the Company, I have seriously looked into and inspected the business activities of the Company in 2023, have not raised objection to any proposal or other matters deliberated at the board meetings, and have expressed the following pre-approval or independent opinions on relevant matters of the Company as required by relevant laws, regulations and rules:

Date of the meeting	Session of the meeting	Opinions expressed at the meeting
March 30, 2023	The first meeting of the 9th Board of Directors	Independent Opinion on the Appointment of Senior Officers by the Board of Directors of the Company; Independent Opinion on the By-election of Non-independent Directors of the 9th Board of Directors
April 26, 2023	The second meeting of the ninth Board of Directors	Pre-approval Opinion on the Expected Guarantee Amount for Year 2023; Pre-approval Opinion on the Expected Daily Related-party Transactions for Year 2023; Pre-approval Opinions on the Retaining of the Accounting Firm for the Year 2023; Independent Opinion on the Self-evaluation Report on Internal Control in Year 2022; Independent Opinion on the Special Report on the Deposit and Use of Raised Funds in Year 2022; Independent Opinion on the 2022 Annual Profit Distribution Plan; Independent Opinion on the Expected Guarantee Amount for Year 2023; Independent Opinion on the Use of Self-owned Idle Funds for Entrusted Wealth Management in 2023; Independent Opinion on the Conducting of Foreign Exchange Hedging Business in 2023; Independent Opinion on the Expected Daily Related-Party Transactions for Year 2023; Independent Opinion on the Changes in Accounting Policies; Independent Opinion on the Retaining of the Accounting Firm for Year 2023; Independent Opinion on Shareholder Return Planning for the Next Three Years (Years 2023-2025); Independent Opinion on the Achievement of the Unlocking Conditions for the Third Unlocking Period of the Employee Stock Ownership Plan (Phase II); Independent Opinion on the Special Statement on Securities Investment Situation in Year 2022; Independent Opinion on the Special Statement on the Occupation of Funds by the Controlling Shareholder and Other Related Parties of the Company; Independent Opinion on the Special Statement on the Cumulative and Current Guarantees Provided and Other Matters of the Company; Independent Opinion on Retroactive Adjustment of the Financial Statements Disclosed due to Business Combination under Common Control
August 28, 2023	The third meeting of the ninth Board of Directors	Independent Opinion on the Special Report on the Deposit and Use of Raised Funds in the First Half of 2023; Independent Opinion on the Use of Some Idle Raised Funds for Cash Management; Independent Opinion on the Achievement of the Exercise Conditions for the First Exercise Period of the 2021 Stock Option Incentive Plan; Independent Opinion on the Cancellation of Some Stock Options Granted under the 2021 Stock Option Incentive Plan; Independent Opinion on the Achievement of the Exercise Conditions for the First Exercise Period for the First Batch of Stock Options Granted under the 2022 Stock Option Incentive Plan, Independent Opinion on the Cancellation of the First Batch of Stock Options Granted under the 2022 Stock Option Incentive Plan, Special Statement and Independent Opinion on the Occupation of Company Funds and Guarantees Provided by the Controlling Shareholder and Its Related Parties in the First Half of 2023
October 26, 2023	The fourth meeting of the ninth Board of Directors	Independent Opinion on the Company's Registration and Issuance of Collective Short-term Financing Bonds

December 4, 2023	The fifth meeting of the 9th Board of Directors	Independent Opinion on the Plan to Repurchase the Company's Shares; Independent Opinion on the Appointment of the Board Secretary of the Company; Independent Opinions on the Adjustment of the Implementation Progress of Some Projects Invested with Raised Funds; Independent Opinion on the Cancellation of Some Stock Options Granted under the 2021 Stock Option Incentive Plan
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(III) My participation in the meetings of specialized committees under the Board of Directors

#### 1. Nomination Committee

I held 2 meetings of the Nomination Committee as the convener in year 2023, and there were 3 proposals deliberated and approved at the meetings. Details are as follows:

Session of the meeting	Date of the meeting	Content of the meeting
The first meeting of the Nomination Committee in 2023	March 30, 2023	1. Deliberated the <i>Proposal on the Nomination of Senior Officers and Other Candidates of the Company</i> 2. Deliberated the <i>Proposal on the Nomination of the Candidates for Non-independent Directors of the Ninth Board of Directors</i>
The second meeting of the Nomination Committee in 2023	December 4, 2023	Deliberated the <i>Proposal on the Appointment of the Secretary of the Board of Directors of the Company</i>

#### 2. Audit Committee

I participated 4 meetings of the Audit Committee as a member thereof in year 2023, and there were 15 proposals deliberated and approved at the meetings. Details are as follows:

Session of the meeting	Date of the meeting	Content of the meeting
The first meeting of the Audit Committee in 2023	April 25, 2023	1. Deliberated the <i>Proposal on the 2022 Final Account Report</i> 2. Deliberated the <i>Proposal on the 2022 Annual Financial Report</i> 3. Deliberated the <i>Proposal on the 2023 Financial Budget Report</i> 4. Deliberated the <i>Proposal on the Financial Report for Q1 2023</i> 5. Deliberated the <i>Proposal on the Use of Idle Self-owned Funds for Entrusted Wealth Management in 2023</i> 6. Deliberated the <i>Proposal on the Conducting of Foreign Exchange Hedging Business in 2023</i>

		7. Deliberated the <i>Proposal on the Self-evaluation Report of Internal Control in Year 2022</i> 8. Deliberated the <i>Proposal on the 2022 Internal Audit Report and the 2023 Internal Audit Plan</i> 9. Deliberated the <i>Proposal on the Internal Audit Report for Q1 2023 and the Internal Audit Plan for Q2 2023</i> 10. Deliberated the <i>Proposal on the Retaining of the Accounting Firm for Year 2023</i>
The second meeting of the Audit Committee in 2023	May 26, 2023	Deliberated the <i>Proposal on the Hiring of Ernst &amp; Young for Special Audit</i>
The third meeting of the Audit Committee in 2023	August 28, 2023	1. Deliberated the <i>Proposal on the Internal Audit Report for the First Half Year of 2023 and the Internal Audit Plan for Q3 2023</i> 2. Deliberated the <i>Proposal on the Financial Report for the First Half Year of 2023</i>
The Fourth Meeting of the Audit Committee in 2023	October 26, 2023	1. Deliberated the <i>Proposal on the Internal Audit Report for Q3 2023 and the Internal Audit Plan for Q4 2023</i> 2. Deliberated the <i>Proposal on Financial Report of Q3 2023</i>

#### (IV) Special meetings of independent directors

Since there is a transitional period of one year after the *Measures for the Management of Independent Directors of Listed Companies* came into effect on September 4, 2023, the Company did not hold any special meeting of independent directors during the reporting period.

#### (V) My on-site work and the Company's support for my work

In 2023, I participated in the meetings of the Board of Directors and its specialized committees, and shareholders' meetings of the Company either on site or through video conferences, and maintained close contact with other directors, senior officers, internal audit department and relevant staff through telephone, WeChat, email, video conferencing, etc., to listen to the management's reports on the operation condition and standardized operation of the Company, fully understand the business, internal control, financial situation, progress of important matters and implementation of board resolutions of the Company. In addition, I paid attention to any change in the external environment and industry market as well as the public opinion on the Company, timely understood the progress of production & operation as well as major issues of the Company, put forward professional opinions and suggestions, supervised

the standardized operation of the Company, effectively fulfilled the responsibilities of independent directors, and fully played the role of guidance and supervision.

In order to ensure my effective exercise of powers and fully guarantee my right to know as an independent director, the Company provided necessary support and assistance in my fulfillment of my duties. First, the Company was able to communicate with me in a timely manner on major issues such as the production & operation of the Company. Besides, in order to promote the full exercise of decision-making, supervision, and management functions of the directors, supervisors and senior officers within their respective scope of duties, and to protect the rights and interests of the Company and investors, the Company has purchased liability insurances for the Company and all of its directors, supervisors and senior officers in accordance with relevant provisions of the *Rules for the Governance of Listed Companies* and related laws and regulations.

### **III. Communication in the audit work**

In order to effectively fulfill my supervisory responsibilities, I, during the 2022 annual audit of the Company and the preparation of its annual report, actively communicated with the internal audit department of the Company and the certified public accountants of SuyaJincheng CPA LLP on the matters that I paid attention to. Besides, I paid attention to the audit process, carefully reviewed relevant documents, and ensured the timely completion of the audit work and the authenticity, accuracy, and completeness of the financial reports issued. In daily work, I also supervised and urged the improvement and effective implementation of the internal audit rules of the Company.

### **IV. Key issues of concern in my fulfillment of duties**

During the reporting period, I fulfilled my duties diligently and faithfully, gave full play to my role of an independent director, and made independent judgments and decisions on major issues in strict accordance with relevant provisions of the *Company Law*, the *Securities Law*, the *Rules for the Governance of Listed Companies*,



the *Measures for the Management of Independent Directors of Listed Companies* and other related laws and regulations of the state, as well as the *Articles of Association* of the Company. Details are as follows:

1. Related-party transactions that should be disclosed

The Company held the second meeting of the ninth Board of Directors, the second meeting of the ninth Board of Supervisors and the 2022 annual general meeting of shareholders on April 26, 2023 and May 25, 2023 respectively. At the meetings, the *Proposal on the Expected Daily Related-party Transactions for Year 2023* was deliberated and approved, approving the estimated daily related-party transactions between the Company's controlling subsidiaries and related parties for year 2023.

I believe that the said related-party transactions are in line with the principles of "fairness, impartiality and fairness", consistent with relevant laws and regulations, and conducive to the stable and sustainable development of the Company's business. They will not lead to significant dependence of the Company's primary business on related parties, and there is no situation that harms the interests of the Company and other shareholders, especially minority shareholders.

2. Regularly reports

During the reporting period, the Company timely prepared and disclosed the *2022 Annual Report*, the *2022 Internal Control Self-evaluation Report*, the *2022 Internal Control Audit Report*, the *2023 First Quarter Report*, the *2023 Half Year Report* and the *2023 Third Quarter Report* in strict accordance with relevant laws, regulations and normative documents, and accurately disclosed the financial data and important matters of the corresponding reporting period, and fully disclosed the operation condition of the Company to investors. The said reports have been deliberated and approved by the Board of Directors and the Board of Supervisors of the Company, and the *2022 Annual Report* has been deliberated and approved by the 2022 annual general meeting of shareholders of the Company. All of the directors,

supervisors and senior officers have signed the regular reports of the Company for confirmation.

As an independent director and a member of the Audit Committee of the Company, I have reviewed relevant proposals and believe that the review and disclosure procedures of the Company for regular reports are legal and compliant, and the financial data is accurate and detailed and truly reflects the actual situation of the Company.

### 3. Hiring of the accounting firm

The Company held the second meeting of the ninth Board of Directors, the second meeting of the ninth Board of Supervisors and the 2022 annual general meeting of shareholders on April 26, 2023 and May 25, 2023 respectively. At the meetings, the *Proposal on the Retaining of the Accounting Firm for Year 2023* was deliberated and approved, approving to retain Suyajincheng CPA LLP as the audit agency of the Company for year 2023

As an independent director and a member of the Audit Committee of the Company, I have reviewed relevant proposals and believe that the Company's hiring of the accounting firm is a prudent decision made after considering audit quality, service level, and other factors and is conducive to protecting the interests of the Company and other shareholders, especially minority shareholders, and the deliberation process thereof complies with relevant laws and regulations and the *Articles of Association* of the Company.

### 4. Guarantees provided and fund occupation

For all guarantees provided by the Company in year 2023, the Company has gone through necessary deliberation and decision-making procedures in strict accordance with relevant laws and regulations, so the risks thereof are controllable. There is no guarantee provided in violations of laws and regulations, nor is there no guarantee provided for the controlling shareholder, any related party of the Company, any non-corporate unit or individuals. None of the controlling shareholder and the

related parties of the Company has occupied the Company's funds for non-operation purpose, nor has there been any occupation of the Company's funds by the controlling shareholder or any other related parties in violations of laws and regulations that occurred in previous periods but continued until the current reporting period. All fund flows between the Company and its related parties are normal fund flows in the production and operation activities of the Company.

#### 5. Internal control

During the reporting period, the Company continued the construction of internal control system and risk management according to the requirements of its internal control rules, revised and improved its internal control rules, and promoted the steady implementation of its internal control standard system. During the reporting period, I expressed my independent opinion on the self-evaluation report on internal control of the Company. I believe that the internal control mechanism of the Company is operating well and is conducive to preventing enterprise risks and standardizing enterprise operations. I did not find any major defect in the internal control design or implementation.

#### 6. Share repurchase

During the reporting period, I deliberated the *Proposal on the Repurchase of the Company's Shares* and believed that the Company's repurchase of its shares and the decision-making procedures conform to relevant laws and regulations as well as the *Articles of Association* of the Company. In view of the good operation conditions of the Company, the funds to be used for repurchasing shares will not have a significant impact on the daily operation, finance, R&D, debt repayment ability, etc. of the Company. The purpose of the repurchased shares is conducive to the long-term development of the Company. There is no situation where the repurchased shares will harm the interests of the Company and all shareholders, especially minority shareholders.

### **V. Efforts to protect the legitimate rights and interests of public**

## **shareholders**

1. In terms of information disclosure, I have been paying attention to the information disclosure work of the Company, urging the Company to strictly comply with laws and regulations such as the Listing Rules and the *Self-regulatory Guidelines*, as well as relevant provisions of the *Information Disclosure Affairs Management System* of the Company, supervising and inspecting the information disclosure work of the Company, so as to ensure the authenticity, accuracy, completeness, timeliness, and fairness of the Company's information disclosure and effectively safeguard the interests of the public shareholders.

2. In terms of business management, during the reporting period, I performed my duties in strict accordance with relevant laws and regulations, actively participated in the meetings of Board of Directors and its specialized committees, diligently reviewed relevant documents and materials, conducted timely investigations and inquired with relevant departments and personnel regarding the proposals submitted, and made judgments independently and objectively and exercised voting rights fairly based on my professional knowledge. In addition, I have been paying attention to the improvement and implementation of the operating management and internal control rules of the Company, as well as the implementation of resolutions of the shareholders' meeting and the Board of Directors. I earnestly listened to the management's reports on the operating conditions and standardized operations of the Company, effectively fulfilled the duties of independent directors, and faithfully and diligently served all shareholders.

3. In terms of self-learning, I laid emphasis on learning the latest laws, regulations and various rules, actively participated in various trainings organized by the Company, and had a more comprehensive understanding of various rules for the management of listed companies.

## **VI. Overall evaluation and suggestions**

In 2023, I gave full play to the independence of an independent director,

faithfully fulfilled various responsibilities and duties, actively attended relevant meetings, and prudently expressed opinions in the voting on relevant proposals, and safeguarded the overall interests of the Company and the legitimate interests of minority shareholders.

In 2024, I will continue to exercise the rights and fulfill the obligations of independent directors prudently, earnestly and diligently in accordance with relevant laws, regulations, normative documents, as well as the provisions and requirements of the *Articles of Association* and the *Working Rules for Independent Directors* of the Company. I will fully utilize my professional knowledge to improve the decision-making ability of the Board of Directors, and effectively safeguard the overall interests of the Company and the legitimate rights and interests of minority shareholders.

Here I'd like to express my heartfelt gratitude to the Board of Directors, the management and relevant personnel of the Company for their great cooperation and support in my performance of my duties.

Gotion High-tech Co., Ltd.

Independent Director: Qiao Yun

April 18, 2024

## Annex 2

# 2023 Work Report of Independent Directors of Gotion High-tech Co., Ltd.

To all shareholders and shareholders' representatives:

As an independent director of Gotion High-tech Co., Ltd. (the “**Company**”), I have been honestly, diligently and independently performing my duties and fully playing the role of an independent director, and safeguarding the interests of the Company and the legitimate rights and interests of all shareholders, especially minority shareholders, in strict accordance with the *Company Law of the People's Republic of China* (the “**Company Law**”), the *Rules for the Governance of Listed Companies*, the *Rules Governing the Listing of Shares on the Shenzhen Stock Exchange* (the “**Listing Rules**”), the *Self-regulatory Guidelines for the Companies Listed on Shenzhen Stock Exchange No. 1 - Standardized Operation of Companies Listed on the Main Board* (the “**Self-regulatory Guidelines**”) and other related laws and administrative regulations of China as well as the *Articles of Association* of the Company. I hereby make a report on my fulfillment of duties during my tenure in 2023 as follows:

## I. Personal information

Born in July 1966, I am Qiu Xinping, a Chinese national with a doctoral degree. Since May 1996, I have been working in the Department of Chemistry at Tsinghua University, mainly responsible for the research on advanced chemical power sources such as lithium-ion batteries, fuel cells and flow batteries. I have published over 200 scientific papers, applied for more than 30 patents, and won one Price for Natural Science from the Ministry of Education and two Science and Technology Awards from the Beijing Municipal Government. Currently, I am an independent director of the Company.

As an independent director of the Company, I find after self-inspection that I meet the requirements for the independence of independent directors as stipulated in the *Measures for the Management of Independent Directors of Listed Companies*, the *Self-regulatory Guidelines* and related laws and regulations, and there is no circumstance that will affect my independence as an independent director.

## II. Fulfillment of duties during the year

The Company held a total of 5 board meetings and 4 shareholders' meetings in year 2023. I attended all of those board meetings, and attended all of those shareholders' meetings as a non-voting member. I voted in favor of all proposals deliberated at the board meetings, I did not authorized any other independent director to attend any of the said meetings on behalf of me, and I did not raise any objection to any matters deliberated at any of the said meetings.

(I) My attendance at the board meetings and the shareholders' meetings during the reporting period is as follows:

Name of independent director	Number of board meetings I should attend as an independent director this year	Number of board meetings I attended in person	Number of board meetings I attended by proxy	Number of board meetings I absented	Number of shareholders' meetings I should attend as an independent director this year	Number of shareholders' meetings I attended
Qiu Xiping	5	5	0	0	4	4

(II) My opinions expressed at the board meetings and the shareholders' meetings during the reporting period

As an independent director of the Company, I have seriously looked into and inspected the business activities of the Company in 2023, have not raised objection to any proposal or other matters deliberated at the board meetings, and have expressed the following pre-approval or independent opinions on relevant matters of the Company as required by relevant laws, regulations and rules:

<b>Date of the meeting</b>	<b>Session of the meeting</b>	<b>Opinions expressed at the meeting</b>
March 30, 2023	The first meeting of the 9th Board of Directors	Independent Opinion on the Appointment of Senior Officers by the Board of Directors of the Company; Independent Opinion on the By-election of Non-independent Directors of the 9th Board of Directors
April 26, 2023	The second meeting of the ninth Board of Directors	Pre-approval Opinion on the Expected Guarantee Amount for Year 2023; Pre-approval Opinion on the Expected Daily Related-party Transactions for Year 2023; Pre-approval Opinions on the Retaining of the Accounting Firm for the Year 2023; Independent Opinion on the Self-evaluation Report on Internal Control in Year 2022; Independent Opinion on the Special Report on the Deposit and Use of Raised Funds in Year 2022; Independent Opinion on the 2022 Annual Profit Distribution Plan; Independent Opinion on the Expected Guarantee Amount for Year 2023; Independent Opinion on the Use of Self-owned Idle Funds for Entrusted Wealth Management in 2023; Independent Opinion on the Conducting of Foreign Exchange Hedging Business in 2023; Independent Opinion on the Expected Daily Related-Party Transactions for Year 2023; Independent Opinion on the Changes in Accounting Policies; Independent Opinion on the Retaining of the Accounting Firm for Year 2023; Independent Opinion on Shareholder Return Planning for the Next Three Years (Years 2023-2025); Independent Opinion on the Achievement of the Unlocking Conditions for the Third Unlocking Period of the Employee Stock Ownership Plan (Phase II); Independent Opinion on the Special Statement on Securities Investment Situation in Year 2022; Independent Opinion on the Special Statement on the Occupation of Funds by the Controlling Shareholder and Other Related Parties of the Company; Independent Opinion on the Special Statement on the Cumulative and Current Guarantees Provided and Other Matters of the Company; Independent Opinion on Retroactive Adjustment of the Financial Statements Disclosed due to Business Combination under Common Control
August 28, 2023	The third meeting of the ninth Board of Directors	Independent Opinion on the Special Report on the Deposit and Use of Raised Funds in the First Half of 2023; Independent Opinion on the Use of Some Idle Raised Funds for Cash Management; Independent Opinion on the Achievement of the Exercise Conditions for the First Exercise Period of the 2021 Stock Option Incentive Plan; Independent Opinion on the Cancellation of Some Stock Options Granted under the 2021 Stock Option Incentive Plan; Independent Opinion on the Achievement of the Exercise Conditions for the First Exercise Period for the First Batch of Stock Options Granted under the 2022 Stock Option Incentive Plan, Independent Opinion on the Cancellation of the First Batch of Stock Options Granted under the 2022 Stock Option Incentive Plan, Special Statement and Independent Opinion on the Occupation of Company Funds and Guarantees Provided by the Controlling Shareholder and Its Related Parties in the First Half of 2023
October 26, 2023	The fourth meeting of the ninth Board of Directors	Independent Opinion on the Company's Registration and Issuance of Collective Short-term Financing Bonds



December 4, 2023	The fifth meeting of the 9th Board of Directors	Independent Opinion on the Plan to Repurchase the Company's Shares; Independent Opinion on the Appointment of the Board Secretary of the Company; Independent Opinions on the Adjustment of the Implementation Progress of Some Projects Invested with Raised Funds; Independent Opinion on the Cancellation of Some Stock Options Granted under the 2021 Stock Option Incentive Plan
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(III) My participation in the meetings of specialized committees under the Board of Directors

#### 1. Nomination Committee

I participated 2 meetings of the Nomination Committee as a member thereof in year 2023, and there were 3 proposals deliberated and approved at the meetings. Details are as follows:

Session of the meeting	Date of the meeting	Content of the meeting
The first meeting of the Nomination Committee in 2023	March 30, 2023	1. Deliberated the <i>Proposal on the Nomination of Senior Officers and Other Candidates of the Company</i> 2. Deliberated the <i>Proposal on the Nomination of the Candidates for Non-independent Directors of the Ninth Board of Directors</i>
The second meeting of the Nomination Committee in 2023	December 4, 2023	Deliberated the <i>Proposal on the Appointment of the Secretary of the Board of Directors of the Company</i>

#### 2. Remuneration and Appraisal Committee

The Company did not hold any meeting of the Remuneration and Appraisal Committee in year 2023. As a member of the Remuneration and Appraisal Committee, I have supervised the implementation of the remuneration and appraisal rules of the Company, and reviewed matters related to the achievement of the exercise conditions for the first exercise period for the first batch of stock options granted under the 2021 stock option incentive plan and the 2022 stock option incentive plan, and the achievement of the unlocking conditions for the third unlocking period for the stock option incentive plan (Phase II) of the Company.

#### (IV) Special meetings of independent directors

Since there is a transitional period of one year after the *Measures for the*

*Management of Independent Directors of Listed Companies* came into effect on September 4, 2023, the Company did not hold any special meeting of independent directors during the reporting period.

(V) My on-site work and the Company's support for my work

In 2023, I participated in the meetings of the Board of Directors and its specialized committees, and shareholders' meetings of the Company either on site or through video conferences, and maintained close contact with other directors, senior officers and relevant staff through telephone, WeChat, email, video conferencing, etc., to listen to the management's reports on the operation condition and standardized operation of the Company, fully understand the business, internal control, financial situation, progress of important matters and implementation of board resolutions of the Company. In addition, I paid attention to any change in the external environment and industry market as well as the public opinion on the Company, timely understood the progress of production & operation as well as major issues of the Company, put forward professional opinions and suggestions, supervised the standardized operation of the Company, effectively fulfilled the responsibilities of independent directors, and fully played the role of guidance and supervision.

In order to ensure my effective exercise of powers and fully guarantee my right to know as an independent director, the Company provided necessary support and assistance in my fulfillment of my duties. First, the Company was able to communicate with me in a timely manner on major issues such as the production & operation of the Company. Besides, in order to promote the full exercise of decision-making, supervision, and management functions of the directors, supervisors and senior officers within their respective scope of duties, and to protect the rights and interests of the Company and investors, the Company has purchased liability insurances for the Company and all of its directors, supervisors and senior officers in accordance with relevant provisions of the *Rules for the Governance of Listed Companies* and related laws and regulations.

### **III. Communication in the audit work**

I attached great importance to the key areas in the audit process of financial statements and internal control and maintained effective communication with the internal audit department of the Company and the accounting firm, and timely communicated on issues discovered during internal and external audits. In this way, I fully played the supervisory role of independent directors and maintained the independence of internal and external audits.

### **IV. Key issues of concern in my fulfillment of duties**

During the reporting period, I fulfilled my duties diligently and faithfully, gave full play to my role of an independent director, and made independent judgments and decisions on major issues in strict accordance with relevant provisions of the *Company Law*, the *Securities Law*, the *Rules for the Governance of Listed Companies*, the *Measures for the Management of Independent Directors of Listed Companies* and other related laws and regulations of the state, as well as the *Articles of Association* of the Company. Details are as follows:

#### **1. Related-party transactions that should be disclosed**

The Company held the second meeting of the ninth Board of Directors, the second meeting of the ninth Board of Supervisors and the 2022 annual general meeting of shareholders on April 26, 2023 and May 25, 2023 respectively. At the meetings, the *Proposal on the Expected Daily Related-party Transactions for Year 2023* was deliberated and approved, approving the estimated daily related-party transactions between the Company's controlling subsidiaries and related parties for year 2023.

I believe that the said related-party transactions are in line with the principles of "fairness, impartiality and fairness", consistent with relevant laws and regulations, and conducive to the stable and sustainable development of the Company's business. They will not lead to significant dependence of the Company's primary business on related parties, and there is no situation that harms the interests of the Company and

other shareholders, especially minority shareholders.

## 2. Regularly reports

During the reporting period, the Company timely prepared and disclosed the *2022 Annual Report*, the *2022 Internal Control Self-evaluation Report*, the *2022 Internal Control Audit Report*, the *2023 First Quarter Report*, the *2023 Half Year Report* and the *2023 Third Quarter Report* in strict accordance with relevant laws, regulations and normative documents, and accurately disclosed the financial data and important matters of the corresponding reporting period, and fully disclosed the operation condition of the Company to investors. The said reports have been deliberated and approved by the Board of Directors and the Board of Supervisors of the Company, and the *2022 Annual Report* has been deliberated and approved by the 2022 annual general meeting of shareholders of the Company. All of the directors, supervisors and senior officers have signed the regular reports of the Company for confirmation.

I have reviewed relevant proposals and believe that the review and disclosure procedures of the Company for regular reports are legal and compliant, and the financial data is accurate and detailed and truly reflects the actual situation of the Company.

## 3. Hiring of the accounting firm

The Company held the second meeting of the ninth Board of Directors, the second meeting of the ninth Board of Supervisors and the 2022 annual general meeting of shareholders on April 26, 2023 and May 25, 2023 respectively. At the meetings, the *Proposal on the Retaining of the Accounting Firm for Year 2023* was deliberated and approved, approving to retain SuyaJincheng CPA LLP as the audit agency of the Company for year 2023

I have reviewed relevant proposals and believe that the Company's hiring of the accounting firm is a prudent decision made after considering audit quality, service level, and other factors and is conducive to protecting the interests of the Company

and other shareholders, especially minority shareholders, and the deliberation process thereof complies with relevant laws and regulations and the *Articles of Association* of the Company.

#### 4. Guarantees provided and fund occupation

For all guarantees provided by the Company in year 2023, the Company has gone through necessary deliberation and decision-making procedures in strict accordance with relevant laws and regulations, so the risks thereof are controllable. There is no guarantee provided in violations of laws and regulations, nor is there no guarantee provided for the controlling shareholder, any related party of the Company, any non-corporate unit or individuals. None of the controlling shareholder and the related parties of the Company has occupied the Company's funds for non-operation purpose, nor has there been any occupation of the Company's funds by the controlling shareholder or any other related parties in violations of laws and regulations that occurred in previous periods but continued until the current reporting period. All fund flows between the Company and its related parties are normal fund flows in the production and operation activities of the Company.

#### 5. Internal control

During the reporting period, the Company continued the construction of internal control system and risk management according to the requirements of its internal control rules, revised and improved its internal control rules, and promoted the steady implementation of its internal control standard system. During the reporting period, I expressed my independent opinion on the self-evaluation report on internal control of the Company. I believe that the internal control mechanism of the Company is operating well and is conducive to preventing enterprise risks and standardizing enterprise operations. I did not find any major defect in the internal control design or implementation.

#### 6. Share repurchase

During the reporting period, I deliberated the *Proposal on the Repurchase of the*

*Company's Shares* and believed that the Company's repurchase of its shares and the decision-making procedures conform to relevant laws and regulations as well as the *Articles of Association* of the Company. In view of the good operation conditions of the Company, the funds to be used for repurchasing shares will not have a significant impact on the daily operation, finance, R&D, debt repayment ability, etc. of the Company. The purpose of the repurchased shares is conducive to the long-term development of the Company. There is no situation where the repurchased shares will harm the interests of the Company and all shareholders, especially minority shareholders.

#### **V. Efforts to protect the legitimate rights and interests of public shareholders**

1. In terms of information disclosure, I have been paying attention to the information disclosure work of the Company, urging the Company to strictly comply with laws and regulations such as the Listing Rules and the *Self-regulatory Guidelines*, as well as relevant provisions of the *Information Disclosure Affairs Management System* of the Company, supervising and inspecting the information disclosure work of the Company, so as to ensure the authenticity, accuracy, completeness, timeliness, and fairness of the Company's information disclosure and effectively safeguard the interests of the public shareholders.

2. In terms of business management, during the reporting period, I performed my duties in strict accordance with relevant laws and regulations, actively participated in the meetings of Board of Directors and its specialized committees, diligently reviewed relevant documents and materials, conducted timely investigations and inquired with relevant departments and personnel regarding the proposals submitted, and made judgments independently and objectively and exercised voting rights fairly based on my professional knowledge. In addition, I have been paying attention to the improvement and implementation of the operating management and internal control rules of the Company, as well as the implementation of resolutions of the shareholders' meeting and the Board of Directors. I earnestly listened to the management's reports

on the operating conditions and standardized operations of the Company, effectively fulfilled the duties of independent directors, and faithfully and diligently served all shareholders.

3. In terms of self-learning, I laid emphasis on learning the latest laws, regulations and various rules, actively participated in various trainings organized by the Company, and had a more comprehensive understanding of various rules for the management of listed companies.

## **VI. Overall evaluation and suggestions**

In 2023, I gave full play to the independence of an independent director, faithfully fulfilled various responsibilities and duties, actively attended relevant meetings, and prudently expressed opinions in the voting on relevant proposals, and safeguarded the overall interests of the Company and the legitimate interests of minority shareholders.

In 2024, I will continue to exercise the rights and fulfill the obligations of independent directors prudently, earnestly and diligently in accordance with relevant laws, regulations, normative documents, as well as the provisions and requirements of the *Articles of Association* and the *Working Rules for Independent Directors* of the Company. I will fully utilize my professional knowledge to improve the decision-making ability of the Board of Directors, and effectively safeguard the overall interests of the Company and the legitimate rights and interests of minority shareholders.

Here I'd like to express my heartfelt gratitude to the Board of Directors, the management and relevant personnel of the Company for their great cooperation and support in my performance of my duties.

Gotion High-tech Co., Ltd.

Independent Director: Qiu Xinping

April 18, 2024

## Annex 2

# 2023 Work Report of Independent Directors of Gotion High-tech Co., Ltd.

To all shareholders and shareholders' representatives:

As an independent director of Gotion High-tech Co., Ltd. (the “**Company**”), I have been honestly, diligently and independently performing my duties and fully playing the role of an independent director, and safeguarding the interests of the Company and the legitimate rights and interests of all shareholders, especially minority shareholders, in strict accordance with the *Company Law of the People's Republic of China* (the “**Company Law**”), the *Rules for the Governance of Listed Companies*, the *Rules Governing the Listing of Shares on the Shenzhen Stock Exchange* (the “**Listing Rules**”), the *Self-regulatory Guidelines for the Companies Listed on Shenzhen Stock Exchange No. 1 - Standardized Operation of Companies Listed on the Main Board* (the “**Self-regulatory Guidelines**”) and other related laws and administrative regulations of China as well as the *Articles of Association* of the Company. I hereby make a report on my fulfillment of duties during my tenure in 2023 as follows:

## I. Personal information

Born in February 1975, I am Wang Feng, a Chinese national with a MBA from China Europe International Business School and a certified public accountant. I served successively as the CFO of Henan Zhongpin Food Co., Ltd., Beijing Shenyan Intelligent Technology Co., Ltd., Tujia Network Technology (Beijing) Co., Ltd., RISE Education Cayman Ltd. (NASDAQ: REDU) and Flash Express (Beijing) Co., Ltd. and other companies. Currently, I am an independent director of the Company.

As an independent director of the Company, I find after self-inspection that I meet the requirements for the independence of independent directors as stipulated in



the *Measures for the Management of Independent Directors of Listed Companies*, the *Self-regulatory Guidelines* and related laws and regulations, and there is no circumstance that will affect my independence as an independent director.

## II. Fulfillment of duties during the year

The Company held a total of 5 board meetings and 4 shareholders' meetings in year 2023. I attended all of those board meetings, and attended all of those shareholders' meetings as a non-voting member. I voted in favor of all proposals deliberated at the board meetings, I did not authorized any other independent director to attend any of the said meetings on behalf of me, and I did not raise any objection to any matters deliberated at any of the said meetings.

(I) My attendance at the board meetings and the shareholders' meetings during the reporting period is as follows:

Name of independent director	Number of board meetings I should attend as an independent director this year	Number of board meetings I attended in person	Number of board meetings I attended by proxy	Number of board meetings I absented	Number of shareholders' meetings I should attend as an independent director this year	Number of shareholders' meetings I attended
Wang Feng	5	5	0	0	4	4

(II) My opinions expressed at the board meetings and the shareholders' meetings during the reporting period

As an independent director of the Company, I have seriously looked into and inspected the business activities of the Company in 2023, have not raised objection to any proposal or other matters deliberated at the board meetings, and have expressed the following pre-approval or independent opinions on relevant matters of the Company as required by relevant laws, regulations and rules:

Date of the meeting	Session of the meeting	Opinions expressed at the meeting
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March 30, 2023	The first meeting of the 9th Board of Directors	Independent Opinion on the Appointment of Senior Officers by the Board of Directors of the Company; Independent Opinion on the By-election of Non-independent Directors of the 9th Board of Directors
April 26, 2023	The second meeting of the ninth Board of Directors	Pre-approval Opinion on the Expected Guarantee Amount for Year 2023; Pre-approval Opinion on the Expected Daily Related-party Transactions for Year 2023; Pre-approval Opinions on the Retaining of the Accounting Firm for the Year 2023; Independent Opinion on the Self-evaluation Report on Internal Control in Year 2022; Independent Opinion on the Special Report on the Deposit and Use of Raised Funds in Year 2022; Independent Opinion on the 2022 Annual Profit Distribution Plan; Independent Opinion on the Expected Guarantee Amount for Year 2023; Independent Opinion on the Use of Self-owned Idle Funds for Entrusted Wealth Management in 2023; Independent Opinion on the Conducting of Foreign Exchange Hedging Business in 2023; Independent Opinion on the Expected Daily Related-Party Transactions for Year 2023; Independent Opinion on the Changes in Accounting Policies; Independent Opinion on the Retaining of the Accounting Firm for Year 2023; Independent Opinion on Shareholder Return Planning for the Next Three Years (Years 2023-2025); Independent Opinion on the Achievement of the Unlocking Conditions for the Third Unlocking Period of the Employee Stock Ownership Plan (Phase II); Independent Opinion on the Special Statement on Securities Investment Situation in Year 2022; Independent Opinion on the Special Statement on the Occupation of Funds by the Controlling Shareholder and Other Related Parties of the Company; Independent Opinion on the Special Statement on the Cumulative and Current Guarantees Provided and Other Matters of the Company; Independent Opinion on Retroactive Adjustment of the Financial Statements Disclosed due to Business Combination under Common Control
August 28, 2023	The third meeting of the ninth Board of Directors	Independent Opinion on the Special Report on the Deposit and Use of Raised Funds in the First Half of 2023; Independent Opinion on the Use of Some Idle Raised Funds for Cash Management; Independent Opinion on the Achievement of the Exercise Conditions for the First Exercise Period of the 2021 Stock Option Incentive Plan; Independent Opinion on the Cancellation of Some Stock Options Granted under the 2021 Stock Option Incentive Plan; Independent Opinion on the Achievement of the Exercise Conditions for the First Exercise Period for the First Batch of Stock Options Granted under the 2022 Stock Option Incentive Plan, Independent Opinion on the Cancellation of the First Batch of Stock Options Granted under the 2022 Stock Option Incentive Plan, Special Statement and Independent Opinion on the Occupation of Company Funds and Guarantees Provided by the Controlling Shareholder and Its Related Parties in the First Half of 2023
October 26, 2023	The fourth meeting of the ninth Board of Directors	Independent Opinion on the Company's Registration and Issuance of Collective Short-term Financing Bonds
December 4, 2023	The fifth meeting of the 9th Board of	Independent Opinion on the Plan to Repurchase the Company's Shares; Independent Opinion on the Appointment of the Board Secretary of the Company; Independent Opinions on the

	Directors	Adjustment of the Implementation Progress of Some Projects Invested with Raised Funds; Independent Opinion on the Cancellation of Some Stock Options Granted under the 2021 Stock Option Incentive Plan
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(III) My participation in the meetings of specialized committees under the Board of Directors

#### 1. Audit Committee

I held 5 meetings of the Audit Committee as the convener in year 2023, and there were 15 proposals deliberated and approved at the meetings. Details are as follows:

Session of the meeting	Date of the meeting	Content of the meeting
The first meeting of the Audit Committee in 2023	April 25, 2023	1. Deliberated the <i>Proposal on the 2022 Final Account Report</i> 2. Deliberated the <i>Proposal on the 2022 Annual Financial Report</i> 3. Deliberated the <i>Proposal on the 2023 Financial Budget Report</i> 4. Deliberated the <i>Proposal on the Financial Report for Q1 2023</i> 5. Deliberated the <i>Proposal on the Use of Idle Self-owned Funds for Entrusted Wealth Management in 2023</i> 6. Deliberated the <i>Proposal on the Conducting of Foreign Exchange Hedging Business in 2023</i> 7. Deliberated the <i>Proposal on the Self-evaluation Report of Internal Control in Year 2022</i> 8. Deliberated the <i>Proposal on the 2022 Internal Audit Report and the 2023 Internal Audit Plan</i> 9. Deliberated the <i>Proposal on the Internal Audit Report for Q1 2023 and the Internal Audit Plan for Q2 2023</i> 10. Deliberated the <i>Proposal on the Retaining of the Accounting Firm for Year 2023</i>
The second meeting of the Audit Committee in 2023	May 26, 2023	Deliberated the <i>Proposal on the Hiring of Ernst &amp; Young for Special Audit</i>
The third meeting of the Audit Committee in 2023	August 28, 2023	1. Deliberated the <i>Proposal on the Internal Audit Report for the First Half Year of 2023 and the Internal Audit Plan for Q3 2023</i> 2. Deliberated the <i>Proposal on the Financial Report for the First Half Year of 2023</i>
The Fourth Meeting of the Audit Committee in 2023	October 26, 2023	1. Deliberated the <i>Proposal on the Internal Audit Report for Q3 2023 and the Internal Audit Plan for Q4 2023</i> 2. Deliberated the <i>Proposal on Financial Report of Q3 2023</i>

#### 2. Remuneration and Appraisal Committee

The Company did not hold any meeting of the Remuneration and Appraisal

Committee in year 2023. As a member of the Remuneration and Appraisal Committee, I have supervised the implementation of the remuneration and appraisal rules of the Company, and reviewed matters related to the achievement of the exercise conditions for the first exercise period for the first batch of stock options granted under the 2021 stock option incentive plan and the 2022 stock option incentive plan, and the achievement of the unlocking conditions for the third unlocking period for the stock option incentive plan (Phase II) of the Company.

(IV) Special meetings of independent directors

Since there is a transitional period of one year after the *Measures for the Management of Independent Directors of Listed Companies* came into effect on September 4, 2023, the Company did not hold any special meeting of independent directors during the reporting period.

(V) My on-site work and the Company's support for my work

In 2023, I participated in the performance briefing, meetings of the Board of Directors and its specialized committees, and shareholders' meetings of the Company either on site or through video conferences, and maintained close contact with other directors, senior officers, internal audit department and relevant staff through telephone, WeChat, email, video conferencing, etc., to listen to the management's reports on the operation condition and standardized operation of the Company, fully understand the business, internal control, financial situation, progress of important matters and implementation of board resolutions of the Company. In addition, I paid attention to any change in the external environment and industry market as well as the public opinion on the Company, timely understood the progress of production & operation as well as major issues of the Company, put forward professional opinions and suggestions, supervised the standardized operation of the Company, effectively fulfilled the responsibilities of independent directors, and fully played the role of guidance and supervision.

In order to ensure my effective exercise of powers and fully guarantee my right

to know as an independent director, the Company provided necessary support and assistance in my fulfillment of my duties. First, the Company was able to communicate with me in a timely manner on major issues such as the production & operation of the Company. Besides, in order to promote the full exercise of decision-making, supervision, and management functions of the directors, supervisors and senior officers within their respective scope of duties, and to protect the rights and interests of the Company and investors, the Company has purchased liability insurances for the Company and all of its directors, supervisors and senior officers in accordance with relevant provisions of the *Rules for the Governance of Listed Companies* and related laws and regulations.

### **III. Communication in the audit work**

In order to effectively fulfill my supervisory responsibilities, I, during the 2022 annual audit of the Company and the preparation of its annual report, actively communicated with the internal audit department of the Company and the certified public accountants of SuyaJincheng CPA LLP on the matters that I paid attention to. Besides, I paid attention to the audit process, carefully reviewed relevant documents, and ensured the timely completion of the audit work and the authenticity, accuracy, and completeness of the financial reports issued. In daily work, I also supervised and urged the improvement and effective implementation of the internal audit rules of the Company.

### **IV. Key issues of concern in my fulfillment of duties**

During the reporting period, I fulfilled my duties diligently and faithfully, gave full play to my role of an independent director, and made independent judgments and decisions on major issues in strict accordance with relevant provisions of the *Company Law*, the *Securities Law*, the *Rules for the Governance of Listed Companies*, the *Measures for the Management of Independent Directors of Listed Companies* and other related laws and regulations of the state, as well as the *Articles of Association* of the Company. Details are as follows:

## 1. Related-party transactions that should be disclosed

The Company held the second meeting of the ninth Board of Directors, the second meeting of the ninth Board of Supervisors and the 2022 annual general meeting of shareholders on April 26, 2023 and May 25, 2023 respectively. At the meetings, the *Proposal on the Expected Daily Related-party Transactions for Year 2023* was deliberated and approved, approving the estimated daily related-party transactions between the Company's controlling subsidiaries and related parties for year 2023.

I believe that the said related-party transactions are in line with the principles of "fairness, impartiality and fairness", consistent with relevant laws and regulations, and conducive to the stable and sustainable development of the Company's business. They will not lead to significant dependence of the Company's primary business on related parties, and there is no situation that harms the interests of the Company and other shareholders, especially minority shareholders.

## 2. Regularly reports

During the reporting period, the Company timely prepared and disclosed the *2022 Annual Report*, the *2022 Internal Control Self-evaluation Report*, the *2022 Internal Control Audit Report*, the *2023 First Quarter Report*, the *2023 Half Year Report* and the *2023 Third Quarter Report* in strict accordance with relevant laws, regulations and normative documents, and accurately disclosed the financial data and important matters of the corresponding reporting period, and fully disclosed the operation condition of the Company to investors. The said reports have been deliberated and approved by the Board of Directors and the Board of Supervisors of the Company, and the *2022 Annual Report* has been deliberated and approved by the 2022 annual general meeting of shareholders of the Company. All of the directors, supervisors and senior officers have signed the regular reports of the Company for confirmation.

As an independent director and a member of the Audit Committee of the

Company, I have reviewed relevant proposals and believe that the review and disclosure procedures of the Company for regular reports are legal and compliant, and the financial data is accurate and detailed and truly reflects the actual situation of the Company.

### 3. Hiring of the accounting firm

The Company held the second meeting of the ninth Board of Directors, the second meeting of the ninth Board of Supervisors and the 2022 annual general meeting of shareholders on April 26, 2023 and May 25, 2023 respectively. At the meetings, the *Proposal on the Retaining of the Accounting Firm for Year 2023* was deliberated and approved, approving to retain SuyaJincheng CPA LLP as the audit agency of the Company for year 2023

As an independent director and a member of the Audit Committee of the Company, I have reviewed relevant proposals and believe that the Company's hiring of the accounting firm is a prudent decision made after considering audit quality, service level, and other factors and is conducive to protecting the interests of the Company and other shareholders, especially minority shareholders, and the deliberation process thereof complies with relevant laws and regulations and the *Articles of Association* of the Company.

### 4. Guarantees provided and fund occupation

For all guarantees provided by the Company in year 2023, the Company has gone through necessary deliberation and decision-making procedures in strict accordance with relevant laws and regulations, so the risks thereof are controllable. There is no guarantee provided in violations of laws and regulations, nor is there no guarantee provided for the controlling shareholder, any related party of the Company, any non-corporate unit or individuals. None of the controlling shareholder and the related parties of the Company has occupied the Company's funds for non-operation purpose, nor has there been any occupation of the Company's funds by the controlling shareholder or any other related parties in violations of laws and regulations that

occurred in previous periods but continued until the current reporting period. All fund flows between the Company and its related parties are normal fund flows in the production and operation activities of the Company.

#### 5. Internal control

During the reporting period, the Company continued the construction of internal control system and risk management according to the requirements of its internal control rules, revised and improved its internal control rules, and promoted the steady implementation of its internal control standard system. During the reporting period, I expressed my independent opinion on the self-evaluation report on internal control of the Company. I believe that the internal control mechanism of the Company is operating well and is conducive to preventing enterprise risks and standardizing enterprise operations. I did not find any major defect in the internal control design or implementation.

#### 6. Share repurchase

During the reporting period, I deliberated the *Proposal on the Repurchase of the Company's Shares* and believed that the Company's repurchase of its shares and the decision-making procedures conform to relevant laws and regulations as well as the *Articles of Association* of the Company. In view of the good operation conditions of the Company, the funds to be used for repurchasing shares will not have a significant impact on the daily operation, finance, R&D, debt repayment ability, etc. of the Company. The purpose of the repurchased shares is conducive to the long-term development of the Company. There is no situation where the repurchased shares will harm the interests of the Company and all shareholders, especially minority shareholders.

### **V. Efforts to protect the legitimate rights and interests of public shareholders**

1. In terms of information disclosure, I have been paying attention to the information disclosure work of the Company, urging the Company to strictly comply



with laws and regulations such as the Listing Rules and the *Self-regulatory Guidelines*, as well as relevant provisions of the *Information Disclosure Affairs Management System* of the Company, supervising and inspecting the information disclosure work of the Company, so as to ensure the authenticity, accuracy, completeness, timeliness, and fairness of the Company's information disclosure and effectively safeguard the interests of the public shareholders.

2. In terms of business management, during the reporting period, I performed my duties in strict accordance with relevant laws and regulations, actively participated in the meetings of Board of Directors and its specialized committees, diligently reviewed relevant documents and materials, conducted timely investigations and inquired with relevant departments and personnel regarding the proposals submitted, and made judgments independently and objectively and exercised voting rights fairly based on my professional knowledge. In addition, I have been paying attention to the improvement and implementation of the operating management and internal control rules of the Company, as well as the implementation of resolutions of the shareholders' meeting and the Board of Directors. I earnestly listened to the management's reports on the operating conditions and standardized operations of the Company, effectively fulfilled the duties of independent directors, and faithfully and diligently served all shareholders.

3. In terms of self-learning, I laid emphasis on learning the latest laws, regulations and various rules, actively participated in various trainings organized by the Company, and had a more comprehensive understanding of various rules for the management of listed companies.

## **VI. Overall evaluation and suggestions**

In 2023, I gave full play to the independence of an independent director, faithfully fulfilled various responsibilities and duties, actively attended relevant meetings, and prudently expressed opinions in the voting on relevant proposals, and safeguarded the overall interests of the Company and the legitimate interests of

minority shareholders.

In 2024, I will continue to exercise the rights and fulfill the obligations of independent directors prudently, earnestly and diligently in accordance with relevant laws, regulations, normative documents, as well as the provisions and requirements of the *Articles of Association* and the *Working Rules for Independent Directors* of the Company. I will fully utilize my professional knowledge to improve the decision-making ability of the Board of Directors, and effectively safeguard the overall interests of the Company and the legitimate rights and interests of minority shareholders.

Here I'd like to express my heartfelt gratitude to the Board of Directors, the management and relevant personnel of the Company for their great cooperation and support in my performance of my duties.

Gotion High-tech Co., Ltd.

Independent Director: Qiao Yun

April 18, 2024

## Annex 2

# 2023 Work Report of Independent Directors of Gotion High-tech Co., Ltd.

To all shareholders and shareholders' representatives:

As an independent director of Gotion High-tech Co., Ltd. (the “**Company**”), I have been honestly, diligently and independently performing my duties and fully playing the role of an independent director, and safeguarding the interests of the Company and the legitimate rights and interests of all shareholders, especially minority shareholders, in strict accordance with the *Company Law of the People's Republic of China* (the “**Company Law**”), the *Rules for the Governance of Listed Companies*, the *Rules Governing the Listing of Shares on the Shenzhen Stock Exchange* (the “**Listing Rules**”), the *Self-regulatory Guidelines for the Companies Listed on Shenzhen Stock Exchange No. 1 - Standardized Operation of Companies Listed on the Main Board* (the “**Self-regulatory Guidelines**”) and other related laws and administrative regulations of China as well as the *Articles of Association* of the Company. I hereby make a report on my fulfillment of duties during my tenure in 2023 as follows:

## I. Personal information

Born in October 1974, I am Qiao Yun, a Chinese national with a master's degree. I once served as a member of the Information Technology Division of the Science and Technology Commission of Shanghai Municipality, the General Manager of Shanghai Yahuan Information Technology Co., Ltd., the Deputy General Manager of CETC Digital Technology Co., Ltd., the Executive Director and President of CETC-MOTOR Co., Ltd., an independent director of Chongqing Dima Industry Co., Ltd., the General Manager of Nanjing Tianqing Automobile Electronics Co., Ltd., the President of Shanghai O-Film Tech. Co., Ltd., the Vice President of Shanghai Sansheng Hongye Investment (Group) Co., Ltd. Currently, I am the President of

Shanghai Qingjian Automobile Technology Co., Ltd. and an independent director of the Company.

As an independent director of the Company, I find after self-inspection that I meet the requirements for the independence of independent directors as stipulated in the *Measures for the Management of Independent Directors of Listed Companies*, the *Self-regulatory Guidelines* and related laws and regulations, and there is no circumstance that will affect my independence as an independent director.

## II. Fulfillment of duties during the year

The Company held a total of 5 board meetings and 4 shareholders' meetings in year 2023. I attended all of those board meetings, and attended all of those shareholders' meetings as a non-voting member. I voted in favor of all proposals deliberated at the board meetings, I did not authorized any other independent director to attend any of the said meetings on behalf of me, and I did not raise any objection to any matters deliberated at any of the said meetings.

(I) My attendance at the board meetings and the shareholders' meetings during the reporting period is as follows:

Name of independent director	Number of board meetings I should attend as an independent director this year	Number of board meetings I attended in person	Number of board meetings I attended by proxy	Number of board meetings I absent ed	Number of shareholders' meetings I should attend as an independent director this year	Number of shareholders' meetings I attended
Qiao Yun	5	5	0	0	4	4

(II) My opinions expressed at the board meetings and the shareholders' meetings during the reporting period

As an independent director of the Company, I have seriously looked into and inspected the business activities of the Company in 2023, have not raised objection to any proposal or other matters deliberated at the board meetings, and have expressed the following pre-approval or independent opinions on relevant matters of the

Company as required by relevant laws, regulations and rules:

Date of the meeting	Session of the meeting	Opinions expressed at the meeting
March 30, 2023	The first meeting of the 9th Board of Directors	Independent Opinion on the Appointment of Senior Officers by the Board of Directors of the Company; Independent Opinion on the By-election of Non-independent Directors of the 9th Board of Directors
April 26, 2023	The second meeting of the ninth Board of Directors	Pre-approval Opinion on the Expected Guarantee Amount for Year 2023; Pre-approval Opinion on the Expected Daily Related-party Transactions for Year 2023; Pre-approval Opinions on the Retaining of the Accounting Firm for the Year 2023; Independent Opinion on the Self-evaluation Report on Internal Control in Year 2022; Independent Opinion on the Special Report on the Deposit and Use of Raised Funds in Year 2022; Independent Opinion on the 2022 Annual Profit Distribution Plan; Independent Opinion on the Expected Guarantee Amount for Year 2023; Independent Opinion on the Use of Self-owned Idle Funds for Entrusted Wealth Management in 2023; Independent Opinion on the Conducting of Foreign Exchange Hedging Business in 2023; Independent Opinion on the Expected Daily Related-Party Transactions for Year 2023; Independent Opinion on the Changes in Accounting Policies; Independent Opinion on the Retaining of the Accounting Firm for Year 2023; Independent Opinion on Shareholder Return Planning for the Next Three Years (Years 2023-2025); Independent Opinion on the Achievement of the Unlocking Conditions for the Third Unlocking Period of the Employee Stock Ownership Plan (Phase II); Independent Opinion on the Special Statement on Securities Investment Situation in Year 2022; Independent Opinion on the Special Statement on the Occupation of Funds by the Controlling Shareholder and Other Related Parties of the Company; Independent Opinion on the Special Statement on the Cumulative and Current Guarantees Provided and Other Matters of the Company; Independent Opinion on Retroactive Adjustment of the Financial Statements Disclosed due to Business Combination under Common Control
August 28, 2023	The third meeting of the ninth Board of Directors	Independent Opinion on the Special Report on the Deposit and Use of Raised Funds in the First Half of 2023; Independent Opinion on the Use of Some Idle Raised Funds for Cash Management; Independent Opinion on the Achievement of the Exercise Conditions for the First Exercise Period of the 2021 Stock Option Incentive Plan; Independent Opinion on the Cancellation of Some Stock Options Granted under the 2021 Stock Option Incentive Plan; Independent Opinion on the Achievement of the Exercise Conditions for the First Exercise Period for the First Batch of Stock Options Granted under the 2022 Stock Option Incentive Plan, Independent Opinion on the Cancellation of the First Batch of Stock Options Granted under the 2022 Stock Option Incentive Plan, Special Statement and Independent Opinion on the Occupation of Company Funds and Guarantees Provided by the Controlling Shareholder and Its Related Parties in the First Half of 2023

October 26, 2023	The fourth meeting of the ninth Board of Directors	Independent Opinion on the Company's Registration and Issuance of Collective Short-term Financing Bonds
December 4, 2023	The fifth meeting of the 9th Board of Directors	Independent Opinion on the Plan to Repurchase the Company's Shares; Independent Opinion on the Appointment of the Board Secretary of the Company; Independent Opinions on the Adjustment of the Implementation Progress of Some Projects Invested with Raised Funds; Independent Opinion on the Cancellation of Some Stock Options Granted under the 2021 Stock Option Incentive Plan

(III) My participation in the meetings of specialized committees under the Board of Directors

#### 1. Audit Committee

I participated 5 meetings of the Audit Committee as a member thereof in year 2023, and there were 15 proposals deliberated and approved at the meetings. Details are as follows:

Session of the meeting	Date of the meeting	Content of the meeting
The first meeting of the Audit Committee in 2023	April 25, 2023	<ol style="list-style-type: none"> <li>1. Deliberated the <i>Proposal on the 2022 Final Account Report</i></li> <li>2. Deliberated the <i>Proposal on the 2022 Annual Financial Report</i></li> <li>3. Deliberated the <i>Proposal on the 2023 Financial Budget Report</i></li> <li>4. Deliberated the <i>Proposal on the Financial Report for Q1 2023</i></li> <li>5. Deliberated the <i>Proposal on the Use of Idle Self-owned Funds for Entrusted Wealth Management in 2023</i></li> <li>6. Deliberated the <i>Proposal on the Conducting of Foreign Exchange Hedging Business in 2023</i></li> <li>7. Deliberated the <i>Proposal on the Self-evaluation Report of Internal Control in Year 2022</i></li> <li>8. Deliberated the <i>Proposal on the 2022 Internal Audit Report and the 2023 Internal Audit Plan</i></li> <li>9. Deliberated the <i>Proposal on the Internal Audit Report for Q1 2023 and the Internal Audit Plan for Q2 2023</i></li> <li>10. Deliberated the <i>Proposal on the Retaining of the Accounting Firm for Year 2023</i></li> </ol>
The second meeting of the Audit Committee in 2023	May 26, 2023	Deliberated the <i>Proposal on the Hiring of Ernst &amp; Young for Special Audit</i>
The third meeting of the Audit Committee in 2023	August 28, 2023	<ol style="list-style-type: none"> <li>1. Deliberated the <i>Proposal on the Internal Audit Report for the First Half Year of 2023 and the Internal Audit Plan for Q3 2023</i></li> <li>2. Deliberated the <i>Proposal on the Financial Report for the First Half Year of 2023</i></li> </ol>

The Fourth Meeting of the Audit Committee in 2023	October 26, 2023	1. Deliberated the <i>Proposal on the Internal Audit Report for Q3 2023 and the Internal Audit Plan for Q4 2023</i> 2. Deliberated the <i>Proposal on Financial Report of Q3 2023</i>
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## 2. Remuneration and Appraisal Committee

The Company did not hold any meeting of the Remuneration and Appraisal Committee in year 2023. As a member of the Remuneration and Appraisal Committee, I have supervised the implementation of the remuneration and appraisal rules of the Company, and reviewed matters related to the achievement of the exercise conditions for the first exercise period for the first batch of stock options granted under the 2021 stock option incentive plan and the 2022 stock option incentive plan, and the achievement of the unlocking conditions for the third unlocking period for the stock option incentive plan (Phase II) of the Company.

### (IV) Special meetings of independent directors

Since there is a transitional period of one year after the *Measures for the Management of Independent Directors of Listed Companies* came into effect on September 4, 2023, the Company did not hold any special meeting of independent directors during the reporting period.

### (V) My on-site work and the Company's support for my work

In 2023, I participated in the performance briefing, meetings of the Board of Directors and its specialized committees, and shareholders' meetings of the Company either on site or through video conferences, and maintained close contact with other directors, senior officers, internal audit department and relevant staff through telephone, WeChat, email, video conferencing, etc., to listen to the management's reports on the operation condition and standardized operation of the Company, fully understand the business, internal control, financial situation, progress of important matters and implementation of board resolutions of the Company. In addition, I paid attention to any change in the external environment and industry market as well as the public opinion on the Company, timely understood the progress of production & operation as well as major issues of the Company, put forward professional opinions

and suggestions, supervised the standardized operation of the Company, effectively fulfilled the responsibilities of independent directors, and fully played the role of guidance and supervision.

In order to ensure my effective exercise of powers and fully guarantee my right to know as an independent director, the Company provided necessary support and assistance in my fulfillment of my duties. First, the Company was able to communicate with me in a timely manner on major issues such as the production & operation of the Company. Besides, in order to promote the full exercise of decision-making, supervision, and management functions of the directors, supervisors and senior officers within their respective scope of duties, and to protect the rights and interests of the Company and investors, the Company has purchased liability insurances for the Company and all of its directors, supervisors and senior officers in accordance with relevant provisions of the *Rules for the Governance of Listed Companies* and related laws and regulations.

### **III. Communication in the audit work**

In order to effectively fulfill my supervisory responsibilities, I, during the 2022 annual audit of the Company and the preparation of its annual report, actively communicated with the internal audit department of the Company and the certified public accountants of SuyaJincheng CPA LLP on the matters that I paid attention to. Besides, I paid attention to the audit process, carefully reviewed relevant documents, and ensured the timely completion of the audit work and the authenticity, accuracy, and completeness of the financial reports issued. In daily work, I also supervised and urged the improvement and effective implementation of the internal audit rules of the Company.

### **IV. Key issues of concern in my fulfillment of duties**

During the reporting period, I fulfilled my duties diligently and faithfully, gave full play to my role of an independent director, and made independent judgments and decisions on major issues in strict accordance with relevant provisions of the



*Company Law*, the *Securities Law*, the *Rules for the Governance of Listed Companies*, the *Measures for the Management of Independent Directors of Listed Companies* and other related laws and regulations of the state, as well as the *Articles of Association* of the Company. Details are as follows:

1. Related-party transactions that should be disclosed

The Company held the second meeting of the ninth Board of Directors, the second meeting of the ninth Board of Supervisors and the 2022 annual general meeting of shareholders on April 26, 2023 and May 25, 2023 respectively. At the meetings, the *Proposal on the Expected Daily Related-party Transactions for Year 2023* was deliberated and approved, approving the estimated daily related-party transactions between the Company's controlling subsidiaries and related parties for year 2023.

I believe that the said related-party transactions are in line with the principles of "fairness, impartiality and fairness", consistent with relevant laws and regulations, and conducive to the stable and sustainable development of the Company's business. They will not lead to significant dependence of the Company's primary business on related parties, and there is no situation that harms the interests of the Company and other shareholders, especially minority shareholders.

2. Regularly reports

During the reporting period, the Company timely prepared and disclosed the *2022 Annual Report*, the *2022 Internal Control Self-evaluation Report*, the *2022 Internal Control Audit Report*, the *2023 First Quarter Report*, the *2023 Half Year Report* and the *2023 Third Quarter Report* in strict accordance with relevant laws, regulations and normative documents, and accurately disclosed the financial data and important matters of the corresponding reporting period, and fully disclosed the operation condition of the Company to investors. The said reports have been deliberated and approved by the Board of Directors and the Board of Supervisors of the Company, and the *2022 Annual Report* has been deliberated and approved by the

2022 annual general meeting of shareholders of the Company. All of the directors, supervisors and senior officers have signed the regular reports of the Company for confirmation.

As an independent director and a member of the Audit Committee of the Company, I have reviewed relevant proposals and believe that the review and disclosure procedures of the Company for regular reports are legal and compliant, and the financial data is accurate and detailed and truly reflects the actual situation of the Company.

### 3. Hiring of the accounting firm

The Company held the second meeting of the ninth Board of Directors, the second meeting of the ninth Board of Supervisors and the 2022 annual general meeting of shareholders on April 26, 2023 and May 25, 2023 respectively. At the meetings, the *Proposal on the Retaining of the Accounting Firm for Year 2023* was deliberated and approved, approving to retain SuyaJincheng CPA LLP as the audit agency of the Company for year 2023

As an independent director and a member of the Audit Committee of the Company, I have reviewed relevant proposals and believe that the Company's hiring of the accounting firm is a prudent decision made after considering audit quality, service level, and other factors and is conducive to protecting the interests of the Company and other shareholders, especially minority shareholders, and the deliberation process thereof complies with relevant laws and regulations and the *Articles of Association* of the Company.

### 4. Guarantees provided and fund occupation

For all guarantees provided by the Company in year 2023, the Company has gone through necessary deliberation and decision-making procedures in strict accordance with relevant laws and regulations, so the risks thereof are controllable. There is no guarantee provided in violations of laws and regulations, nor is there no guarantee provided for the controlling shareholder, any related party of the Company,

any non-corporate unit or individuals. None of the controlling shareholder and the related parties of the Company has occupied the Company's funds for non-operation purpose, nor has there been any occupation of the Company's funds by the controlling shareholder or any other related parties in violations of laws and regulations that occurred in previous periods but continued until the current reporting period. All fund flows between the Company and its related parties are normal fund flows in the production and operation activities of the Company.

#### 5. Internal control

During the reporting period, the Company continued the construction of internal control system and risk management according to the requirements of its internal control rules, revised and improved its internal control rules, and promoted the steady implementation of its internal control standard system. During the reporting period, I expressed my independent opinion on the self-evaluation report on internal control of the Company. I believe that the internal control mechanism of the Company is operating well and is conducive to preventing enterprise risks and standardizing enterprise operations. I did not find any major defect in the internal control design or implementation.

#### 6. Share repurchase

During the reporting period, I deliberated the *Proposal on the Repurchase of the Company's Shares* and believed that the Company's repurchase of its shares and the decision-making procedures conform to relevant laws and regulations as well as the *Articles of Association* of the Company. In view of the good operation conditions of the Company, the funds to be used for repurchasing shares will not have a significant impact on the daily operation, finance, R&D, debt repayment ability, etc. of the Company. The purpose of the repurchased shares is conducive to the long-term development of the Company. There is no situation where the repurchased shares will harm the interests of the Company and all shareholders, especially minority shareholders.

## **V. Efforts to protect the legitimate rights and interests of public shareholders**

1. In terms of information disclosure, I have been paying attention to the information disclosure work of the Company, urging the Company to strictly comply with laws and regulations such as the Listing Rules and the *Self-regulatory Guidelines*, as well as relevant provisions of the *Information Disclosure Affairs Management System* of the Company, supervising and inspecting the information disclosure work of the Company, so as to ensure the authenticity, accuracy, completeness, timeliness, and fairness of the Company's information disclosure and effectively safeguard the interests of the public shareholders.

2. In terms of business management, during the reporting period, I performed my duties in strict accordance with relevant laws and regulations, actively participated in the meetings of Board of Directors and its specialized committees, diligently reviewed relevant documents and materials, conducted timely investigations and inquired with relevant departments and personnel regarding the proposals submitted, and made judgments independently and objectively and exercised voting rights fairly based on my professional knowledge. In addition, I have been paying attention to the improvement and implementation of the operating management and internal control rules of the Company, as well as the implementation of resolutions of the shareholders' meeting and the Board of Directors. I earnestly listened to the management's reports on the operating conditions and standardized operations of the Company, effectively fulfilled the duties of independent directors, and faithfully and diligently served all shareholders.

3. In terms of self-learning, I laid emphasis on learning the latest laws, regulations and various rules, actively participated in various trainings organized by the Company, and had a more comprehensive understanding of various rules for the management of listed companies.

## **VI. Overall evaluation and suggestions**

In 2023, I gave full play to the independence of an independent director, faithfully fulfilled various responsibilities and duties, actively attended relevant meetings, and prudently expressed opinions in the voting on relevant proposals, and safeguarded the overall interests of the Company and the legitimate interests of minority shareholders.

In 2024, I will continue to exercise the rights and fulfill the obligations of independent directors prudently, earnestly and diligently in accordance with relevant laws, regulations, normative documents, as well as the provisions and requirements of the *Articles of Association* and the *Working Rules for Independent Directors* of the Company. I will fully utilize my professional knowledge to improve the decision-making ability of the Board of Directors, and effectively safeguard the overall interests of the Company and the legitimate rights and interests of minority shareholders.

Here I'd like to express my heartfelt gratitude to the Board of Directors, the management and relevant personnel of the Company for their great cooperation and support in my performance of my duties.

Gotion High-tech Co., Ltd.

Independent Director: Qiao Yun

April 18, 2024

**Annex 3****Gotion High-tech Co., Ltd.****2023 Annual Work Report of the Board of Supervisors**

In 2023, in strict accordance with the *Company Law of the People's Republic of China* (the “**Company Law**”), the *Securities Law of the People's Republic of China* (the “**Securities Law**”), and the *Rules Governing the Listing of Shares on Shenzhen Stock Exchange* (the “**Listing Rules**”) and other laws and regulations, as well as the *Articles of Association* and the *Working Rules of the Board of Supervisors*, all the members of the Board of Supervisors of Gotion High-tech Co., Ltd. (the “**Company**”) exercised their functions and powers independently with dedication and diligence, carried out their work actively and effectively, and effectively supervised the Company's production and business activities, related-party transactions, financial status, and the legality and compliance of the Board of Directors and senior executives in performing their duties, which promoted the standardized operation of the Company and better safeguarded the legitimate rights and interests of the shareholders and the Company. The performance of duties by the Board of Supervisors in 2023 is hereby reported as follows:

**I. Meetings of the Board of Supervisors during the Reporting Period**

During the reporting period, the Company held 5 meetings of the Board of Supervisors in total, and the following proposals were discussed at such meetings and resolutions were made accordingly:

<b>No.</b>	<b>Meeting Name</b>	<b>Meeting Date</b>	<b>Meeting Form</b>	<b>Proposals Reviewed and Passed</b>
1	The 1st meeting of the 9th Board of Supervisors	March 30, 2023	Via means of communication	<i>Proposal on the Election of the Chairman for the Ninth Board of Supervisors</i>
2	The 2nd meeting of the	April 26, 2023	On-site	<i>Proposal on the 2022 Work Report of the Board of Supervisors, Proposal on the 2022</i>

	9th Board of Supervisors			<p><i>Final Financial Accounts Report, Proposal on the 2022 Annual Report and its Summary, Proposal on the 2022 Self-evaluation Report on Internal Control, Proposal on the 2022 Special Report on Deposit and Use of Raised Funds, Proposal on the 2022 Profit Distribution Plan, Proposal on the 2023 Financial Budget Report, Proposal on the 2023 Application for the Comprehensive Credit Line, Proposal on the 2023 Prediction of the Guarantee Amount, Proposal on the 2023 Use of Own Idle Funds for Entrusted Financial Management, Proposal on the 2023 Business of Foreign Exchange Hedging, Proposal on the 2023 Prediction of Daily Related-party Transactions, Proposal on Changes in Accounting Policies, Proposal on the 2023 Renewal of Accounting Firm, Proposal on the 2023 First Quarter Report, Proposal on the Increase of the Capital of a Subsidiary, Proposal on Shareholder Return Planning for the Next Three Years (2023-2025) of the Company</i></p>
3	The 3rd meeting of the 9th Board of Supervisors	August 28, 2023	On-site	<p><i>Proposal on the Special Report on the Deposit and Use of Funds Raised by the Company in the Half Year of 2023, Proposal on the 2023 Semi Annual Report of the Company and Its Summary, Proposal on the Use of Part of the Idle Raised Funds for Cash Management, Proposal on the Achievement of the Exercise Conditions for the First Exercise Period of the 2021 Share Option Incentive Plan, Proposal on Cancelling Part of the Share Options Granted under the 2021 Share Option Incentive Plan, Proposal on the Achievement of the Exercise Conditions for the First Exercise Period of the First Grant under the 2022 Share Option</i></p>

				<i>Incentive Plan, Proposal on Cancelling Part of the Share Options First Granted under the 2022 Share Option Incentive Plan</i>
4	The 4th meeting of the 9th Board of Supervisors	October 26, 2023	On-site	<i>Proposal on the 2023 Third Quarter Report, Proposal on the Proposed Registration and Issuance of Pooled Short-term Financing Bonds</i>
5	The 5th meeting of the 9th Board of Supervisors	December 4, 2023	On-site	<i>Proposal on the Plan for Repurchase of the Company's Shares, Proposal on Adjusting the Implementation Schedule of Some Projects Invested with Raised Funds, Proposal on Cancelling Part of the Share Options Granted under the 2021 Share Option Incentive Plan</i>

For the 5 meetings of the Board of Supervisors held in 2023, the convening and holding procedures, the qualifications of the attendees thereof, the voting procedures and results, and the resolutions are all in line with the requirements of the *Company Law*, the *Articles of Association* and the *Working Rules of the Board of Supervisors*.

## **II. Review Opinions of the Board of Supervisors on Related Matters of the Company during the Reporting Period**

During the reporting period, members of the Board of Supervisors of the Company attended the meetings of the Board of Directors and the general meetings of shareholders as required, and supervised and issued audit opinions on the Company's operation according to law, financial situation, use and management of raised funds, related-party transactions, external guarantees, internal control, equity incentive, repurchase of the Company's shares, and other important matters.

### **(I) Operation of the Company according to law**

In strict accordance with the *Company Law*, the *Securities Law* and other relevant laws and regulations, as well as the *Articles of Association* and the *Working Rules of the Board of Supervisors*, the Board of Supervisors attended the meetings of



the Board of Directors and the general meetings of shareholders, and supervised the corporate governance of the Company according to law. The Board of Supervisors believed that the Board of Directors of the Company has operated in a standardized manner, made decisions according to legal procedures, conscientiously implemented the resolutions of the general meeting of shareholders, faithfully fulfilled the obligation of good faith, established a relatively perfect internal control system, and had no act that violates national laws, regulations and the *Articles of Association* or harms the interests of the Company and its shareholders.

## (II) Financial situation of the Company

After careful and meticulous supervision and inspection of the financial situation and financial management of the Company in 2023, the Board of Supervisors believed that the Company has a sound financial system, its operation is standardized, and its implementation of the Accounting Law, the *Accounting Standards for Business Enterprises* and other laws and regulations is good. The Board of Supervisors reviewed the periodic reports and issued written review opinions. It believed that the Board of Directors has prepared and reviewed the Company's annual reports, semi-annual reports and quarterly reports in accordance with laws, administrative regulations and regulations of the CSRC, and the reports have truly, accurately and completely reflected the actual situation of the Company without any false record, misleading statement or material omission.

## (III) Use and management of raised funds

After effective supervision of the Company's use and management of raised funds in 2023, the Board of Supervisors believed that when using raised funds, the Company could implement and carry out necessary decision-making procedures in strict accordance with relevant laws, regulations and the Company's *Measures for the Administration of Raised Funds*, and the Company has used raised funds in a legal and compliant manner without any disguised change of the use of raised funds or harm to the interests of shareholders, especially minority shareholders. The contents

of the 2023 *Special Report on Deposit and Use of Raised Funds* prepared by the Board of Directors of the Company are true, accurate and complete.

(IV) Related-party transactions of the Company

After supervision and audit of the Company's related-party transactions in 2023, the Board of Supervisors believed that during the reporting period, the Company's related-party transactions were in line with its actual needs, the decision-making procedures were legal, the transaction price was fair and reasonable on the principle of openness, fairness and justice, and there was no harm to the interests of the Company and other non-related shareholders, neither was there any occupation of the Company's funds by related parties or other harm to the interests of the Company. When the Board of Directors reviewed related-party transactions, the related directors recused themselves from the vote, and the voting procedures were legal, valid, and conform to relevant laws, regulations and the *Articles of Association*.

(V) External guarantees of the Company

After audit of the Company's external guarantees in 2023, the Board of Supervisors believed that the Company has fulfilled the approval procedures and information disclosure obligations in accordance with the Listing Rules and the *Articles of Association*, the actual amount of the Company's guarantees to its holding subsidiaries and joint stock companies has been within the predicted range of the annual guarantee amount, and the Company has timely disclosed progress announcements when there was actually a guarantee, without any external guarantee in violation of the specified procedures.

(VI) Internal control

After audit of the Company's internal control in 2023, the Board of Supervisors believed that the existing internal control system of the Company is in line with national laws and regulations, meets actual business needs of the Company at present, and has been better implemented in operation and management of the Company, which ensures orderly progress of the Company's business activities and plays a better

role in control and prevention. The *2023 Self-evaluation Report on Internal Control* issued by the Board of Directors of the Company reflects current internal control of the Company objectively and truly.

(VII) Management of insiders

After supervision of the Company's management of insiders during the reporting period, the Board of Supervisors believed that the Company has strictly followed relevant laws, regulations and the Company's *Regulations on Registration and Management of Insiders*, the information has been transferred in a standardized manner, the insiders have been registered and filed timely and accurately, and no insider has been found to have traded in the Company's shares using insider information.

(VIII) Implementation of the Company's equity incentive plan

After audit of the Company's exercise and cancellation of part of the share options for the first exercise period of the 2021 share option incentive plan and of the first grant of the 2022 share option incentive plan, the Board of Supervisors believed that the Company has actually achieved the performance goal, and the participants have legal and valid exercise qualifications in accordance with the relevant provisions of the *Measures for the Administration of Equity Incentives of Listed Companies* and the Company's *2021 Share Option Incentive Plan*, *2022 Share Option Incentive Plan*, *Measures for the Administration of Assessment of the Implementation of the Company's 2021 Share Option Incentive Plan* and *Measures for the Administration of Assessment of the Implementation of the Company's 2022 Share Option Incentive Plan*, etc. Meanwhile, after audit of the Company's conditions and procedures for cancelling part of the share options, the Board of Supervisors believed that the relevant review procedures are legal and compliant, and there has been no harm to the interests of all shareholders, especially minority shareholders, in the implementation of the Company's share option incentive plans.

(IX) Repurchase of the Company's shares

After audit of the Company's repurchase plan in 2023, the Board of Supervisors believed that the share repurchase plan is in line with the *Rules for Repurchase of Shares by Listed Companies*, the *Self-regulatory Guidelines for Companies Listed on Shenzhen Stock Exchange No. 9 – Share Repurchase* and other laws and regulations, as well as the *Articles of Association*, and is conducive to enhancing investors' confidence in the Company's future development prospects and enhancing the recognition of the Company's value. The shares will be repurchased by means of centralized competitive bidding or other means permitted by laws and regulations at an amount with no significant impact on daily operations, financial situation and future development of the Company, without any harm to the interests of the Company and all its shareholders, especially minority shareholders.

### **III. Work Plan of the Board of Supervisors for 2024**

Members of the Board of Supervisors of the Company will closely focus on the Company's business plan for 2024, timely grasp the Company's major decisions, pay attention to the legality of the decision-making procedures, perform their duties faithfully and diligently, further step up supervision, promote standardized operation of the Company, and continuously improve corporate governance structure of the Company to practically safeguard the interests of the Company and its shareholders. The Board of Supervisors will focus on the following tasks:

1. Supervise the Company's operation according to law, and actively urge the establishment and effective operation of internal control system. Strengthen the communication with the Board of Directors and management, and supervise the operation of and the performance of duties by the Board of Directors and management, aiming to ensure the Company's operation according to law, and promote sustainable, stable and healthy development of the Company.
2. Strengthen daily supervision of the Company's financial situation. Check the Company's finances, supervise the financial operation of the Company by understanding and reviewing financial reports on a regular basis, and keep

communication with external audit agencies to control the operating risks in each business line. Strengthen supervision of the Company's external guarantees, related-party transactions, and other major matters, and continuously promote standardized operation of the Company.

3. Strengthen construction of the Board of Supervisors, and promote the continuous improvement of the quality and level of the work of the Board of Supervisors. In 2024, the Board of Supervisors of the Company will continue to strengthen the study of relevant laws, regulations, financial management, internal control construction, corporate government, etc., make full use of industry training and trade exchange to practically improve its professional skill and the ability to perform duties, improve the supervision function according to law, promote its construction, and enhance the effectiveness of its supervision.

Board of Supervisors of Gotion High-tech Co., Ltd.

April 18, 2024

#### **Annex 4**

Please see the announcement for the details of 2023 Annual Report of  
Gotion High-tech Co., Ltd.

**Annex 5**

## Summary of the 2023 Annual Report of Gotion High-tech Co.,Ltd.

**I.Important Notes**

The summary of this annual report is from the full text of the annual report. And in order to fully understand the company's operating performance, financial status and future development plan, investors should read the full text of the annual report carefully in the media designated by the CSRC.

All directors have attended the meeting of the Board of Directors at which this report is deliberated.

Non-standard auditing opinions

☐Applicable ☒Not Applicable

Proposals for profit distribution or increase of capital from provident fund for the reporting period considered by the board of directors

☒Applicable ☐Not Applicable

Whether to increase share capital by way of provident fund or not

☐Yes ☒No

The profit distribution proposal of the Company considered and approved by the Board of Directors is as follows: based on the total share capital registered on the equity registration date for the implementation of the equity distribution deducting the repurchased shares in the Company's repurchase special securities account, a cash dividend of RMB 1.00 (tax included) per 10 shares will be paid to all shareholders, and bonus shares will be given out as 0 shares (tax included), and the Company will not increase share capital with reserved fund.

Proposed distribution of preferred stock profits for the reporting period adopted by resolution of the Board of Directors

☐Applicable ☒Not Applicable

**II.Company Overview****1. Company profile**

Stock name	Gotion High-tech	Stock Code	002074
Stock exchange	SZSE		
Contact person and contact information	Board Secretary	Securities Representative	
Name	Wang Quan	Xu Guohong	
Contact address	No. 566 Huayuan Avenue, Baohe District, Hefei City, Anhui Province	No. 566 Huayuan Avenue, Baohe District, Hefei City, Anhui Province	
Tel	0551-62100175	0551-62100175	
Fax	0551-62100213	0551-62100213	

E-mail address	wanguan_yj@gotion.com.cn	xuguohong@gotion.com.cn
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## 2.Primary business of the Company during the reporting period

During the reporting period, the Company's primary business is divided into three parts: power battery system, energy storage battery system, and transmission and distribution equipment. According to the *Guidelines for the Industrial Classification of Listed Companies* issued by CSRC, the Company is in the industry of "Electrical machinery and equipment manufacturing" under "Manufacturing".

### (1) Power battery system

The Company is a domestic pioneer in the independent R&D, production and sales of power lithium batteries for new energy vehicles. Its main products are lithium iron phosphate materials and battery cells, ternary materials and battery cells, power battery packs and battery management systems. The Company has maintained long-term strategic cooperation relations with many enterprises in the new energy vehicle ecosystem chains in the world, and its products are widely used in the field of new energy vehicles, such as pure electric commercial vehicles, passenger cars, special vehicles and hybrid vehicles.

### (2) Energy storage battery system

The Company has a mature technical system, a complete product matrix and comprehensive solutions in energy storage battery. Its main products include energy storage cells, standardized battery boxes, battery clusters, lithium-ion battery compartments for power storage, outdoor cabinets for commercial and industrial lithium-ion batteries, household energy storage systems, modules, etc., which meet the needs of various scenarios such as centralized power storage, commercial and industrial energy storage, and household energy storage, and have passed compulsive standards GB in China, the UL safety standards in US, the international IEC and other standard certifications. The Company focuses on the deployment of four major energy storage fields (i.e., power generation side, grid side, power side and user side), with energy storage customers around the world.

### (3) Power transmission and distribution equipment

Power transmission and distribution equipment is a traditional business segment of the Company. Its main products include high and low voltage switchgear, digital electrical equipment, smart distribution network equipment, transformers, circuit breakers, integrated charging piles, and energy storage cabinets. These products are widely used in industries such as thermal power, hydro power, nuclear power, wind power, rail transportation, metallurgy, and chemical engineering. In recent years, the Company has actively promoted industrial transformation through technological innovation, expanding its power transmission and distribution O&P services as well as EPC project contracting.

## 3.Major accounting data and financial indicators



**(1) Major accounting data and financial indicators for the recent three years**

Whether the Company need to retrospectively adjust or restate previous year's accounting data:

Applicable ☐ Not Applicable ☒

Monetary Unit: RMB

	As end of 2023	As end of 2022	Changes (%) compares to previous year	As end of 2021
Total assets (RMB)	93,592,652,122.38	72,627,365,266.66	28.87%	43,613,293,048.19
Equity attributable to owners of the listed company (RMB)	25,066,839,997.17	23,512,253,186.21	6.61%	18,777,606,791.28
	2023	2022	Changes (%) compares to previous year	2021
Operating revenue (RMB)	31,605,490,020.32	23,051,701,484.60	37.11%	10,356,081,191.76
Net profit attributable to the owner of the listed company (RMB)	938,726,847.76	311,576,431.81	201.28%	101,773,908.78
Net profit attributable to the owner of the listed company after deducting non-recurring profits and losses (RMB)	116,709,549.38	-515,170,864.59	122.65%	-342,085,953.12
Net cash flows from operating activities (RMB)	2,418,690,817.29	801,270,839.12	201.86%	1,058,194,665.03
Basic earnings per share (RMB/share)	0.53	0.18	194.44%	0.08
Diluted earnings per share (RMB/share)	0.53	0.18	194.44%	0.08
Weighted average return on equity .	3.87%	1.50%	2.37%	0.62%

**(2) Major financial indicators by quarters**

Monetary Unit: RMB

	Q1	Q2	Q3	Q4
Operating revenue	3,916,203,789.66	4,721,662,711.66	5,788,332,058.19	8,625,502,925.09
Net profit attributable to the owner of the listed company	32,203,716.32	32,419,288.38	85,556,425.39	161,397,001.72
Net profit attributable to the owner of the listed company after deducting non-recurring profits and losses	9,788,683.80	-182,874,117.81	-186,437,067.10	-155,648,363.48
Net cash flows from operating activities	44,179,590.60	47,428,366.13	-6,856,129.17	716,519,011.56

Are there any material differences between the above financial indicators or their sum and the financial indicators related to the disclosed quarterly report and semiannual report of the Company

☐ Yes ☒ No

**4.Share capital and shareholders****(1) List of common shareholders and preferred shareholders with restored voting rights and the holdings of the top 10 shareholders**

Unit: Stock

Total number of shareholders holding ordinary shares at the end of the reporting period	139,774	Number of common shareholders at the end of the preceding month before the disclosure date of the annual report.	148,811	Total number of preferred shareholders whose voting rights have been restored by the end of the reporting period	0	Total number of shareholders holding preferred shares with resumed voting rights at the end of the reporting period	0
Shareholding status of shareholders holding top 10 shareholders (excluding shares lent through refinancing business)							
Name of	Nature of	Ownership	Number of shares held	Number of	Being pledged,		

shareholder	shareholder	ratio		restricted shares held	marked or frozen	
					Share status	Number
Volkswagen (China) Investment Co., Ltd.	Domestic non-state-owne d legal person	24.68%	440,630,983	384,163,34 6	N/A	0
Nanjing Gotion Holding Group Co., Ltd.	Domestic non-state-owne d legal person	9.56%	170,751,887	0	Pledge d	104,880,00 0
Li Zhen	Domestic natural person	5.79%	103,276,150	77,457,112	Frozen	286,147
Hong Kong Securities Clearing Co., Ltd.	Overseas legal person	2.49%	44,537,171	0	N/A	0
Li Chen	Domestic natural person	1.59%	28,472,398	0	N/A	0
Industrial and Commercial Bank of China Limited - Qianhai Kaiyuan New Economy Flexible Allocation Hybrid Securities Investment Fund	Others	1.38%	24,576,569	0	N/A	0
Galaxy Derivatives Financial Service Co.Ltd	Domestic non-state-owne d legal person	1.20%	21,441,718	0	N/A	0
Citibank, National Association	Overseas legal person	1.19%	21,280,100	0	N/A	0

CITIC Securities Co., Ltd.	State-owned legal person	1.07%	19,096,798	0	N/A	0
China Construction Bank Corporation - Qianhai Kaiyuan Public Utility Industry Equity Securities Investment Fund	Others	1.01%	18,056,616	0	N/A	0
Explanations on the related relationship or concerted actions of the said shareholders		<p>1. Shareholders Li Zhen, Li Chen and Gotion Holding are persons acting in concert (Li Zhen is the Controlling Shareholder, legal representative, and executive director of Gotion Holding; and Li Chen is the son of Li Zhen).</p> <p>2. During the reporting period, Gotion Holding implemented a capital increase plan and conducted over-the-counter derivative trading with Galaxy Derivatives Financial Service Co.Ltd (“Galaxy Derivatives”). Galaxy Derivatives accumulatively purchased 21,373,518 shares of the Company’s shares from the secondary market through the securities trading system of the SZSE, but Gotion Holding has no related relationship with Galaxy Derivatives;</p> <p>3. Except for the aforesaid related relationship, it is unknown whether there is any other related relationship among the top 10 shareholders, or whether there are any persons acting in concert as stipulated in the Measures for the Administration of the Takeover of Listed Companies.</p>				
Explanation of shareholders holding shares who participate in securities margin trading (if any)		The shareholder Gotion Holding holds 14,550,000 shares of the Company through the credit securities account.				

Whether the top 10 shareholders participate in the lending of shares through refinancing business

☐ Applicable ☒ Not applicable

Any change in the top 10 shareholders compared to the previous period

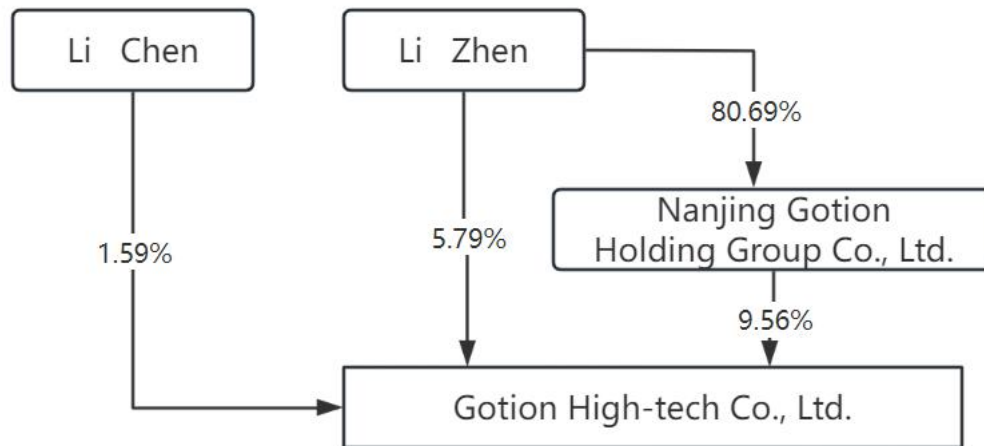
☐ Applicable ☒ Not applicable

## (2) Table of the total number of preferred shareholders and the shareholding status of the preferred shareholders of the top 10 preferred shareholders

☐ Applicable ☒ Not applicable

The Company does not have any preferred shares during the reporting period.

**(3) Block diagram of the property and control relationship between the Company and the actual controller**



**5.The bonds existing on the date of approval of the annual report**

☒Applicable ☐Not applicable

**(1) Basic information of bonds**

Name of bond	Name abbreviation	Bond code	Issue date	Maturity date	Balance of bonds(RMB Ten thousand )	Interest rate
2022 Phase I Gotion High-tech Green Bond (Kechuang) Debt Financing Plan	22 Wan Gotion High-tech ZRGN001 (Kechuang)	22CFGN0838	Nov. 25, 2022	No. 24, 2025	40,000	4.00%
Phase I Collective Short-term Financing Bonds for Advanced Manufacturing Enterprises in the Yangtze River Delta in 2023	23Yangtze River Delta Collective CP001	042380753	December 22, 2023	September 20, 2024	40,000	2.98%
Interest payment of corporate bonds during the reporting period	During the reporting period, the interest payment of the bonds is as follows: 1. "18,Gotion Green Bond 01" has been paid back on April 13,2023; 2. 2022 Phase I Gotion High-tech Green Bond (Kechuang) Debt Financing Plan pays the interest normally quarterly.					

## (2) Recent tracking of ratings and rating changes in corporate bonds

On December 12, 2023, China Chengxin International Credit Rating Co., Ltd. issued the “the rating report for the short-term financing bills in the 2023 first term for the Yangtze River Delta advanced manufacturing industry enterprises” (CCXI-20234453D-01), and its credit rating is A-1.

## (3) Major accounting data and financial indicators of the company for the recent two years at the end of the reporting period

Monetary Unit: RMB Ten thousand

Item	2023 Year	2022 Year	Changes (%) compares to previous year
Asset-liability ratio	72.00%	66.00%	6.00%
Net profit after deducting non-recurring profits and losses	11,670.95	-51,517.09	-122.65%
EBITDA Total debt ratio	6.23%	4.84%	1.39%
Interest protection multiple	2.00	1.27	57.48%

## III. Major events

1. The company held the 4th meeting of the ninth Board of Directors and the 4th meeting of the ninth Board of Supervisors on October 26, 2023 and November 16, 2023 respectively, deliberating and approving the *Proposal for the Registration and Issuance of Collective Short-Term Financing Bonds*. The Company planned to apply to the National Association of Financial Market Institutional Investors to register and issue collective short-term financing bonds for advanced manufacturing enterprises in the Yangtze River Delta area, with an issuance scale no more than RMB 500 million. The matter has been deliberated and approved at the third extraordinary general meeting of 2023 held by the Company on November 16, 2023. On December 26, 2023, the first phase of collective short-term financing bonds for advanced manufacturing enterprises in the Yangtze River Delta area, in which the Company participated, was successfully issued. The total amount bonds in the collective issuance was RMB 700 million, RMB 400 million of which was issued by the Company. For more details, please refer to the *Announcement on the Results of Issuance of Collective Short-Term Financing Bonds* (Announcement No.: 2023-104) disclosed by the Company on designated information disclosure media on December 27, 2023.

2. The Company held the 5th meeting of the ninth Board of Directors and the 5th meeting of the ninth Board of Supervisors on November 29, 2023, deliberating and approving the *Proposal for the Repurchase of Company Shares*. It was agreed that the Company would use its own funds to repurchase some of the Company's public shares, with a repurchase price of no more than RMB 34.00 per share, and a total repurchase amount of no less than RMB 300 million and no more than RMB 600 million. For more details, please refer to the *Announcement on Share Repurchase Scheme* (Announcement No. 2024-002) disclosed by the Company on designated information disclosure media on December 31, 2023.

3. Hefei Gotion High-tech Power Energy Co., Ltd., a wholly-owned subsidiary of the Company, received a procurement letter from VOLKSWAGENWERK AG, stating that the Company will become a designated overseas supplier of Volkswagen to supply Volkswagen's "Unified Cell" power lithium battery products. For more details, please refer to the *Announcement on the Receipt of the Procurement Designation Letter from Volkswagen Group by a Wholly-Owned Subsidiary* (Announcement No. 2023-042) disclosed by the company on designated information disclosure media on May 11, 2023.

4. GOTION, INC., a wholly-owned subsidiary of the Company, concluded REV Tax Credit Agreement and other relevant agreements with the Illinois government and other third parties, for the construction of a lithium-ion battery project in Illinois, USA. Meanwhile, Illinois will provide tax subsidies for the project based on the previously passed REV Subsidy Law that specifically subsidizes new energy and tram enterprises. For more details, please refer to the *Announcement on the Construction of Illinois Lithium Battery Project* (Announcement No. 2023-076) disclosed by the Company on designated information disclosure media on October 12, 2023.

5. GOTION, INC., a wholly-owned subsidiary of the Company, concluded REV Critical Industry Program Grant Agreement, the Strategic Site Readiness Program Development Agreement and other relevant agreements with the state government of Michigan on October 24, 2023. According to the agreements, the Company plans to build a battery material project in Michigan, USA, and the Michigan government will provide special subsidies based on the project investment plan. For more details, please refer to the *Reminder Announcement on the Construction of Michigan Battery Materials Project* (Announcement No. 2023-078) disclosed by the Company on designated information disclosure media on October 26, 2023.

**Annex 6****Gotion High-tech Co., Ltd.****2023 Special Report on the Deposit and Use of Raised Funds**

This *2023 Special Report on the Deposit and Use of Raised Funds* is prepared by the Board of Directors of Gotion High-tech Co., Ltd. (the “Company”) in accordance with the *Regulatory Guidelines for Listed Companies No. 2 - Regulatory Requirements for the Management and Use of Raised Funds by Listed Companies*, the *Self-regulatory Guidelines for Listed Companies No. 1 - Standardized Operation of Companies Listed on the Main Board* and the *Self-regulatory Guidelines for Listed Companies No. 2 - Announcement Format*, the *Measures for the Management of Raised Funds* of the Company and other related laws and regulations. Details are as follows:

**I. Basic information about the funds raised by non-public issuance of shares in 2021****(I) Amount of raised funds and the time when the funds are in place**

Approved by the CSRC through the *Reply on Approving the Non-public Offering of Shares by Gotion High-tech Co., Ltd.* (Zheng Jian Xu Ke [2021] No. 1421), the Company has issued 384,163,346 new shares to Volkswagen (China) Investment Co., Ltd. in a non-public manner, with an issue price of RMB 19.01 per share. As of November 5, 2021, the total amount of funds raised by the Company’s non-public offering of A-shares was RMB 7,302,945,207.46. After deducting various issuance costs of RMB 72,090,121.84 (excluding tax), the actual net amount of funds raised was RMB 7,230,855,085.62. The availability of the above raised funds has been verified by KPMG Huazhen Certified Public Accountants (Special General Partnership), which issued the *Capital Verification Report* (Bi Ma Wei Hua Zhen Yan Zi No. 2101182). The Company has adopted a special account storage system for the raised funds.

**(II) Use and balance of the raised funds**



1. Amount used in previous years

As of December 31, 2022, the Company has used a total of RMB 2,202,730,600 of raised funds (including the portion used to replenish the working capital), the net amount of accumulated interest and financial product income received in the raised funds account after deducting bank charges was RMB 113,338,800, and the balance of raised funds was RMB 5,155,062,900, which includes the issuance fees of RMB 13,599,600 that the Company has already paid to third parties and has not debited the raised funds.

2. Amount used and year-end balance in 2023

In 2023, the Company directly invested RMB 1,894,273,800 of the raised funds (including the portion used to replenish the working capital). As of December 31, 2023, the Company has used a total of RMB 4,097,004,400 of the raised funds, the net amount of accumulated interest and financial product income received in the raised funds account after deducting bank charges was RMB 194,048,800, and the balance of raised funds was RMB 3,341,499,100, which includes the issuance fees of RMB 13,599,600 that have been paid to third parties out of self-owned funds and has not debited the raised funds.

**II. Management of raised funds**

In accordance with the relevant laws and regulations, following the principles of standardization, safety, efficiency and transparency, the Company has formulated the *Measures for the Management of Raised Funds*, which has made clear provisions on the storage, approval, use, management and supervision of the raised funds, so as to ensure the standardized use of the raised funds in the system.

In October 2020, the Company and Haitong Securities Co., Ltd. (“Haitong Securities”) concluded the *Sponsor Agreement Between Gotion High-tech Co., Ltd. and Haitong Securities Co., Ltd. for the Non-public Issuance of Shares*, hiring Haitong Securities to act as the sponsor for the non-public issuance and to perform continuous supervision duties.

In December 2021, the Company, the sponsor Haitong Securities, and Hefei Shushan Sub-branch of the Bank of China concluded the *Three-party Supervision*

*Agreement on Raised Funds*, clarifying the rights and obligations of all parties. There is no major difference between the three-party supervision agreement and the template of the three-party supervision agreement issued by SZSE, and there is no problem for the performance of the three-party supervision agreement.

In January 2022, the Company, the sponsor Haitong Securities, the entities implementing the projects invested with raised funds (including the portion used to replenish working capital) (i.e., the Company's holding subsidiaries Hefei Gotion Battery Co., Ltd. ("Gotion Battery"), Hefei Gotion Battery Materials Co., Ltd. ("Gotion Battery Material"), Hefei Gotion High-tech Power Energy Co., Ltd. ("Hefei Gotion")), and the banks with which the special accounts for raised funds were opened (i.e., Hefei Shushan Sub-branch of China Construction Bank, Hefei Xinzhan High-tech Zone Sub-branch of Agricultural Bank of China, Hefei Shushan Sub-branch of the Bank of China, Hefei Baohe Sub-branch of the Bank of Hangzhou, Hefei Huangshan West Road Sub-branch of China Construction Bank, and High-tech Zone Sub-branch of Hefei Science and Technology Rural Commercial Bank) respectively, signed the *Four-party Supervision Agreement on Raising Funds*, clarifying the rights and obligations of all parties. There is no major difference between the four-party supervision agreement and the template of the three-party supervision agreement issued by SZSE, and there is no problem for the performance of the four-party supervision agreement.

The Company has convened the 16th meeting of the eighth Board of Directors and the 16th meeting of the eighth Board of Supervisors and the 2021 annual general meeting of shareholders respectively on April 27, 2022 and May 23, 2022, and deliberated and approved the *Proposal on Changing the Purpose of Raised Funds*, agreeing to change "Gotion's high specific energy lithium battery industrialization project with an annual output of 16GWh" into "Volkswagen standard battery cell project with an annual output of 20GWh", with the entity implementing the project changed from Gotion Battery, a wholly-owned subsidiary of the Company, to Hefei Gotion Battery Technology Co., Ltd. ("Gotion Battery Technology"), a wholly-owned subsidiary of the Company, and the place for implementing the project changed from Hefei Economic and Technological Development Zone to Hefei Xinzhan High-tech Industry Development Zone.

In June 2022, the Company re-entered into the *Four-party Supervision Agreement on Raised Funds* with Gotion Battery Technology (the entity implementing the changed project), Haitong Securities (the sponsor), Hefei Shushan Sub-branch of China Construction Bank, Hefei Xinzhan High-tech Zone Sub-branch of Agricultural Bank of China, Hefei Shushan Sub-branch of Bank of China and Hefei Baohe Sub-branch of Bank of Hangzhou, clarifying the rights and obligations of the parties. There is no major difference between the four-party supervision agreement and the template of the three-party supervision agreement issued by SZSE, and there is no problem for the performance of the four-party supervision agreement.

As of December 31, 2023, the deposit of funds raised from non-public offering of shares in 2021 is as follows:

Monetary unit: RMB '0,000

Bank name	Bank Account No.	Balance	Remarks
Hefei Shushan Sub-branch of Bank of China	188763859109	0.00	Account cancelled
Hefei Shushan Sub-branch of Bank of China	185765054466	0.00	Account cancelled
Hefei Xinzhan High-tech Zone Sub-branch, Agricultural Bank of China	12081101040057182	0.00	Account cancelled
Hefei Baohe Sub-branch of Hangzhou Bank Co., Ltd.	3401040160001091868	0.00	Account cancelled
Hefei Shushan Sub-branch of China Construction Bank	34050149860800003063	0.00	Account cancelled
Hefei Huangshan West Road Sub-branch of China Construction Bank	34050148880800002484	2.40	Special account for raised funds
High-tech Zone Sub-branch of Hefei Science and Technology Rural Commercial Bank	20000268176166600000093	252.23	Special account for raised funds
Hefei Yinhe Sub-branch of Industrial and Commercial Bank of China	1302015419200380085	47.13	Special account for raised funds
Hefei Yinhe Sub-branch of Industrial and Commercial Bank of China	1302015419200380883	45,393.16	Special account for raised funds
Hefei Shushan Sub-branch of Bank of China	176766944401	35,341.05	Special account for raised funds
Hefei Xinzhan High-tech Zone Sub-branch of Agricultural Bank of China	12081101040058479	45,119.01	Special account for raised funds
Hefei Baohe Sub-branch of Bank of Hangzhou	3401040160001148668	4,869.48	Special account for raised funds
Hefei Shushan Sub-branch of China Construction Bank	34050149860800003299	3,125.45	Special account for raised funds
Hefei Baohe Sub-branch of Hangzhou Bank Co., Ltd.	3401040160001234948	15,000.00	Structured deposit account
Hefei Baohe Sub-branch of Hangzhou Bank Co., Ltd.	3401040160001349845	15,000.00	Structured deposit account
Hefei Shushan Sub-branch of China Construction Bank	34050249860800000014	80,000.00	Structured deposit account

## Meeting Materials of 2023 Annual General Meeting of Shareholders

Hefei Shushan Sub-branch of Bank of China	176774363787	60,000.00	Structured deposit account
Hefei Shushan Sub-branch of Bank of China	13020154112002400	30,000.00	Structured deposit account
Total		334,149.91	

Note 1: As of December 31, 2023, the balance of the raised funds from non-public offering of shares in 2021 was RMB 3,341,499,100, which includes the issuance fees of RMB 13,599,600 that the Company has already paid to third parties and has not debited the raised funds. The idle raised funds used by the Company to purchase structured deposits was RMB 2,000,000,000.

### III. Use of raised funds in this year

1. In 2023 Year, the Company had directly invested a total of RMB 1,894,273,800 of the raised funds. The details are set out in Schedule 1 “*Comparison Table of the Use of the Funds Raised in Non-Public Offering of Shares in 2021*”.

#### 2. Cash management related to idle raised funds

On October 25, 2022, the Board of Directors of the Company deliberated and approved the *Proposal on the Use of Some Idle Raised Funds for Cash Management* was approved at the 20th meeting of the eighth Board of Directors, agreeing that the Company may use a portion of the idle funds raised from non-public issuance of shares up to RMB 2 billion (in a revolving and rolling manner) for cash management, to invest in safe and liquid financial products with a term no more than 12 months. With respect to the said matter, the Board of Supervisors expressed its opinion of consent, the independent directors expressed their independent opinions of consent, and Haitong Securities expressed a verification opinion without objection.

On August 28, 2023, the Board of Directors of the Company deliberated and approved the *Proposal on the Use of Some Idle Raised Funds for Cash Management* was approved at the 3rd meeting of the ninth Board of Directors, agreeing that the Company may use a portion of the idle funds raised from non-public issuance of shares up to RMB 2 billion (in a revolving and rolling manner) for cash management, to invest in safe and liquid financial products with a term no more than 12 months. With respect to the said matter, the Board of Supervisors expressed its opinion of

consent, the independent directors expressed their independent opinions of consent, and Haitong Securities expressed a verification opinion without objection. As of December 31, 2023, the balance of the idle raised funds used by the Company for cash management was RMB 2 billion.

Details of the Company's use of the temporary idle raised funds for cash management during the reporting period are as follows:

Monetary unit: RMB '0,000

S/N	Cooperative bank	Any related relationship	Product name	Product type	Subscription amount	Start date	Maturity date	Actual investment return	Matured or not
1	Hefei Shushan Sub-branch, Industrial and Commercial Bank of China	No	Accumulated corporate RMB structured deposits pegged to exchange rate range	Principal guaranteed with floating income	30,000.00	2023/2/7	2023/2/28	50.75	Yes
2	Hefei Shushan Sub-branch, Industrial and Commercial Bank of China	No	Accumulated corporate RMB structured deposits pegged to exchange rate range	Principal guaranteed with floating income	30,000.00	2023/3/6	2023/3/31	50.19	Yes
3	Hefei Shushan Sub-branch, Industrial and Commercial Bank of China	No	Accumulated corporate RMB structured deposits pegged to exchange rate range	Principal guaranteed with floating income	8,000.00	2023/4/6	2023/4/28	14.18	Yes
4	Hefei Shushan Sub-branch, Industrial and Commercial Bank of China	No	Accumulated corporate RMB structured deposits pegged to exchange rate range	Principal guaranteed with floating income	22,000.00	2023/4/10	2023/4/28	31.90	Yes
5	Hefei Shushan Sub-branch, Industrial and Commercial Bank of China	No	Accumulated corporate RMB structured deposits pegged to exchange rate range	Principal guaranteed with floating income	30,000.00	2023/5/17	2023/5/31	29.25	Yes
6	Hefei Shushan Sub-branch, Industrial and Commercial Bank of China	No	Accumulated corporate RMB structured deposits pegged to exchange rate range	Principal guaranteed with floating income	50,000.00	2023/6/2	2023/6/30	109.94	Yes

Meeting Materials of 2023 Annual General Meeting of Shareholders

7	Hefei Shushan Sub-branch, Industrial and Commercial Bank of China	No	Accumulated corporate RMB structured deposits pegged to exchange rate range	Principal guaranteed with floating income	50,000.00	2023/7/5	2023/7/31	61.57	Yes
8	Hefei Shushan Sub-branch, Industrial and Commercial Bank of China	No	Accumulated corporate RMB structured deposits pegged to exchange rate range	Principal guaranteed with floating income	20,000.00	2023/8/16	2023/10/10	88.60	Yes
9	Hefei Shushan Sub-branch, Industrial and Commercial Bank of China	No	Accumulated corporate RMB structured deposits pegged to exchange rate range	Principal guaranteed with floating income	10,000.00	2023/10/19	2023/11/20	23.58	Yes
10	Hefei Yinhe Sub-branch, Industrial and Commercial Bank of China	No	Accumulated corporate RMB structured deposits pegged to exchange rate range	Principal guaranteed with floating income	20,000.00	2023/10/19	2024/1/19	Not matured yet	No
11	Hefei Yinhe Sub-branch, Industrial and Commercial Bank of China	No	Accumulated corporate RMB structured deposits pegged to exchange rate range	Principal guaranteed with floating income	10,000.00	2023/12/13	2024/3/14	Not matured yet	No
12	Hefei Shushan Sub-branch, China Construction Bank	No	Corporate RMB Customized and Structured Deposit of Hefei Shushan Sub- branch, China Construction Bank	Principal guaranteed with floating income	70,000.00	2022/12/7	2023/1/7	154.58	Yes
13	Hefei Shushan Sub-branch, Bank of China	No	(Anhui) Corporate structured deposits 202224537	Principal and minimum income guaranteed	51,000.00	2022/12/8	2023/6/9	1,158.31	Yes
14	Hefei Shushan Sub-branch, Bank of China	No	(Anhui) Corporate structured deposits 202224538	Principal and minimum income guaranteed	49,000.00	2022/12/8	2023/6/9	390.62	Yes

Meeting Materials of 2023 Annual General Meeting of Shareholders

15	Hefei Baohe Sub-branch, Bank of Hangzhou	No	"Tianlibao" structured deposit product of the Bank of Hangzhou (TLBB20230367)	Principal and minimum income guaranteed	12,000.00	2023/1/13	2023/3/31	63.29	Yes
16	Hefei Baohe Sub-branch, Bank of Hangzhou	No	"Tianlibao" structured deposit product of the Bank of Hangzhou (TLBB20231078)	Principal and minimum income guaranteed	10,000.00	2023/2/10	2023/2/28	12.33	Yes
17	Hefei Baohe Sub-branch, Bank of Hangzhou	No	"Tianlibao" structured deposit product of the Bank of Hangzhou (TLBB20231512)	Principal and minimum income guaranteed	10,000.00	2023/3/3	2023/3/31	19.18	Yes
18	Hefei Baohe Sub-branch, Bank of Hangzhou	No	"Tianlibao" structured deposit product of the Bank of Hangzhou (TLBB20231747)	Principal and minimum income guaranteed	10,000.00	2023/3/10	2023/3/31	14.38	Yes
19	Hefei Baohe Sub-branch, Bank of Hangzhou	No	"Tianlibao" structured deposit product of the Bank of Hangzhou (TLBB20232242)	Principal and minimum income guaranteed	4,140.00	2023/3/31	2023/5/4	9.64	Yes
20	Hefei Baohe Sub-branch, Bank of Hangzhou	No	"Tianlibao" structured deposit product of the Bank of Hangzhou ( TLBB20232348 )	Principal and minimum income guaranteed	28,000.00	2023/4/3	2023/5/4	59.45	Yes
21	Hefei Baohe Sub-branch, Bank of Hangzhou	No	"Tianlibao" structured deposit product of the Bank of Hangzhou (TLBB20233247)	Principal and minimum income guaranteed	12,140.00	2023/5/8	2023/6/1	19.96	Yes
22	Hefei Baohe Sub-branch, Bank of Hangzhou	No	"Tianlibao" structured deposit product of the Bank of Hangzhou (TLBB20233328)	Principal and minimum income guaranteed	20,000.00	2023/5/11	2023/5/31	27.79	Yes



Meeting Materials of 2023 Annual General Meeting of Shareholders

23	Hefei Baohe Sub-branch, Bank of Hangzhou	No	"Tianlibao" structured deposit product of the Bank of Hangzhou (TLBB20233870)	Principal and minimum income guaranteed	30,000.00	2023/6/5	2023/10/7	255.38	Yes
24	Hefei Shushan Sub-branch, Bank of China	No	(Anhui) Corporate structured deposits 202335149	Principal and minimum income guaranteed	51,000.00	2023/6/12	2023/10/16	228.87	Yes
25	Hefei Shushan Sub-branch, Bank of China	No	(Anhui) Corporate structured deposits 202335150	Principal and minimum income guaranteed	49,000.00	2023/6/12	2023/10/15	791.05	Yes
26	Hefei Baohe Sub-branch, Bank of Hangzhou	No	"Tianlibao" corporate structured deposit product of the Bank of Hangzhou TLBB202308316	Principal and minimum income guaranteed	15,000.00	2023/10/25	2024/4/25	Not matured yet	No
27	Hefei Baohe Sub-branch, Bank of Hangzhou	No	"Tianlibao" corporate structured deposit product of the Bank of Hangzhou TLBB202308319	Principal and minimum income guaranteed	15,000.00	2023/10/25	2024/4/25	Not matured yet	No
28	Hefei Shushan Sub-branch, China Construction Bank	No	Corporate RMB Customized and Structured Deposit of Hefei Shushan Sub- branch, China Construction Bank	Principal guaranteed with floating income	80,000.00	2023/10/24	2024/1/24	Not matured yet	No
29	Hefei Shushan Sub-branch, Bank of China	No	(Anhui) Corporate structured deposits202340219	Principal and minimum income guaranteed	60,000.00	2023/10/30	2024/4/18	Not matured yet	No

#### **IV. Use of the funds for the changed invested projects**

##### **1. Changes and reasons**

(1) The Company changed the invested project “Gotion’s high specific energy lithium battery industrialization project with an annual output of 16GWh” into “Volkswagen standard battery cell project with an annual output of 20GWh”, with the entity implementing the project changed from Gotion Batteries, a wholly-owned subsidiary of the Company, to Gotion Battery Technology, a wholly-owned subsidiary of the Company, and the place for implementing the project changed from Hefei Economic and Technological Development Zone to Hefei Xinzhan High-tech Industry Development Zone.

In 2021, driven by the rapid growth of new energy vehicles, China installed 154.5 GWh of power batteries, up 142.8% year-on-year, of which lithium iron phosphate accounted for more than 51%. In order to meet the rapidly increasing market demand for new energy vehicles, in line with the Company’s future strategic development planning, and in view of the fact that the scale of land to be used for the original project invested with the raised funds could meet the need of the project construction, it is likely to increase the costs of construction, energy consumption, labor and site maintenance and it will be difficult to implement the project if the project continues to be implemented according to the original plan. Therefore, the Company changed the use of the raised funds, from the original project to the “Volkswagen standard battery cell project with an annual output of 20Gwh”, which was implemented in Hefei Xinzhan High-tech Industry Development Zone by Gotion Battery Technology. Upon the completion of the above change, the investment and construction of the project will be accelerated, the utilization efficiency of the raised funds will be improved and the market share of the Company’s products will be further enlarged.

(2) For the “Volkswagen standard battery cell project with an annual output of 20GWh”, the Company adjusted the date when the project is planned to reach the expected serviceable state from September 2023 to December 2024, while the implementing entity, investment content and investment scale remained unchanged.

In order to adapt to the changing the market economy environment, Hefei Gotion Battery Technology Co., Ltd., the entity implementing the invested project,

has continuously upgraded some of its production lines based on customers feedback. In this process, the company used some imported or customized equipment, which required a long procurement period and thus affected the construction progress of the project and the commissioning progress of some equipment. Therefore, the company adopted a gradual input approach for the purpose of controlling project input risks and avoiding hidden dangers in production and operation after the project is put into operation, which resulted in the project not reaching the expected serviceable state within the planned time. In order to better improve the construction quality of the project, allocate resources reasonably and effectively, and match the current production and operation status of the company, the company carefully studied and decided to follow the principle of balance between production and use to gradually promote the construction process of the project, and thus adjusted the date when the project is planned to reach the expected serviceable state.

## 2. Decision-making procedures

(1) On April 27, 2022, the 16th meeting of the eighth Board of Directors deliberated and approved the *Proposal on Changing the Purpose of Raised Funds*. At the same time, the Board of Supervisors clearly expressed its consent, independent directors issued independent opinions on their consents, and Haitong Securities issued a non-objectionable verification opinion on it. On May 23, 2022, the said proposal was adopted by the 2021 general meeting of shareholders of the Company.

(2) On December 4, 2023, the 5th meeting of the ninth Board of Directors deliberated adopted the *Proposal on Adjusting the Implementation Progress of Some Projects Invested with Raised Funds*. At the same time, the Board of Supervisors clearly expressed its consent, independent directors issued independent opinions on their consents, and Haitong Securities issued a non-objection verification opinion on it.

3. Except for the said changes, as of December 31, 2023, there were no other changes in the Company's projects invested with raised funds, and there was no external transfer or replacement of the Company's projects invested with raised funds. Please refer to Schedule 2 "*Change of Projects Invested with Raised Funds*" for details of the use of funds for the Company's changed invested projects.

## V. Problems in the use and disclosure of raised funds

During the reporting period, the Company deposited and used the raised funds in

strict accordance with the *Regulatory Guidelines for Listed Companies No. 2 - Regulatory Requirements for the Management and Use of Raised Funds by Listed Companies*, the *Self-regulatory Guidelines for Listed Companies No. 1 - Standardized Operation of Companies Listed on the Main Board*, the *Measures for the Management of Raised Funds* of the Company and other relevant regulations, disclosed relevant information in a timely, true, accurate and complete manner, and there was no violation in the management of raised funds.

## **VI. Other issuance-related matters**

### **(I) Approval procedures for the issuance of GDRs and listing on the Swiss Stock Exchange and results of the issuance**

On May 5, 2022, the Company held the 17th meeting of the eighth Board of Directors and the 17th meeting of the eighth Board of Supervisors, at which the *Proposal on the Company's Issuance of GDRs and Listing on the Swiss Stock Exchange and Change to an Overseas Offering Company Limited*, the *Proposal on the Company's Issuance of GDRs and Listing on the Swiss Stock Exchange* and other proposals related to the issuance and listing were reviewed and approved.

On May 23, 2022, the Company held the 2021 annual general meeting of shareholders, at which the *Proposal on the Company's Issuance of GDRs and Listing on the Swiss Stock Exchange and Change to an Overseas Offering Company Limited*, the *Proposal on the Company's Issuance of GDRs and Listing on the Swiss Stock Exchange* and other proposals related to the issuance and listing were reviewed and approved.

On July 23, 2022, through the *Reply on Approving the Initial Public Offering of GDRs and Listing on the Swiss Stock Exchange by Gotion High-tech Co., Ltd.* (Zheng Jian Xu Ke [2022] No.1610), the CSRC approved Gotion High-tech Co., Ltd. to issue no more than 249,706,175 underlying A-shares corresponding to the GDRs, and the corresponding GDRs shall be no more than 49,941,235 calculated at the conversion ratio determined by the Company.

On July 28, 2022, the actual number of GDRs issued by the Company was 22,833,400 at a final issuance price of US \$30.00 per GDR, representing 114,167,000 A-shares and raised a total amount of US\$ 685,002,000.00. According to the mid exchange rate of RMB published by the China Foreign Exchange Trading Center as

authorized by the People's Bank of China on July 29, 2022, which is US\$ 1 to RMB 6.7437, the total amount was equivalent to RMB 4,619,447,987.40. After deducting the issuance costs (excluding value-added tax), the total amount was equivalent to RMB 79,973,055.29, and the net amount of the actual raised funds was equivalent to RMB 4,539,474,932.11, of which the newly increased share capital was RMB 114,167,000 and the share capital premium was RMB 4,425,307,932.11.

Note: The amount of issuance costs has been adjusted based on the actual payment amount.

## **(II) Deposit and use of the funds raised in the issuance of GDRs and listing on the Swiss Stock Exchange**

### **1. Purpose of the funds raised in GDRs issuance**

According to the prospectus of the GDRs offering, the Company intends to use the net proceeds of the issuance for the following purposes:

About 85% of the net proceeds will be used to support business expansion, particularly expansion of the Company's overseas capacity for battery products and raw materials through investment in fixed assets, acquisition of equity interests or otherwise, so as to expand the Company's international footprint. About 15% of the net proceeds will be used to supplement working capital and other general corporate purposes.

The Company will have broad discretion as to the application of the net proceeds from the offering. The intended use of proceeds described above is an intent of the Company based on its current plans and business conditions, and is subject to change in a manner consistent with our business strategy and applicable law based on our business plan, circumstances, regulatory requirements and then market conditions.

### **2. Credit of the funds raised in GDRs issuance**

Monetary unit: USD

<b>Bank name</b>	<b>Bank account number</b>	<b>Date of credit</b>	<b>Amount of credit</b>
ICBC Zurich Branch, Switzerland	190001252021	July 29, 2022	685,001,980.00

Note: Before remittance is credited to the account, the handling fee of US\$20 shall be deducted from the account.

### 3. Use of the funds raised in GDRs offering

As of December 31, 2023, the net amount raised in the GDRs issuance after deducting issuance costs amounted to USD 673,143,100. Among them, the Company has used USD 289,861,600, of which USD 103,000,000 was used to supplement working capital, USD 186,861,600 was used for the projects construction of the Company in some places including the United States, Vietnam and Germany and so on. The remaining amount of USD 383,281,400 (excluding interest income) was deposited in domestic and overseas bank accounts of the Company.

In summary, the funds raised in GDRs issuance were used in accordance with the prospectus.

Schedule 1: Comparison Table of the Use of the Funds Raised in Non-Public Offering of Shares in 2021

Schedule 2: Change of Projects Invested with Raised Funds

Board of Directors of Gotion high-tech Co., Ltd.

April 18, 2024

## Schedule 1: Comparison Table of the Use of the Funds Raised in Non-Public Offering of Shares in 2021

## Comparison Table of the Use of the Funds Raised in 2023

Unit: RMB 0,000

Total raised funds			723,085.51			The total amount of raised funds invested in the reporting period	189,427.38			
Total raised funds with purpose changed during the reporting period			0			Cumulative raised funds that have been invested	409,700.44			
Cumulative raised funds with purpose changed			532,278.38							
Proportion of the cumulative raised funds with purpose changed			73.61%							
Committed investment projects and over-raised funds	Whether the project has been changed (including partial changes)	Total committed investment amount of raised funds	Total investment amount after adjustment (1)	Amount invested this year	Cumulative investment amount as at the end of the period (2)	Investment progress as at the end of the period (3) = (2)/ (1)	Date when reaches its usable status	Benefits realized during the reporting period	Whether to achieve the expected benefits	Whether the project feasibility has changed significantly
Commitment to investment projects										
1. Gotion Battery’s high specific energy lithium battery industrialization project with an annual output of 16GWh	Yes	532,464.78	3,462.56	0.00	3,462.56	Not applicable, this project was terminated in May 2022	N/A	—	—	No
2. Gotion Material’s high nickel ternary cathode material project with an annual output of 30,000 tons	No	100,000.00	100,000.00	11,513.58	27,047.87	27.05%	December 2024	—	—	No
3.Replenishment of working capital	No	90,620.73	90,620.73	0.00	90,650.00	100.03%	N/A	—	—	—
4. Volkswagen standard battery cell project with an annual output of 20GWh	No	N/A	532,278.38	177,913.80	288,540.01	54.21%	December 2024	—	—	No
Subtotal of investment of over-raised funds		723,085.51	726,361.67	189,427.38	409,700.44	—	—	—	—	—
Investment of over-raised funds										
Subtotal of investment of over-raised funds		—	—	—	—	—	—	—	—	—

## Meeting Materials of 2023 Annual General Meeting of Shareholders

Total		723,085.51	726,361.67	189,427.38	409,700.44	—	—	—	—	—
Circumstances and reasons for not reaching the planned progress or expected benefits (based on specific projects)	For the reason for adjusting the date when the “Volkswagen standard battery cell project with an annual output of 20GWh” is planned to reach the expected serviceable state, please refer to “Changes and reasons” and “Decision-making procedures” under “IV. Use of the funds for the changed invested projects” of the main body of this report.									
Description of major changes in the project feasibility	N/A									
Amount, purpose and use progress of over-raised funds	N/A									
Changes in the implementation place of projects invested by raised funds	The Company change “Gotion Battery’s high specific energy lithium battery industrialization project with an annual output of 16GWh” into “Volkswagen standard battery cell project with an annual output of 20GWh”, with the implementation entity changed from Gotion Battery, a wholly-owned subsidiary of the Company, to Gotion Battery Technology, a wholly-owned subsidiary of the Company, and the implementation location changed from Hefei Economic and Technological Development Zone to Hefei Xinzhan Hi-tech Industry Development Zone.									
Adjustments to the implementation method of projects invested by raised funds	None									
Preliminary investment and replacement of projects invested by raised funds	None									
Temporary supplement of working capital with idle raised funds	None									
Cash management with idle raised funds	The <i>Proposal on the Use of Part of Idle Raised Proceeds for Cash Management</i> was reviewed and approved at the 3rd meeting of the ninth Board of Directors and the 3rd meeting of the ninth Board of Supervisors held by the Company on August 28, 2023. It was approved that the Company may use idle raised funds of no more than RMB 2 billion for cash management to invest in financial products with high safety and good liquidity for a period of not more than 12 months, and the above amount can be used on a revolving basis. As of December 31, 2023, the balance of the Company’s cash management using idle proceeds was RMB 2,000,000,000.									
Amount and reason of the raised funds balance in the implementation of the project	N/A									
Purpose and destination of unused raised funds	All the raised funds not yet used by the Company are deposited in the special account for raised capital, and are put to use according to the plan.									
Problems or other circumstances in the use or disclosure of raised funds	None									



## Schedule 2: Change of Projects Invested with Raised Funds

## Change of Projects Invested with Raised Funds

Unit: RMB 0,000

Changed projects	Corresponding original commitment project	The total amount of funds to be invested in the project after the change (1)	Actual investment amount in the reporting period	Actual cumulative investment amount as at the end of the period (2)	Investment progress as at the end of the period (3) = (2)/ (1)	Date when the item reaches its intended usable status	Benefits realized during the reporting period	Whether to achieve the expected benefits	Whether the feasibility of the project after the change has changed significantly
Volkswagen standard battery cell project with an annual output of 20GWh	Gotion Battery's high specific energy lithium battery industrialization project with an annual output of 16GWh	532,278.38	177,913.80	288,540.01	54.21%	December 2024			No
Total	-	532,278.38	177,913.80	288,540.01	—	—	—	—	—
Descriptions of reasons for changes, decision-making procedures and information disclosure (based on specific projects)					Please refer to "Changes and reasons" and "Decision-making procedures" under "IV. Use of the funds for the changed invested projects"				
Circumstances and reasons for not reaching the planned progress or expected benefits (based on specific projects)					Please refer to "Changes and reasons" and "Decision-making procedures" under "IV. Use of the funds for the changed invested projects"				
Explanation of major changes in the project feasibility after the change					None				

**Annex 7**

Stock Name: Gotion High-tech

Stock Code: 002074



**Employees Stock Ownership Plan  
(Phase IV)**

**of**

**Gotion High-tech Co., Ltd.**

**(Draft)**

May, 2024

## **Statement**

The Company and all members of the Board of Directors and the Board of Supervisors of the Company warrant that the content of this Draft ESOP and its abstract is true, accurate and complete, and free from false record, misrepresentation and material omission.

## **Risk Warning**

I. The *Employee Stock Ownership Plan (Phase IV) of Gotion High-tech Co., Ltd. (Draft)* (this “**Draft ESOP**”) can only be implemented after being approved by the shareholders’ meeting of the Gotion High-tech Co., Ltd. (“**Gotion High-tech**” or the “**Company**”), but it is uncertain whether or not it can be approved by the shareholders’ meeting;

II. The specific capital source, contribution amount, expected scale and implementation plan in respect of the Employee Stock Ownership Plan (Phase IV) of the Company (the “**ESOP**”) are preliminary results, and there is uncertainty about whether or not it can be implemented;

III. There is a risk that the ESOP can’t be established if the employee’s subscription fund is low, and that the scale of the ESOP will be lower than the expected one if the employee’s subscription amount is insufficient.

IV. The stock price is affected by many complex factors such as the Company’s operating performance, macroeconomic cycle, international/domestic political and economic situation and investors’ psychology. Therefore, stock trading is an investment activity with certain risks, and investors should be fully prepared for it;

V. The description of performance evaluation indicators herein does not represent a performance forecast, nor does it constitute a performance commitment, by the Company.

VI. The investors shall make prudent decisions and pay attention to investment risks.

## Special Note

The terms used in this part shall have the same meaning as set forth in the Interpretation.

I. This Draft ESOP is prepared in accordance with the *Company Law of the People's Republic of China*, the *Securities Law of the People's Republic of China*, the *Guiding Opinions on Pilot Implementation of ESOP by Listed Companies*, the *Self-regulatory Guidelines for the Companies Listed on Shenzhen Stock Exchange No. 1 - Standardized Operation of Companies Listed on the Main Board* and other related laws, administrative regulations, rules, normative documents of China as well as the *Articles of Association* of the Company.

II. The principles of compliance with the laws, employees' voluntary participation and risk bearing shall be followed for the implementation of the ESOP, and in no event will employees be forced to participate in the ESOP through such ways as apportionment and forced distribution.

III. The persons eligible to participate in the ESOP are the directors (excluding the independent directors), supervisors, senior officers as well as core employees of the Company (including its subsidiaries) ("**Holders**"). At the initial establishment, the total number of Holders shall be no more than 700 persons (excluding the reserved shares). The specific number and list of Holders are to be determined according to their actual payment of subscription funds. The Management Committee may adjust the list of Holders of the ESOP and their distribution ratio based on the payment of subscription funds and changes in employees.

IV. The Company Shares required for the ESOP will be Class A ordinary shares of the Company repurchased through the special securities account for repurchase of the Company. The number of Underlying Shares to be held under the ESOP shall be no more than 11,000,000 shares, accounting for 0.62% of the total share capital of the Company as of April 30, 2024 (1,785,733,658 shares). After this Draft ESOP is approved by the shareholders' meeting, the required Company Shares will be sourced

from the special securities account for repurchase by means of non-trading transfer and other ways permitted by laws and regulations. The situation of share repurchase through the said special securities account for repurchase is as follows:

On May 5, 2022, the Company held the 17th meeting of the 8th Board of Directors, at which the *Proposal on the Plan for the Repurchase of Company Shares* was deliberated and approved, agreeing that the Company uses its own funds to repurchase some Class A ordinary shares of the Company by way of centralized competitive bidding, for the purpose of future implementation of employee stock ownership plan or stock incentive plan. The total amount of funds used for the repurchase this time shall be no less than RMB 200,000,000 and no more than RMB 400,000,000, and the repurchase price shall be no more than RMB 45.00/share. The period for implementing the repurchase shall be within 6 months from the date of approval of the repurchase plan by the Board of Directors.

As of November 8, 2022, the said implementation period has expired. During the repurchase period, the Company repurchased a total of 6,766,310 Company Shares through the special securities account for repurchase by way of centralized bidding, accounting for 0.3804% of the total share capital of the Company at that time. The highest transaction price was RMB 42.620/share, the lowest transaction price was RMB 26.947/share, and the repurchase amount was RMB 257,660,869.61 (excluding transaction fees), which has reached the lower limit and does not exceed the upper limit of the repurchase amount in the repurchase plan. In this way, the share repurchase plan has been completed.

On December 4, 2023, the Company held the 5th meeting of the 9th Board of Directors, at which the *Proposal on the Plan for the Repurchase of Company Shares* was deliberated and approved, agreeing that the Company uses its own funds to repurchase some Class A ordinary shares of the Company by way of centralized competitive bidding, for the purpose of future implementation of employee stock ownership plan or stock incentive plan. The total amount of funds used for the repurchase this time shall be no less than RMB 300,000,000 and no more than RMB 600,000,000, and the repurchase price shall be no more than RMB 34.00/share. The

period for implementing the repurchase shall be within 12 months from the date of approval of the repurchase plan by the Board of Directors.

As of March 31, 2024, the Company repurchased a total of 12,067,858 Company Shares through the special securities account for repurchase by way of centralized bidding, accounting for 0.68% of the current total share capital of the Company. The highest transaction price was RMB 21.18/share, the lowest transaction price was RMB 17.11/share, and the repurchase amount was RMB 239,679,024.12 (excluding transaction fees). As of now, the repurchase has not been completed.

The Employee Stock Ownership Plan (Phase III) of the Company, which was deliberated and approved at the third extraordinary general meeting of shareholders in 2021, is still being in the process of implementation. After the implementation of the ESOP hereunder, the number of Company Shares held under all effective employee stock ownership plans of the Company shall not exceed 10% of the total share capital of the Company, and the total number of Company Shares obtained by a single Holder through his/her shares of interests under all effective employee stock ownership plans of the Company shall not exceed 1% of the total share capital of Company. The number of Company Shares held under the ESOP hereunder shall not include the Company Shares obtained by employees before the IPO of the Company, or purchased by themselves through the secondary market, or obtained through equity incentive. Since the final purchase situation of the Underlying Shares is currently uncertain, the final number of Underlying Shares held under the ESOP is subject to actual situation.

V. The funds to be used by the Holders to subscribe for the share of interests in the ESOP shall be their legitimate salaries or the self-owned funds and other forms of funds permitted by laws and regulations. The Company shall not provide any loan to the Holders or provide any guarantee for any loan borrowed by the Holders for such purpose. The total funds to be raised under the ESOP will be no more than RMB 128,700,000, which will be divided by shares of interest with each share of interest per RMB 1.00. The specific number of shares of interests to be held by each Holder

will be determined according to the actual status of their payment of subscription price.

VI. The unit price for subscribing for the repurchased Company Shares under the ESOP will be RMB 11.70/share. During the period from the announcement date of this Draft ESOP to the date of completion of share transfer under the ESOP, if the Company experiences such matters as conversion of capital reserve into share capital, distribution of share dividends, share split or share reduction, allotment of shares or dividend distribution, the said subscription price shall be adjusted accordingly.

VII. The ESOP will be managed by the Company itself or by an asset management agency under entrustment. The Company will establish an ESOP Management Committee to act as the manager of the ESOP and exercise shareholders' rights on behalf of the ESOP or authorize the assets management agency to exercise the shareholders' rights. The Company has taken appropriate risk prevention and isolation measures to effectively safeguard the legitimate rights and interests of Holders. During the term of the ESOP, the Management Committee may engage professional institutions to provide management, consulting and other services for the daily management of the ESOP.

VIII. The term of the ESOP shall be no more than 60 months. Taking into account such factors as job responsibilities, past contributions and performance, and future performance targets of different categories of Holders, and taking overall consideration of the continuity and effectiveness of the stock ownership plans of the Company, the Company divides the Holders of the ESOP into two categories and makes differentiated unlocking arrangements for them. The Underlying Shares subscribed by the Holders of the first category will be unlocked in three phases, with Lock-up Periods of 24 months, 36 months, and 48 months respectively, while the Underlying Shares subscribed by the Holders of the second category will be unlocked in three phases, with Lock-up Periods of 12 months, 24 months and 36 months respectively, all of which shall be calculated from the date when the Company announces the transfer of the last batch of Underlying Shares to the ESOP.



Upon the expiration of the term, the ESOP will terminate automatically or the term can be extended, provided that the extension of the term shall be subject to the consent of the Holders holding no less than 2/3 shares of interests at the Holders' Meeting and the approval of the Board of Directors of the Company.

IX. In order to achieve the medium- and long-term strategic target of the Company while continuously attracting and retaining outstanding talents, a number of no more than 2.00 million Underlying Shares, accounting for 18.18% of the total Underlying Shares under the ESOP, will be reserved.

After determining the allocation plan, the Underlying Shares corresponding to the reserved shares of interests will be transferred to the ESOP. Before allocation, the reserved shares of interests will not have voting rights and will not be included in the base number of voting shares. The future allocation plan for the reserved shares of interests (including but not limited to determining the subscribers, subscription prices, time arrangements, and unlocking ratios) shall be determined by the Management Committee at one time or in batches during the term of the ESOP. If there is still no eligible employee who subscribes for the reserved shares of interests or there is any remaining reserved shares of interests that have not been fully allocated during the term of the ESOP, the Management Committee shall decide on the disposal thereof in accordance with laws and regulations.

X. The financial and accounting treatment and taxation with respect to the Company's implementation of the ESOP shall be carried out in accordance with relevant financial system, accounting standards and taxation system. Relevant personal income tax to be paid by the Holders due to the implementation of the ESOP shall be borne by the Holders themselves.

XI. After the Board of Directors of the Company deliberates the ESOP and has no objection, the Company will issue a notice of shareholders' meeting to deliberate the ESOP. Both on-site voting or online voting will be adopted as for voting at the shareholders' meeting deliberating the ESOP, and the ESOP can only be implemented

after it is approved by the shareholders' meeting.

XII. The implementation of the ESOP will not bring about a consequence that the equity structure of the Company does not meet the conditions for listing.

## Interpretation

Unless otherwise specified, the following terms shall have the following meanings when used herein:

Terms	Interpretation
“Gotion High-tech” or “the Company”	refers to Gotion High-tech Co., Ltd.
ESOP	refers to the <i>Employee Stock Ownership Plan (Phase IV) of Gotion High-tech Co., Ltd.</i>
Draft ESOP	refers to the <i>Employee Stock Ownership Plan (Phase IV) of Gotion High-tech Co., Ltd. (Draft)</i>
Administrative Measures	Refers to the <i>Administrative Measures of Gotion High-tech Co., Ltd. for the Employee Stock Ownership Plan (Phase IV)</i>
Holders	refer to the persons participating in the ESOP, i.e., the directors (excluding the independent directors), supervisors, senior officers and core employees of the Company (including its subsidiaries).
Holders’ Meeting	refers to the meeting of the ESOP holders
Management Committee	refers to the Management Committee of the ESOP
Company Shares	refer to all Class A ordinary shares of the Company.
Lock-up Period	refers to the period during which the conditions for vesting the share of interests to the Holders specified in the ESOP have not been met, and the granted share of interests cannot be transferred or disposed of without prior consent of the Management Committee, which shall be calculated from the date when the Company announces the transfer of the last batch of Underlying Shares to the special account of the ESOP.
Underlying Shares	refer to such Class A ordinary shares of the Company that are repurchased for and held under the ESOP through legal means
CSRC	refers to the China Securities Regulatory Commission
SZSE	refers to the Shenzhen Stock Exchange
<i>Company Law</i>	refers to the <i>Company Law of the People’s Republic of China</i>
<i>Securities Law</i>	refers to the <i>Securities Law of the People’s Republic of China</i>
<i>Guiding Opinions</i>	refer to the <i>Guiding Opinions on Pilot Implementation of ESOP by Listed Companies</i>
<i>Self-regulatory Guidelines</i>	refer to the <i>Self-regulatory Guidelines for the Companies Listed on Shenzhen Stock Exchange No. 1 - Standardized Operation of Companies Listed on the Main Board.</i>

<i>Listing Rules</i>	refer to the <i>Listing Rules of Shenzhen Stock Exchange</i>
<i>Articles of Association</i>	refers to the <i>Articles of Association of Gotion High-tech Co., Ltd.</i>
RMB	refers to Renminbi Yuan.

## **Chapter I Purpose of the ESOP**

This Draft ESOP is formulated by the Company in accordance with the *Company Law*, the *Securities Law*, the *Guiding Opinions*, the *Self-regulatory Guidelines* and other relevant laws, administrative regulations, rules, normative documents of China as well as the *Articles of Association*.

Employees may participate in the ESOP voluntarily and in accordance with laws and regulations, and hold the Company Shares only for the purpose of:

I. establishing and improving the benefit sharing mechanism between workers and owners;

II. further improving the level of corporate governance, enhancing the cohesion of employees and the competitiveness of the Company, and promoting the long-term, sustainable and healthy development of the Company;

III. helping fully mobilize the employees' sense of responsibility to the Company, attract and retain excellent management talents and core backbone, and further enhance the cohesion of employees and the development vitality of the Company.

## **Chapter II Basic Principles of the ESOP**

### **I. Principle of Compliance with the Laws**

For and during the implementation of the ESOP, the Company shall go through the procedures in strict accordance with the requirements of laws and administrative regulations, and make information disclosure truthfully, accurately, completely and timely. No one shall use the ESOP to engage in securities fraud such as insider trading or manipulation of the securities market.

### **II. Principle of Voluntary Participation**

For and during the implementation of the ESOP, the principle of the Company's independent decision and employees' voluntary participation shall be followed. In no event will employees be forced to participate in the ESOP through such ways as apportionment and forced distribution.

### **III. Principle of Risk Bearing**

The Holders shall be responsible for their own profits and losses, bear their own risks, and have equal rights and interests with other investors.

## **Chapter III Basis for Determining the Holders, Scope of Holders and Their Share of Interests in the ESOP**

### **I. Basis for Determining the Holders**

The Holders will be determined in accordance with the *Company Law*, the *Securities Law*, the *Guiding Opinions*, the *Self-regulatory Guidelines* and other relevant laws, regulations, rules of China as well as the *Articles of Association*. They may participate in the ESOP based on the principles of compliance with the law, voluntary participation and risk bearing.

### **II. Scope of the Holders**

The persons eligible to participate in the ESOP are the directors (excluding the independent directors), supervisors, senior officers and core employees of the Company (including its subsidiaries).

Unless otherwise specified in Chapter X hereof, all Holders must sign labor contracts or employment contracts with the Company or its subsidiaries during the term of the ESOP.

### **III. List of Holders and Their Share of Interests in the ESOP**

The total funds to be raised under the ESOP at the initial establishment will be no more than RMB 128,700,000, which will be divided by shares of interest with each share of interest per RMB 1.00. Thus, the total shares of interests under the ESOP will be no more than 128,700,000. At the initial establishment, the total number of Holders shall be no more than 700 (without consideration of the reserved shares of interests). The specific number of Holders is to be determined according to the actual subscription status of employees. The respective share of interests and proportions are shown in the table below:

Name	Title	Number of Underlying Shares corresponding to	Proportion of shares of interests to be
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		the upper limit of the shares of interests to be held ( Ten thousand share)	held in the total shares of interests in the ESOP
Holders of the first category			
Steven Cai	Director, Deputy General Manager	60.00	5.45%
Zhang Hongli	Director		
Wang Qisui	Deputy General Manager		
Wang Qiang	Deputy General Manager		
Sun Aiming	Deputy General Manager		
Zhang Wei	Deputy General Manager		
Wang Quan	Board Secretary		
Yang Dafa	Chairman of Board of Supervisors		
Wu Yibing	Supervisor of Emolpyee Representatives		
Core employees belonging to the holders of the first category (19 employees)		60.00	5.45%
Total number of the holders of the first category (28)		<b>120.00</b>	<b>10.91%</b>
Holders of the second category			
Core employees belonging to the holders of the second category (672 employees)		780.00	70.91%
Total number of the holders of the second category (672)		780.00	70.91%
Reserved shares of interests		200.00	18.18%
<b>Total</b>		<b>1,100.00</b>	<b>100.00%</b>

Note: (I) The final number of share of interests in the ESOP subscribed by each Holder shall be subject to their actual payment of subscription price.

(II) There may be inconsistence between the total amount and the sum of the amounts of each sub-item in above table caused by rounding-off.

In order to achieve the medium- and long-term strategic target of the Company while continuously attracting and retaining outstanding talents, a number of no more



than 2.00 million Underlying Shares, accounting for 18.18% of the total Underlying Shares under the ESOP, will be reserved.

After determining the allocation plan, the Underlying Shares corresponding to the reserved shares of interests will be transferred to the ESOP. Before allocation, the reserved shares of interests will not have voting rights and will not be included in the base number of voting shares. The future allocation plan for the reserved shares of interests (including but not limited to determining the subscribers, subscription prices, time arrangements, and unlocking ratios) shall be determined by the Management Committee at one time or in batches during the term of the ESOP. If there is still no eligible employee who subscribes for the reserved shares of interests or there is any remaining reserved shares of interests that have not been fully allocated during the term of the ESOP, the Management Committee shall decide on the disposal thereof in accordance with laws and regulations.

The Holders shall pay their respective subscription funds in full and on time according to their subscribed shares of interests, and the payment time will be uniformly notified and arranged by the Company. In case any Holder fails to pay the subscription funds in full and on time, he/she shall be deemed to have automatically loses the rights over the part of shares of interests that he/she did not pay the subscription funds, and only enjoys the rights over the part that he/she already paid the subscription fund. In such case, the Management Committee may adjust the list of participants and the shares of interests they are eligible to subscribe for according to the condition of employees' payment of subscription funds. The final number and the list of participants and the shares of interests they are eligible to subscribe for shall be determined according to the condition of signing of the *ESOP Subscription Agreement* and the final payment of subscription funds.

The holders of this Employee Stock Ownership Plan include the company's actual controller Mr. Li Zhen's son Mr. Li Chen, Mr. Li Chen's spouse Ms. Wang Weihang (the number of underlying Shares corresponding to the proposed shareholding limit is respectively 50,000 shares and 25,000 shares, and the proposed shareholding limit accounts for respectively 0.45% and 0.23% of this Employee Stock Ownership Plan). Mr. Li Chen and Ms. Wang Weihang have served as the Company's core management, all of whom play an important role in the daily operation and

management. The participation of the aforesaid persons in this Employee Stock Ownership Plan is based on their confidence in the future development prospects of the Company and recognition of the value of the Company, which will help mobilize the motivation of the Company's employees and improve the cohesion of the employees and the competitiveness of the Company, so as to promote the Company's long-term, sustainable and healthy development. Therefore, the Company considers that the aforesaid persons, as holders, are in line with the actual situation and future development needs of the Company, in compliance with *the Company Law*, *the Securities Law*, *the Guiding Opinions*, *the Self-Regulatory Guidelines* and other laws and regulations and relevant provisions of the *Articles of Association* of the Company, which are both necessary and reasonable, and have not jeopardized the interests of small and medium-sized investors.

## **Chapter IV Source of Funds, Source of Shares, Scale, Purchase Price**

### **I. Source of Funds**

The funds to be used by the Holders to subscribe for the share of interests in the ESOP shall be their legitimate salaries or the self-owned funds and other forms of funds permitted by laws and regulations, not involving leveraged funds or the Company's withdrawal of incentive funds. The Company shall not provide any loan to the Holders or provide any guarantee for any loan borrowed by the Holders in the Employee Stock Ownership Plan for such purpose, and there are no arrangements for third parties to provide incentives, grants, subsidies or underwriting for employees to participate in the Employee Stock Ownership Plan.

The total funds to be raised under the ESOP will be no more than RMB 128,700,000, which will be divided by shares of interest with each share of interest per RMB 1.00. The specific number of shares of interests to be held by each Holder will be determined according to the actual status of their payment of subscription price.

### **II. Source of Shares**

The Company Shares required for the ESOP will be Class A ordinary shares of the Company repurchased through the special securities account for repurchase of the Company. After this Draft ESOP is approved by the shareholders' meeting, the required Company Shares will be sourced from the special securities account for repurchase by means of non-trading transfer and other ways permitted by laws and regulations. The situation of share repurchase through the said special securities account for repurchase is as follows

On May 5, 2022, the Company held the 17th meeting of the 8th Board of Directors, at which the *Proposal on the Plan for the Repurchase of Company Shares* was deliberated and approved, agreeing that the Company uses its own funds to repurchase some Class A ordinary shares of the Company by way of centralized competitive bidding, for the purpose of future implementation of employee stock ownership plan or stock incentive plan. The total amount of funds used for the repurchase this time shall be no less than RMB 200,000,000 and no more than RMB

400,000,000, and the repurchase price shall be no more than RMB 45.00/share. The period for implementing the repurchase shall be within 6 months from the date of approval of the repurchase plan by the Board of Directors.

As of November 8, 2022, the said implementation period has expired. During the repurchase period, the Company repurchased a total of 6,766,310 Company Shares through the special securities account for repurchase by way of centralized bidding, accounting for 0.3804% of the total share capital of the Company at that time. The highest transaction price was RMB 42.620/share, the lowest transaction price was RMB 26.947/share, and the repurchase amount was RMB 257,660,869.61 (excluding transaction fees), which has reached the lower limit and does not exceed the upper limit of the repurchase amount in the repurchase plan. In this way, the share repurchase plan has been completed.

On December 4, 2023, the Company held the 5th meeting of the 9th Board of Directors, at which the *Proposal on the Plan for the Repurchase of Company Shares* was deliberated and approved, agreeing that the Company uses its own funds to repurchase some Class A ordinary shares of the Company by way of centralized competitive bidding, for the purpose of future implementation of employee stock ownership plan or stock incentive plan. The total amount of funds used for the repurchase this time shall be no less than RMB 300,000,000 and no more than RMB 600,000,000, and the repurchase price shall be no more than RMB 34.00/share. The period for implementing the repurchase shall be within 12 months from the date of approval of the repurchase plan by the Board of Directors.

As of March 31, 2024, the Company repurchased a total of 12,067,858 Company Shares through the special securities account for repurchase by way of centralized bidding, accounting for 0.68% of the total share capital of the Company at that time. The highest transaction price was RMB 21.18/share, the lowest transaction price was RMB 17.11/share, and the repurchase amount was RMB 239,679,024.12 (excluding transaction fees). As of now, the repurchase has not been completed.

### **III. Scale of the ESOP**

The number of Underlying Shares to be held under the ESOP shall be no more than 11,000,000, accounting for about 0.62% of the total share capital of Company as of April 30, 2024 ( 1,785,733,658 shares).

The Employee Stock Ownership Plan (Phase III) of the Company, which was deliberated and approved at the third extraordinary general meeting of shareholders in 2021, is still being in the process of implementation. After the implementation of the ESOP hereunder, the number of Company Shares held under all effective employee stock ownership plans of the Company shall not exceed 10% of the total share capital of the Company, and the total number of Company Shares obtained by a single Holder through his/her shares of interests under all effective employee stock ownership plans of the Company shall not exceed 1% of the total share capital of Company. The number of Company Shares held under the ESOP hereunder shall not include the Company Shares obtained by employees before the IPO of the Company, or purchased by themselves through the secondary market, or obtained through equity incentive. Since the final purchase situation of the Underlying Shares is currently uncertain, the final number of Underlying Shares held under the ESOP is subject to actual situation.

#### **IV. Subscription Price and Rationality Thereof**

##### **(I) Subscription Price**

The unit price for subscribing for the repurchased Company Shares under the ESOP will be RMB 11.70/share, which is not lower than the following price (whichever is higher):

1. 60% of the average trading price of the Company Shares on one trading day prior to the announcement of this Draft ESOP, i.e., RMB 11.60/share; or
2. 60% of the average trading price of the Company Shares on 20 trading days prior to the announcement of this Draft ESOP, i.e., RMB 11.70/share.

During the period from the announcement date of this Draft ESOP to the date of completion of share transfer under the ESOP, if the Company experiences such matters as conversion of capital reserve into share capital, distribution of share dividends, share split or share reduction, allotment of shares or dividend distribution, the said subscription price shall be adjusted accordingly.

##### **(II) Rationality of the Subscription Price**

The persons eligible to participate in the ESOP are the directors (excluding the independent directors), supervisors, senior officers and core employees of the

Company (including its subsidiaries). During the development of the Company, such persons mentioned above either have direct contribution to or play a synergistic role in the future development of the Company's core business, or are of great significance to the realization of the Company's business plan or medium- and long-term strategic objectives.

The Company believes that, in the environment of fierce market competition and according to its development situation and demand for comprehensive improvement of its organizational structure, post allocation and talent team system, the Company has balanced the maximization of incentive effects and the costs of implementing employee incentives to the extent permitted by the law, and determined that the unit price for subscribing for the repurchased Company Shares under the ESOP is RMB 11.70/share, which is not lower than 60% of the average trading price of the Company Shares on one trading day prior to the announcement of this Draft ESOP and not lower than 60% of the average trading price of the Company Shares on 20 trading days prior to the announcement of this Draft ESOP. The subscription price determined can effectively stabilize the existing talent team and attract external talents, strengthen the core team's sense of mission and responsibility for the Company's medium- and long-term development, enhance the Company's core competitiveness, and thus promote the achievement of the Company's performance targets.

To sum up, the price is reasonable and scientific, and will not damage the interests of the Company and all shareholders.

## **Chapter V Term of the ESOP, Lock-up Period and Performance Assessment under the ESOP**

### **I. Term of the ESOP**

(I) The term of the ESOP shall be no more than 60 months, calculated from the date when the Company announces the transfer of the last batch of Underlying Shares to the ESOP. Upon the expiration of the term, the ESOP will terminate automatically or the term can be extended through the approval process agreed herein.

(II) After the expiration of the Lock-up Period, the ESOP can be early terminated when all the Company Shares held under the ESOP are sold or transferred to the holders of shares under the Employee Stock Ownership Plan.

(III) If all the Company Shares held under the ESOP have not been sold or transferred to the Holders one month before the expiration of the term of the ESOP, the term can be extended, provided that such extension shall be subject to the consent of the Holders holding at least 2/3 shares of interests at the Holders' Meeting and the approval of the Board of Directors of the Company.

(IV) Where the Company Shares cannot be fully sold or transferred to the holders of shares under the Employee Stock Ownership Plan before the expiration of the upper limit of the term due to the suspended trading of Company Shares or the sensitive periods, the term of the ESOP can be extended with the consent of the Holders holding at least 2/3 shares of interests at the Holders' Meeting and the approval of the Board of Directors of the Company.

### **II. Lock-up Period under the ESOP**

(I) Taking into account such factors as job responsibilities, past contributions and performance, and future performance targets of different categories of Holders, and taking overall consideration of the continuity and effectiveness of the stock ownership plans of the Company, the Company divides the Holders of the ESOP into two categories and makes differentiated unlocking arrangements for them. The Underlying Shares subscribed by the Holders of the first category will be unlocked by three phases, with Lock-up Periods of 24 months, 36 months, and 48 months respectively, while the Underlying Shares subscribed by the Holders of the second category will be

unlocked by three phases, with Lock-up Periods of 12 months, 24 months and 36 months respectively, all of which shall be calculated from the date when the Company announces the transfer of the last batch of Underlying Shares to the ESOP. After the expiration of the Lock-up Periods, the Underlying Shares held under the ESOP will be distributed to the Holders in batches based on the performance assessment results of the corresponding year. To be specific:

The assessment years and unlocking arrangements for the Underlying Shares subscribed by the Holders of the first category under the ESOP are as follows:

<b>Lock-up Period</b>	<b>Assessment year</b>	<b>Unlocking arrangement</b>	<b>Proportion of the unlocked Underlying Shares to the Subscribed Underlying Shares held under the ESOP</b>
The 1st Lock-up Period	Year 2024	24 months after this Draft ESOP is deliberated and approved by the shareholders' meeting of the Company and the Company announces the transfer of the last batch of Underlying Shares to the ESOP	40%
The 2nd Lock-up Period	Year 2025	36 months after this Draft ESOP is deliberated and approved by the shareholders' meeting of the Company and the Company announces the transfer of the last batch of Underlying Shares to the ESOP	30%
The 3rd Lock-up Period	Year 2026	48 months after this Draft ESOP is deliberated and approved by the shareholders' meeting of the Company and the Company announces the transfer of the last batch of Underlying Shares to the ESOP	30%

The assessment years and unlocking arrangements for the Underlying Shares subscribed by the Holders of the second category under the ESOP are as follows:

<b>Lock-up Period</b>	<b>Assessment year</b>	<b>Unlocking arrangement</b>	<b>Proportion of the unlocked Underlying Shares to the Subscribed Underlying Shares held under the ESOP</b>
The 1st Lock-up Period	Year 2024	12 months after this Draft ESOP is deliberated and approved by the shareholders' meeting of the Company and the Company announces the transfer of the last batch of Underlying	40%



		Shares to the ESOP	
The 2nd Lock-up Period	Year 2025	24 months after this Draft ESOP is deliberated and approved by the shareholders' meeting of the Company and the Company announces the transfer of the last batch of Underlying Shares to the ESOP	30%
The 3rd Lock-up Period	Year 2026	36 months after this Draft ESOP is deliberated and approved by the shareholders' meeting of the Company and the Company announces the transfer of the last batch of Underlying Shares to the ESOP	30%

Any shares derived from the Underlying Shares obtained under the ESOP due to distribution of stock dividends and the conversion of capital reserve into share capital shall also be subject to the said unlocking arrangements.

(II) Relevant subjects involved in the ESOP shall strictly abide by the market trading rules and the restrictions on non-trading of shares in the information sensitive periods, and no party shall use the ESOP for securities fraud such as insider trading and market manipulation.

For the purpose of the preceding paragraph, the “sensitive periods” refer to:

1. 30 days before the announcement of the Company's annual report or semi-annual report, or, in case the announcement date is postponed due to special reasons, the period shall be calculated from 30 days before the original announcement date;
2. 10 days before the announcement of the Company's quarterly report, earnings preannouncement or preliminary earnings estimate;
3. the period from the date of occurrence of major events that may have a relatively material impact on the trading price of the Company's shares or any derived varieties thereof, or the date of entering the decision-making procedures, to the date of legal disclosure; and
4. any other periods as stipulated by CSRC and SZSE.

For the purpose of the preceding paragraph, the “major events” refer to transactions or other major matters that the Company should disclose in accordance with the provisions of the *Listing Rules*.

During the term of the ESOP, in case of any change to relevant provisions of the *Company Law*, the *Securities Law*, and other relevant laws, administrative regulations, normative documents, as well as the *Articles of Association* of the Company regarding the said sensitive periods during the term of the ESOP, the sensitive periods shall be consistent with the revised *Company Law*, *Securities Law*, and other relevant laws, regulations, normative documents, and the *Articles of Association* of the Company.

### III. Performance Assessment under the ESOP

The performance assessment under the ESOP involves both the company level and the individual level. The specific assessment indicators are as follows:

#### (I) Assessment of the Company's performance:

The Company's operating performance will be assessed on an annual basis during the years of 2024 to 2026, and the achievement of the performance targets will be one of the conditions for unlocking the corresponding batches of Underlying Shares held by the Holders under the ESOP. The specific performance targets are as follows:

Unlocking phase	Performance appraisal target
The 1st unlocking phase	It is sufficient to achieve one of the following assessment objectives: Based on the net profit in 2023, the growth rate of net profit in 2024 should not be less than 50%. Based on the operating income in 2023, the growth rate of operating income in 2024 should not be less than 30%.
The 2nd unlocking phase	It is sufficient to achieve one of the following assessment objectives: Based on the net profit in 2024, the growth rate of net profit in 2025 should not be less than 50%. Based on the operating income in 2024, the growth rate of operating income in 2025 should not be less than 30%.
The 3rd unlocking phase	It is sufficient to achieve one of the following assessment objectives: Based on the net profit in 2025, the growth rate of net profit in 2026 should not be less than 50%. Based on the operating income in 2025, the growth rate of operating income in 2026 should not be less than 30%.

Note:1. The premise of “taking the net profit of 2024 as the base” is that the net profit of the Company in 2024 is positive; if the net profit of the Company in 2024 is not positive, then the performance appraisal target of “net profit” in the performance appraisal target of the Company in

the appraisal year of 2025 for this Employee Stock Ownership Plan shall be deemed not to have been reached. If the net profit of the Company in 2024 is not positive, the performance appraisal target of “net profit” in the performance appraisal target of the Company for the appraisal year of 2025 under the Employee Stock Ownership Plan shall be deemed not to have been achieved, and it is necessary to achieve the performance target of “operating income” for the current period in order to be deemed to have achieved the performance appraisal target for the current period.

2. The premise of “taking the net profit in 2025 as the base” is that the net profit of the Company in 2025 is positive; if the net profit of the Company in 2025 is not positive, the performance appraisal target of “net profit” in the performance appraisal target of the Employee Stock Ownership Plan for the appraisal year of 2026 shall be regarded as not reached. If the net profit of the Company in 2025 is not positive, the performance appraisal target of “net profit” in the performance appraisal target of the Company for the appraisal year of 2026 under the Employee Stock Ownership Plan shall be deemed not to have been achieved, and it is necessary to achieve the performance target of “operating income” for the current period in order to be deemed to have achieved the performance appraisal target for the current period.

3. The above “Operating income” refers to the audited operating income of the Company; the above “net profit” refers to the audited net profit attributable to shareholders of the listed company after deduction of the non-recurring gains and losses.

According to the achievement of the performance targets of each year (2024-2026) (the Actual Achievement Rate of Operating Revenue ( $R_1$ ) = Actual Achievement Value for each appraisal year/Performance Appraisal Target Value; the Actual Achievement Rate of the Net Profit  $R_2$  = Actual Achievement Value for each appraisal year/Performance Appraisal Target Value), the unlocking coefficient at the Company level can be determined according to the table below:

Actual achievement rate of operating revenue (R)	$R_1 \geq 100\%$ Or $R_2 \geq 100\%$	$100\% > R_1 \geq 90\%$ Or $100\% > R_2 \geq 90\%$	$90\% > R_1 \geq 80\%$ Or $90\% > R_2 \geq 80\%$	$80\% > R_1 \geq 70\%$ Or $80\% > R_2 \geq 70\%$	$R_1 < 70\%$ Or $R_2 < 70\%$
Unlocking coefficient at the Company level	1.0	0.9	0.8	0.7	0

If the actual achievement rate of the Company's operating revenue ( $R_1$ ) and the actual achievement rate of the Company's net profit ( $R_2$ ) in the current unlocking phase has not reached 70%, all the Underlying Shares that can be unlocked by the Holders in the year of assessment shall not be unlocked. In case that the Underlying Shares corresponding to the unlocking phase cannot be unlocked or cannot be fully locked due to the failure of the Company's performance assessment, the part not unlocked shall be recovered by the Management Committee, who may sell such part at appropriate time and return to the Holders the sum of the subscription price paid and the bank deposit interest in the same period or the sale proceeds, whichever is lower, and the remaining funds (if any) shall belong to the Company.

(II) Assessment of individual performance:

The actual number of a Holder's Underlying Shares that can be unlocked in the current year is related to both the corporate performance assessment results of the employing unit which the Holder works for and the individual performance assessment results of the Holder in the previous year. The unlocking ratio at the individual level will be determined by the corporate coefficient ( $Y$ ) and the individual coefficient ( $Z$ ).

The performance assessment methods applicable to each employing unit shall be formulated by the Company, and the corporate coefficient of the employing unit ( $Y$ ) will be determined according to the following table:

<b>Corporate performance assessment results (P)</b>	$P \geq 90\%$	$90\% > P \geq 80\%$	$80\% > P \geq 70\%$	$P < 70\%$
Corporate coefficient (Y)	1.0	0.9	0.8	0

The individual performance assessment of a Holder shall be carried out in accordance with relevant internal performance assessment system of the Company. To be specific, the Company will score the performance of each Holder during each assessment period, and determine the assessment level based on the scores. The individual assessment results of the Holders are divided into five levels: "A", "B", "C", "D" and "E". Then, the individual coefficient of the Holder ( $Z$ ) will be determined based on the following table:

<b>Individual performance assessment results</b>	<b>A</b>	<b>B</b>	<b>C</b>	<b>D</b>	<b>E</b>
Individual coefficient (Z)	1.0	1.0	1.0	0	0

The weight for corporate coefficient (Y) and individual coefficient (Z) are as follows:

<b>Indicator</b>	Corporate coefficient (Y)	Individual coefficient (Z)
Weight	30%	70%

Subject to the Company's achievement of performance targets, the actual number of a Holder's Underlying Shares that can be unlocked in the current year = the number of Underlying Shares that the Holder plans to have unlocked in the current year \*the unlocking coefficient at the Company level\* the unlocking ratio at the individual level. Among them, the unlocking ratio at the individual level = corporate coefficient (Y) \* 30% + individual coefficient (Z) \* 70%.

Subject to the Company's achievement of performance targets, in case that a Holder's Underlying Shares corresponding to the unlocking phase cannot be unlocked due to the failure of individual performance assessment, the part not unlocked shall be reclaimed by the Management Committee, who may sell such part at appropriate time and return to the Holder the sum of the subscription price and the interest on bank deposits for the same period, or the sale proceeds, whichever is lower, and the remaining funds (if any) shall belong to the Company.

## **Chapter VI Way of ESOP's Participation in the Company's**

### **Financing during the Term**

When the Company conducts financing by means of allotment, additional issue and convertible bonds during the term of the ESOP, the Management Committee shall discuss whether to participate in the financing and the fund solutions, and submit it to the Holders' Meeting for deliberation.

## **Chapter VII ESOP Management Organ and Management Mode**

After its establishment, the ESOP will be managed by the Company itself or by an asset management agency under entrustment, and the highest management organ of the ESOP will be the Holders' Meeting. Such Holders' Meeting shall be composed of all the Holders of the ESOP, and shall elect a Management Committee and authorize the Management Committee to be a manager to be responsible for opening an account for the ESOP and for the daily management of the ESOP (including but not limited to reducing the Company Shares held under the ESOP after the end of the Lock-up Period, and the distribution of income and cash assets to the Holders on behalf of the ESOP), exercising shareholders' rights on behalf of the Holders or authorizing the assets management agency to exercise the shareholders' rights, and safeguarding the legitimate rights and interests of the Holders.

The Board of Directors of the Company and the Remuneration and Appraisal Committee thereunder shall be responsible for formulating and modifying this Draft ESOP and handling other matters related to the ESOP within the scope authorized by the shareholders' meeting. The Company has taken appropriate risk prevention and isolation measures to effectively safeguard the legitimate rights and interests of Holders.

### **I. Holders' Meeting**

(I) After subscribing for the shares of interest in the ESOP, employees of the Company become the Holders of the ESOP. The Holders' Meeting is the highest management organ of the ESOP. All Holders shall have the right to attend, either in person or by proxy, and vote at the Holders' Meeting. Any travel expenses, accommodation expenses, etc. of the Holders and their proxies incurred for attending the Holders' Meeting shall be borne by the Holders themselves.

(II) The following matters need to be deliberated at the Holders' Meeting:

1. To elect or remove members of the Management Committee;

2. To change, terminate or extend the term of the ESOP;
3. When the Company conducts financing by means of allotment, additional issue and convertible bonds during the term of the ESOP, the Management Committee shall discuss the specific scheme to participate in the financing and submit it to the Holders' Meeting for deliberation;
4. To revise the *Administrative Measures*;
5. To authorize the Management Committee to open a security account, a fund account and other related accounts for the ESOP;
6. To authorize the Management Committee to supervise or be responsible for the daily management of the ESOP;
7. To authorize the Management Committee, or the asset management agency authorized by the Management Committee, to exercise the shareholders' rights, including but not limited to arrangements for attending, putting forward proposals to, and voting at the general meeting of shareholders of the Company;
8. To authorize the Management Committee to select and replace professional institutions, formulate and revise relevant management rules (if any);
9. To authorize the Management Committee to handle relevant matters with the professional institutions (if any);
10. To authorize the Management Committee to be responsible for the liquidation and property distribution under the ESOP;
11. Other matters that the Management Committee considers necessary to be deliberated by the Holders' Meeting.

(III) The first Holders' Meeting shall be convened and presided over by the secretary or designated person of the Board of Directors of the Company, and the Holders' Meetings thereafter shall be convened by the Management Committee and presided over by the director of the Management Committee. When the director of the



Management Committee is unable to perform his/her duties, he/she shall appoint a member of the Management Committee to preside over the meeting.

(IV) To hold a Holders' Meeting, the Management Committee shall give a notice 5 days in advance to all Holders in person, or by mail, fax, email or other means. The written notice shall contain at least the following information:

1. Time and place of the meeting;
2. Way of meeting;
3. Matters (proposals) to be deliberated at the meeting;
4. Convener and host of the meeting, proposer of the interim meeting and his/her written proposal;
5. The materials necessary for voting at the meeting;
6. The requirement that a Holder shall attend the meeting in person or entrust any other Holder to attend the meeting on his/her behalf;
7. Contact person and contact information;
8. Date of notice.

In case of emergency, the Holders' Meeting can be held at any time by oral notice, which shall contain at least the contents of Items 1 and 2 above and the statement on the necessity to hold a Holders' Meeting as soon as possible due to emergency.

The Holders' Meeting may be held in the forms of teleconference, video conference or similar means of communication, and all Holders participating in the meeting by such means shall be deemed to be present in person as long as all the Holders can hear and communicate with each other at the meeting.

#### (V) Voting Procedures of the Holders' Meeting

1. After a proposal has been fully discussed, the host shall timely submit the

proposal to the Holders present for voting. Alternatively, the host may decide to submit all proposals to the Holders present for voting after all proposals are discussed at the meeting. The vote shall be casted in writing.

2. The Holders shall enjoy the right to vote according to their respective shares of interest.

3. Holders attending the meeting shall choose one of the following alternatives when voting on the submitted proposal: consent, objection or abstention. Any Holder who does not make a choice or chooses more than two of them at the same time, or leaves the venue halfway and fails to make a choice, or casts a vote blank or with wrong information or illegible handwriting or does not cast the vote shall be deemed as an abstention. In case any Holder votes after the host announces the voting result or after the end of prescribed time limit for voting, his/her vote shall not be counted.

4. The host of the meeting shall announce the voting results on the spot. A proposal, when approved by the Holders holding more than 1/2 (inclusive) of shares of interests at the meeting, shall be deemed to be passed (except for the proposals subject to the approval of more than 2/3 (inclusive) of shares of interests as stipulated herein), and an effective resolution of the Holders' Meeting shall be thereby formed after it is signed by the Holders present at the Holders' Meeting.

5. The resolution of the Holders' Meeting shall be submitted to the Board of Directors and the shareholders' meeting for deliberation if it is required to do so in accordance with the provisions of the *Articles of Association*.

6. The host of the meeting shall arrange personnel to make minutes of the Holders' Meeting.

(VI) Holders who hold more than 30% of shares of interests in the ESOP, either individually or collectively, may submit to the Holders' Meeting an interim proposal, which shall be submitted to the Management Committee 3 days before the Holders' Meeting.

(VII) Holders who hold more than 30% of shares of interests in the ESOP, either individually or collectively, may propose to hold a Holders' Meeting.

## **II. Management Committee**

(I) A Management Committee shall be established to supervise the daily management of the ESOP, exercise shareholders' right on behalf of the Holders or authorize the asset management agency to exercise the shareholders' rights, and be responsible for the ESOP.

(II) The Management Committee shall consist of three members and one director. Members of the Management Committee shall be elected by the Holders' Meeting. The director of the Management Committee shall be elected with the approval of more than half of all members of the Management Committee. The term of office of the members of the Management Committee shall be the Term of the ESOP.

(III) Members of the Management Committee shall abide by the laws, administrative regulations of the state as well as the *Administrative Measures*, and shall bear faithful obligations to the ESOP as follows:

1. Not take bribes or other illegal income by abusing their power, nor encroach on the properties under the ESOP;
2. Not misappropriate the funds under the ESOP;
3. Not open, in their own name or other personal names, an account to deposit the properties or funds under the ESOP without prior consent of the Holders' Meeting;
4. Not lent to others the funds under the ESOP or provide a guarantee for others against the properties under the ESOP without prior consent of the Holders' Meeting;
5. Not use its power to damage the interests of the ESOP;
6. Not disclose business secrets related to the ESOP without authorization.
7. Other obligations stipulated by laws, administrative regulations, departmental rules, and this Draft ESOP.

Any member of the Management Committee who violates his/her duty of loyalty and thereby causes losses to the ESOP shall be liable for compensation.

(IV) The Management Committee shall perform the following functions and duties:

1. To convene the Holders' Meeting and implement the resolution of the Holders' Meeting;

2. To supervise or be responsible for the daily management of the ESOP on behalf of the Holders;

3. To exercise the shareholders' rights with respect to the Company Shares under the ESOP on behalf of all the Holders, or authorize the assets management agency to exercise the shareholders' rights;

4. To be responsible for deciding whether to engage professional institutions to provide management, consulting and other services for the daily management of the ESOP;

5. To be responsible for handling relevant work with the professional institutions (if any);

6. To execute relevant agreements and contracts on behalf of the ESOP;

7. To dispose of the Holders' shares of interest in accordance with relevant provisions of "Chapter X Change or Termination of the ESOP; Disposal of Holders' Shares of Interests" hereof;

8. To decide on the ownership of shares of interest in the ESOP that are not subscribed or be forcibly reclaimed;

9. To manage the distribution of interests in the ESOP, and decide the disposal and distribution of the Underlying Shares when the Lock-up Period expires;

10. To register the shares of interests, or the inheritance thereof, in the ESOP;

11. To be responsible for the shares reduction arrangement with respect to the

ESOP;

12. To determine the Holders of the reserved shares of interest, the allocation plan, and the disposal matters;

13. Other duties conferred by the Holders' Meeting.

(V) The director of the Management Committee shall exercise the following functions and powers:

1. To preside over the Holders' Meeting and to convene and preside over the meetings of the Management Committee;

2. To exercise the shareholders' rights on behalf of all Holders with the authorization of the Management Committee;

3. To supervise and inspect the implementation of resolutions of the Holders' Meeting and the Management Committee;

4. To execute relevant agreements and contracts on behalf of the ESOP;

5. Other functions and powers conferred by the Management Committee.

(VI) Procedure for convening the meetings of the Management Committee:

1. The Management Committee shall hold meetings irregularly, which shall be convened by the director of the Management Committee, and shall notify all members of the Management Committee 3 days before the meeting. The meetings of the Management Committee may be held and voted by electronic communication means as long as all members of the Management Committee agree.

2. The said period of notice may be exempted with the consent of the members of the Management Committee. To be specific, in case an interim meeting of the Management Committee is required to be held as soon as possible in the event of emergency, the notice of the meeting may be sent by telephone or other oral means at any time, but the convener shall make a statement thereon at the meeting.

(VII) Members of the Management Committee may propose to convene an

extraordinary meeting of the Management Committee. The director of the Management Committee shall, within 3 days after receiving the proposal, convene and preside over the extraordinary meeting of the Management Committee.

(VIII) The meetings of the Management Committee shall not be held unless more than half of the members of the Management Committee are present. A resolution of the Management Committee shall not be adopted unless it is approved by more than half of the members of the Management Committee. One person shall have one vote as for voting on the resolution of the Management Committee.

(IX) The voting on the resolution of the Management Committee shall be made by secret ballot. The meetings of the Management Committee may be held by fax (as long as the members of the Management Committee can fully express their opinions thereat), and a resolution can be made by fax or other permitted ways, and signed by the members of the Management Committee present.

(X) Members of the Management Committee shall attend the meetings of the Management Committee in person. In case any member is unable to attend the meeting in person for any reason, he/she may, by a written power of attorney, authorize another member of the Management Committee to attend the meeting on his/her behalf. Such power of attorney shall contain the information such as the name, the matters entrusted, scope and validity term of the authorization, and shall bear the signature or seal of the principal. The member of the Management Committee who attends the meeting on behalf of the principal shall exercise the rights of the members of the Management Committee within the scope of authorization. Any member of the Management Committee who fails to attend the meeting of the Management Committee and does not entrust a proxy to attend the meeting on his/her behalf shall be deemed to have waived his/her voting rights at the meeting.

(XI) The Management Committee shall form meeting minutes of the decisions on the matters discussed at the meeting, which minutes shall bear the signature of all the members of the Management Committee present.

(XII) The minutes of the meetings of Management Committee shall contain the information below:

1. The date, place and name of the convener of the meeting;
2. The names of the members of the Management Committee present, and the name(s) of the member(s) (as proxy) of the Management Committee authorized to attend the Management Committee on behalf of other member(s);
3. Agenda of the meeting;
4. Key points of the speeches by members of the Management Committee;
5. The voting mode and result with respect to each resolution (the voting results shall indicate the number of votes in favor, objection or abstention).

## **Chapter VIII Rights and Obligations of the Company and the Holders**

### **I. Rights and Obligations of the Company**

#### **(I) Rights of the Company**

1. To dispose of Holders' shares of interests in the ESOP in accordance with relevant provisions of "Chapter X Change or Termination of the ESOP; Disposal of Holders' Shares of Interests" hereof;

2. To supervise the operation of the ESOP and safeguard the interests of the Holders;

3. Other rights stipulated by laws, administrative regulations of the state and this Draft ESOP.

#### **(II) Obligations of the Company**

1. To fulfill the information disclosure obligation with respect to the ESOP in a true, accurate, complete and timely manner;

2. To open or cancel securities trading accounts for the ESOP in accordance with relevant laws and regulations;

3. Other obligations stipulated by laws, administrative regulations of the state and this Draft ESOP.

### **II. Rights and Obligations of the Holders**

#### **(I) Rights of the Holders**

1. To enjoy interests in the ESOP according to the shares of interest held by them;

2. To attend, either in person or by proxy, the Holders' Meeting and exercise their voting rights thereat;



3. To supervise the management of the ESOP, and put forward suggestions or questions thereon;

4. Other rights stipulated by laws, administrative regulations, departmental rules of the state or this Draft ESOP.

(II) Obligations of the Holders

1. To comply with relevant provisions of laws, administrative regulations, departmental rules of the state and this Draft ESOP;

2. To pay the subscription price according to the shares of interests in the ESOP subscribed by them and the method stipulated in the subscription conditions;

3. To bear the risk of investment in the ESOP according to their shares of interest in the ESOP;

4. To abide by the *Administrative Measures*;

5. Do not transfer or withdraw their shares of interests in the ESOP (except as otherwise provided in “Chapter X Change or Termination of the ESOP; Disposal of Holders’ Shares of Interests” hereof), or use them to secure or repay debts or otherwise dispose of them during the term of the ESOP, unless otherwise provided by laws, administrative regulations and departmental rules of the state or with the consent of the Management Committee;

6. Do not require being distributed the assets under the ESOP during the term of the ESOP;

7. To bear the statutory trading taxes and fees for shares under the ESOP that meets the unlocking conditions and are sold, based on their shares of interests in the ESOP;

8. Other obligations stipulated by laws, administrative regulations of the state and this Draft ESOP.

## **Chapter IX Asset Composition of and Interests Distribution under the ESOP**

### **I. Asset Composition of the ESOP**

(I) Interests corresponding to the Company Shares: the interests corresponding to the Company Shares held under the ESOP;

(II) Cash deposits and bank interest;

(III) Assets formed by other investments of the ESOP.

The assets of the ESOP are independent of the fixed assets of the Company, and the Company shall not include the assets under the ESOP into its own assets. Any property and income obtained due to the management, application, etc., of the ESOP shall be included into the assets under the ESOP.

### **II. Interests Distribution under the ESOP**

(I) Unless otherwise provided by laws, administrative regulations and departmental rules of the state or with the consent of the Management Committee, Holders' shares of interests in the ESOP shall not be withdrawn, transferred, or used to mortgage, pledge, guarantee, or repay debts or disposed of in similar manner during the term of the ESOP.

(II) When the Company experiences such matters as conversion of capital reserves into share capital or distribution of share dividends during the Lock-up Period, the shares newly acquired by the ESOP due to the Company Shares held shall be locked together and shall not be sold or transferred in the secondary market in any other way. The unlocking period of such shares shall be the same as that of the Company Shares, and the cash dividends obtained by the ESOP due to the Company Shares held shall also be subject to the said locking and unlocking arrangements.

(III) In case the Company pays share dividends during the Lock-up Period, the cash dividends obtained by the ESOP due to the Company Shares held shall be

included in the monetary assets of the ESOP and shall not be distributed temporarily. The Management Committee will, according to the authorization of the Holders' Meeting, distribute them according to the shares of interests held by the Holders after deducting relevant taxes in accordance with the law after the expiration of the Lock-up Period. In case the Company pays share dividends after the expiration of the Lock-up Period and during the term of this ESOP, the cash dividends obtained by the ESOP due to the Company Shares held shall be included in the monetary assets of the ESOP and distributed according to the above principles.

(IV) After the expiration of the Lock-up Period of the Underlying Shares under the ESOP, the Management Committee shall determine the method to dispose of the Underlying Shares.

After the expiration of the Lock-up Period, the Management Committee will gradually sell off the assets of the ESOP and distribute the proceeds to the Holders based on their respective proportion of shares of interests, or, the Management Committee will apply to the securities depository and clearing institution to transfer the Underlying Shares to the Holders' personal account in accordance with relevant laws and regulations based on their respective proportion of shares of interests, so that the Holders may dispose of them on their own. If the transfer of the Underlying Shares to the personal accounts is impossible due to the restriction imposed by laws and regulations, the Management Committee will sell off such assets in a unified manner and distribute them to the Holders based on their respective proportion of shares of interests.

If there are any remaining undistributed Underlying Shares and their dividends, the Management Committee shall determine the method for disposal thereof before the expiration of the term of the ESOP.

(V) When the term of the ESOP expires or the ESOP is to be early terminated, the Management Committee shall, with the authorization of the Holders' Meeting, after deducting relevant taxes and fees according to law, complete the liquidation

within 30 working days from the date of expiration or termination and make distribution according to Holders' shares of interests.

(VI) In case of any matter not agreed herein, the method for disposal of the Holders' shares of property in the ESOP shall be determined by the Management Committee.

## **Chapter X Change or Termination of the ESOP; Disposal of Holders' Shares of Interests**

### **I. Change of Control, Merger and Division of the Company**

The ESOP will not be changed in the event of change of control, merger or division of the Company.

### **II. Change of the ESOP**

Any change of the ESOP during the term shall be subject to the consent of the Holders holding more than 2/3 (inclusive) shares of interests at the Holders' Meeting and submitted to the Board of Directors for deliberation and approval.

### **III. Termination of the ESOP**

(I) The ESOP shall terminate automatically if the term is not extended upon the expiration thereof.

(II) After the expiration of the Lock-up Period, the ESOP can be early terminated in case all the Underlying Shares held under the ESOP are sold or transferred to the holders of shares under the Employee Stock Ownership Plan.

(III) If all the Company Shares under the ESOP have not been sold or transferred to the Holders one month before the expiration of the term of the ESOP, the term can be extended, provided that such extension shall be subject to the consent of the Holders holding at least 2/3 shares of interests at the Holders' Meeting and the approval of the Board of Directors of the Company.

(IV) Where the Company Shares cannot be fully sold or transferred to the Holders before the expiration of the upper limit of the term due to suspended trading of Company Shares or the information sensitive periods, the term of the ESOP can be extended with the consent of the Holders holding more than 2/3 (inclusive) shares of interests at the Holders' Meeting and the approval of the Board of Directors of the Company.

#### **IV. Disposal of Holders' Shares of Interests**

(I) Except as stipulated in this Draft ESOP and relevant documents or with the consent of the Management Committee, the Holders shall not withdraw their shares of interests in the ESOP, or use them to secure or repay debts or otherwise dispose of them during the term of the ESOP. Holders' shares of interests in the ESOP shall not be transferred without prior consent of the Management Committee, and any transfer of such shares of interests without consent shall be invalid.

(II) In case of any of the following circumstances during the term of the ESOP, the Management Committee will let the unlocked portion be, but for the locked portion, the Management Committee shall have the right to cancel a Holder's qualification to participate in the ESOP, reclaim his/her shares of interests in the ESOP, and return to him/her the sum of the subscription price and the bank deposit interest in the same period or the sale price (whichever is lower). The Management Committee may transfer the reclaimed shares of interests in the ESOP to the reserved portion of shares of interests, or transfer them to a designated transferee qualified to participate in the ESOP. In case there is no such qualified transferee, the shares of interests shall be jointly enjoyed by all the Holders participating in the ESOP, or be sold by the Management Committee at the appropriate time and any remaining funds after returning the subscription price shall belong to the Company, or the corresponding Underlying Shares shall be disposed of in other ways permitted by laws and regulations:

1. The Holder is an independent director or other person who cannot participate in the ESOP;

2. Where the Holder holds a post in a subsidiary controlled by the Company, the Company loses control over the subsidiary but the Holder still holds the post in the subsidiary;

3. The Holder resigns involuntary due to reasons such as layoffs, rather than unqualified performance, negligence, violation of law and discipline, etc.;

4. The Holder resigns due to loss of labor capacity resulting from non-work-related injury;

5. The Holder dies for reasons other than performing his/her duties (the funds returned by the Company to the Holder will be returned to his/her designated or legal heirs or successor instead).

(III) In case of any of the following circumstances during the term of the ESOP, the Management Committee will let the unlocked portion be, but for the locked portion, the Management Committee shall have the right to cancel a Holder's qualification to participate in the ESOP, reclaim his/her shares of interests in the ESOP, and return to him/her the subscription price or the sale price (whichever is lower). The Management Committee may transfer the reclaimed shares of interests in the ESOP to the reserved portion of shares of interests, or transfer them to a designated transferee qualified to participate in the ESOP. In case there is no such qualified transferee, the shares of interests shall be jointly enjoyed by all the Holders participating in the ESOP, or be sold by the Management Committee at the appropriate time and any remaining funds after returning the subscription price shall belong to the Company, or the corresponding Underlying Shares shall be disposed of in other ways permitted by laws and regulations:

1. The Holder does not intend to renew the labor or employment contract after the contract expires;

2. Both parties agree to terminate the labor or employment contract even though the contract has not expired;

3. The Holder leaves office without authorization or voluntarily resigns;

4. The Company terminates the labor or employment contract with the Holder (including the Company's dismissal or removal of the Holder) due to the Holder's failure to pass the individual performance assessment.

(IV) The Holder's position is changed or the Company terminates labor or

employment relations with the Holder since the Holder damages the interests or reputation of the Company due to violation of law, violation of professional ethics, disclosure of the Company's secrets, dereliction of duty or other acts during the term of ESOP. In such case, for the locked portion, the Management Committee shall have the right to cancel the Holder's qualification to participate in the ESOP, reclaim his/her shares of interests in the ESOP, and return to him/her the subscription price or the sale price (whichever is lower). The Management Committee may transfer the reclaimed shares of interests in the ESOP to the reserved portion of shares of interests, or transfer them to a designated transferee qualified to participate in the ESOP. In case there is no such qualified transferee, the shares of interests shall be jointly enjoyed by all the Holders participating in the ESOP, or be sold by the Management Committee at the appropriate time and any remaining funds after returning the subscription price shall belong to the Company, or the corresponding Underlying Shares shall be disposed of in other ways permitted by laws and regulations. In the meantime, the Holder shall return all the proceeds from the exercise of his/her interests to the Company, and shall be liable for compensation in case of any loss caused to the Company.

(V) In case of any of the following circumstances during the term of the ESOP, the Management Committee will let the unlocked portion be, but for the locked portion, the Management Committee shall have the right to decide that the interests held by the Holder can be dealt with in accordance with the procedures before the occurrence of the circumstance and his/her individual performance assessment results will no longer be included in the unlocking conditions, or cancel the Holder's qualification to participate in the ESOP, reclaim his/her shares of interests in the ESOP, and return to him/her the sum of the subscription price and the bank deposit interest in the same period or the sale price (whichever is lower). The Management Committee may transfer the reclaimed shares of interests in the ESOP to the reserved portion of shares of interests, or transfer them to a designated transferee qualified to participate in the ESOP. In case there is no such qualified transferee, the shares of



interests shall be jointly enjoyed by all the Holders participating in the ESOP, or be sold by the Management Committee at the appropriate time and any remaining funds after returning the subscription price shall belong to the Company, or the corresponding Underlying Shares shall be disposed of in other ways permitted by laws and regulations.

1. The Holder leaves his/her office due to retirement;
2. The Holder resigns due to loss of work ability;
3. The Holder dies in performing his/her duties (the funds returned to the Holder or the interests held by Holder shall be held by his designated or legal heir or successor on his/her behalf).

(VI) In case a Holder is re-hired after retirement during the term of the ESOP, the interest held by the Holder can be dealt with in accordance with the procedures before the occurrence of the circumstance.

(VII) In case a holder encounters change of position during the term of the ESOP, the interest held by the Holder can be dealt with in the following methods:

1. In case it is a promotion or lateral move, the interest held by the Holder can be dealt with in accordance with the procedures before the occurrence of the circumstance.

2. In case it is a demotion or dismissal, the Management Committee will let the unlocked portion be, but for the locked portion, the Management Committee shall have the right to decide that the interests held by the Holder can be dealt with in accordance with the procedures before the occurrence of the circumstance, or cancel the Holder's qualification to participate in the ESOP, reclaim his/her shares of interests in the ESOP, and return to him/her the subscription price or the sale price (whichever is lower). The Management Committee may transfer the reclaimed shares of interests in the ESOP to the reserved portion of shares of interests, or transfer them to a designated transferee qualified to participate in the ESOP. In case there is no such

qualified transferee, the shares of interests shall be jointly enjoyed by all the Holders participating in the ESOP, or be sold by the Management Committee at the appropriate time and any remaining funds after returning the subscription price shall belong to the Company, or the corresponding Underlying Shares shall be disposed of in other ways permitted by laws and regulations

(VIII) If a Holder resigns after his/her interests are unlocked, he/she shall not engage in work that is the same or similar to the Company's business within 2 years; Otherwise, the Company shall have the right to demand that the Holder return all the proceeds obtained under the ESOP to the Company. If the Holder causes any losses to the Company, the Company may also recover the losses suffered in accordance with relevant laws and regulations.

(IX) In case of any other matters unspecified herein, the method for disposal of or the conditions for unlocking of the shares of property held by a Holder under the ESOP shall be determined by the Company and the Management Committee through consultation.

## **Chapter XI Method for Disposal of Company Shares after the Expiration of the Term of the ESOP**

I. If all the Company Shares under the ESOP have been sold or transferred to the Holders, the ESOP can be terminated.

II. The term of the ESOP can be extended if all the Company Shares thereunder have not been sold or transferred to the Holders of the ESOP one month before the expiration of the term, provided that such extension shall be subject to the consent of the Holders holding more than 2/3 (inclusive) shares of interests at the Holders' Meeting and the approval of the Board of Directors of the Company.

III. When the term of the ESOP expires or the ESOP is to be early terminated, the Management Committee shall, with the authorization of the Holders' Meeting, after deducting relevant taxes and fees according to law, complete the liquidation within 30 working days from the date of expiration or termination and make distribution according to the Holders' shares of interests.

IV. In case the assets under the ESOP still contain the Underlying Shares after the expiration of the term of the ESOP, the Management Committee shall decide measures for the disposal thereof.

## Chapter XII Accounting Treatment with Respect to the ESOP

In accordance with the provisions of *Accounting Standards for Business Enterprises No. 11 – Share-based Payment*, as to an equity-settled share-based payment in return for employee services, if the right cannot be exercised until the vesting period comes to an end or until the prescribed performance conditions are met, then on each balance sheet date within the vesting period, the services obtained in the current period shall, based on the best estimate of the number of vested equity instruments, be included in the relevant costs or expenses and the capital reserves at the fair value of the equities instruments on the date of the grant..

Assuming that the transfer of all Underlying Shares under the ESOP totaling 9,000,000 shares (i.e., all shares of interests to be subscribed, excluding the reserved portion, are fully subscribed) is completed in June 2024 and based on the closing price on May 6, 2024, the total expenses to be recognized by the Company is estimated to be RMB 68,580,000, which will be amortized by the Company on a monthly basis during the Lock-up Period and included in relevant expenses and capital reserve. The amortization of the ESOP expenses for the years of 2024 to 2028 is estimated as follows:

Unit: RMB ten thousand

Total expenses	Y2024	Y2025	Y2026	Y2027	Y2028
6,858.00	2,103.12	3,017.52	1,291.59	411.48	34.29

Note: 1. The said data may be affected by the operating performance of the Company, and the final results shall be subject to the annual audit report issued by the accounting firm.

2. There may be inconsistency between the total amount and the sum of the amounts of each sub-item in above table caused by rounding-off.

Without considering the impact of the ESOP on the Company's performance, the said expenses amortization will have an impact on the net profit of each year within the term of the ESOP. If we take into consideration the positive effect of the ESOP on the development of the Company, the ESOP will effectively motivate the Company's

core employees and improve the Company's business efficiency.

## **Chapter XIII Procedures for Implementing the ESOP**

I. The Board of Directors of the Company and the Remuneration and Appraisal Committee thereunder are responsible for drafting this Draft ESOP. Before implementing the ESOP, the Company should solicit employees' opinions through democratic means, including but not limited to the employee congress.

II. The Board of Supervisors shall express its opinions on matters such as whether the ESOP is conducive to the sustainable development of the Company, whether it damages the interests of the Company and the legitimate rights and interests of small and medium-sized shareholders, whether the Company solicits employees' opinions before the implementation of the ESOP, and whether the Company forces employees to participate in the ESOP by means of apportionment and forced distribution.

III. When the Board of Directors deliberates and approves this Draft ESOP, the directors associated with the ESOP shall abstain from voting. Within 2 trading days after this Draft ESOP is deliberated and approved, the Board of Directors shall make an announcement on the resolution of the Board of Directors, the full text and abstract of this Draft ESOP, the opinions of the Board of Supervisors.

IV. The Company employs a law firm to issue a legal opinion on whether the ESOP and related matters are legal and compliant, whether necessary decision-making and approval procedures have been completed, and make an announcement on the legal opinion 2 trading days before the shareholders' meeting is held to deliberate the ESOP.

V. The Company holds a shareholders' meeting to deliberate the ESOP. Both on-site voting or online voting will be adopted as for voting at the shareholders' meeting. The votes of small and medium-sized investors shall be counted separately and disclosed publicly. If the ESOP is associated with relevant shareholders, such shareholders shall withdraw from voting. The ESOP can only be implemented after it is approved by the non-associated shareholders representing more than half of the voting rights at the shareholders' meeting. The finally approved ESOP shall be

disclosed within 2 trading days after the approval of the ESOP at the shareholders' meeting.

VI. The Company holds a Holders' Meeting, elects members of the Management Committee, clarifies the specific matters related to the implementation of the ESOP, and timely discloses the meeting and relevant resolutions adopted at the meeting.

VII. Within 2 trading days after the Underlying Shares are transferred to the special account of the ESOP, the Company shall disclose the time and quantity of the Underlying Shares timely.

VIII. Other procedures required by CSRC and SZSE.

## **Chapter XIV Association Relationship and Concerted Action Relationship**

The ESOP does not constitute a concerted action relationship as stipulated in the *Administrative Measures for the Takeover of Listed Companies* with any controlling shareholder, actual controller, directors, supervisors and senior officers of the Company. Details are as follows:

I. The holders of this Employee Stock Ownership Plan include the company's actual controller Mr. Li Zhen's son Mr. Li Chen and Mr. Li Chen's spouse Ms. Wang Weihang, and the foregoing persons have a connected relationship as holders of this ESOP, so they shall avoid voting when the shareholders' meeting and the Board of Directors deliberate any proposal related to the ESOP. Other than the foregoing persons, there is no connected relationship among the holders of this Employee Stock Ownership Plan, and none of them has signed a concerted action agreement or has any arrangement relating to concerted action. No concerted action agreement or arrangement is reached with the controlling shareholder and actual controller with respect to the ESOP.

II. The holders of this Employee Stock Ownership Plan include some directors (excluding independent directors), supervisors and senior officers of the Company, and the foregoing persons have a connected relationship as holders of this ESOP, so they shall avoid voting when the shareholders' meeting, the Board of Directors and the Board of Supervisors deliberate any proposal related to the ESOP. No concerted action agreement or arrangement is reached with any directors, supervisors or senior officers of the Company with respect to the ESOP.

III. The Holders' Meeting is the highest authority of the ESOP. At the Holders' Meeting, a Management Committee shall be elected to supervise the daily management of the ESOP. Holders' shares of interests are relatively scattered, and the Company's directors, supervisors, senior management, Mr. Li Zhen (the de facto controller of the Company)'s son Mr. Li Chen and Mr. Li Chen's spouse Ms. Wang Weihang, as holders undertake to recuse themselves from voting at the meeting of the



holders and the Management Committee (if they are elected as the members of the Management Committee) during the deliberation of the matters related to them. No single Holder can exert a major impact on the decisions of the shareholders' meeting or the Management Committee. Accordingly, the Employee Stock Ownership Plan shall not be required to recuse itself from the General Meeting of Shareholders when the General Meeting of Shareholders considers the proposals relating to the Company's transactions with the holders such as the Company's Directors, Supervisors, senior management, and Mr. Li Zhen (the de facto controller of the Company)'s son Mr. Li Chen and Mr. Li Chen's spouse Ms. Wang Weihang.

IV. The employee stock ownership plans of each phase are independently accounted for and operated, and there are no agreements or arrangements for concerted action between the employee stock ownership plans of each phase. There is no association or concerted action relationship as stipulated in the *Administrative Measures for the Takeover of Listed Companies* between the ESOP and any existing employee stock ownership plan of the Company. The share of interest held in each employee stock ownership plan of the Company shall not be calculated jointly.

## **Chapter XV Other Important Matters**

I. The approval of the ESOP by the Board of Directors and the shareholders' meeting does not mean that the Holders have the right to continue to serve the Company (or any of its subsidiaries), and nor shall it constitute a commitment of the Company (or any of its subsidiaries) to the engagement period of employees. The labor or employment relationship between the Company (or any of its subsidiaries) and the Holders shall still be subject to the labor contracts or the employment contracts signed between the Company (or any of its subsidiaries) and the Holders.

II. The financial and accounting treatment and taxation with respect to the Company's implementation of the ESOP shall be carried out in accordance with relevant financial system, accounting standards and taxation system. Relevant personal income tax to be paid by the employees due to the implementation of the ESOP shall be borne by the employees themselves.

III. The ESOP can only be implemented after it is deliberated and approved by the shareholders' meeting of the Company.

IV. The power to interpret this Draft ESOP shall be vested in the Board of Directors of the Company.

V. In case of any conflict between this Draft ESOP and the latest laws and regulations issued by regulatory authorities, the latest laws and regulations shall prevail.

Board of Directors of Gotion High-tech Co., Ltd.

May 7, 2024

**Annex 8**

Stock Name: Gotion High-tech

Stock Code: 002074



**The Summary of  
Employees Stock Ownership Plan  
(Phase IV)**

**of**

**Gotion High-tech Co., Ltd.**

**(Draft)**

**May, 2024**

## **Statement**

The Company and all members of the Board of Directors and the Board of Supervisors of the Company warrant that the content of this Draft ESOP and its abstract is true, accurate and complete, and free from false record, misrepresentation and material omission.

## Risk Warning

I. The *Employee Stock Ownership Plan (Phase IV) of Gotion High-tech Co., Ltd. (Draft)* (this “**Draft ESOP**”) can only be implemented after being approved by the shareholders’ meeting of the Gotion High-tech Co., Ltd. (“**Gotion High-tech**” or the “**Company**”), but it is uncertain whether or not it can be approved by the shareholders’ meeting;

II. The specific capital source, contribution amount, expected scale and implementation plan in respect of the Employee Stock Ownership Plan (Phase IV) of the Company (the “**ESOP**”) are preliminary results, and there is uncertainty about whether or not it can be implemented;

III. There is a risk that the ESOP can’t be established if the employee’s subscription fund is low, and that the scale of the ESOP will be lower than the expected one if the employee’s subscription amount is insufficient.

IV. The stock price is affected by many complex factors such as the Company’s operating performance, macroeconomic cycle, international/domestic political and economic situation and investors’ psychology. Therefore, stock trading is an investment activity with certain risks, and investors should be fully prepared for it;

V. The description of performance evaluation indicators herein does not represent a performance forecast, nor does it constitute a performance commitment, by the Company.

VI. The investors shall make prudent decisions and pay attention to investment risks.

## Special Note

The terms used in this part shall have the same meaning as set forth in the Interpretation.

I. This Draft ESOP is prepared in accordance with the *Company Law of the People's Republic of China*, the *Securities Law of the People's Republic of China*, the *Guiding Opinions on Pilot Implementation of ESOP by Listed Companies*, the *Self-regulatory Guidelines for the Companies Listed on Shenzhen Stock Exchange No. 1 - Standardized Operation of Companies Listed on the Main Board* and other related laws, administrative regulations, rules, normative documents of China as well as the *Articles of Association* of the Company.

II. The principles of compliance with the laws, employees' voluntary participation and risk bearing shall be followed for the implementation of the ESOP, and in no event will employees be forced to participate in the ESOP through such ways as apportionment and forced distribution.

III. The persons eligible to participate in the ESOP are the directors (excluding the independent directors), supervisors, senior officers as well as core employees of the Company (including its subsidiaries) ("**Holders**"). At the initial establishment, the total number of Holders shall be no more than 700 persons (excluding the reserved shares). The specific number and list of Holders are to be determined according to their actual payment of subscription funds. The Management Committee may adjust the list of Holders of the ESOP and their distribution ratio based on the payment of subscription funds and changes in employees.

IV. The Company Shares required for the ESOP will be Class A ordinary shares of the Company repurchased through the special securities account for repurchase of the Company. The number of Underlying Shares to be held under the ESOP shall be no more than 11,000,000 shares, accounting for 0.62% of the total share capital of the Company as of April 30, 2024 (1,785,733,658 shares). After this Draft ESOP is approved by the shareholders' meeting, the required Company Shares will be sourced

from the special securities account for repurchase by means of non-trading transfer and other ways permitted by laws and regulations. The situation of share repurchase through the said special securities account for repurchase is as follows:

On May 5, 2022, the Company held the 17th meeting of the 8th Board of Directors, at which the *Proposal on the Plan for the Repurchase of Company Shares* was deliberated and approved, agreeing that the Company uses its own funds to repurchase some Class A ordinary shares of the Company by way of centralized competitive bidding, for the purpose of future implementation of employee stock ownership plan or stock incentive plan. The total amount of funds used for the repurchase this time shall be no less than RMB 200,000,000 and no more than RMB 400,000,000, and the repurchase price shall be no more than RMB 45.00/share. The period for implementing the repurchase shall be within 6 months from the date of approval of the repurchase plan by the Board of Directors.

As of November 8, 2022, the said implementation period has expired. During the repurchase period, the Company repurchased a total of 6,766,310 Company Shares through the special securities account for repurchase by way of centralized bidding, accounting for 0.3804% of the total share capital of the Company at that time. The highest transaction price was RMB 42.620/share, the lowest transaction price was RMB 26.947/share, and the repurchase amount was RMB 257,660,869.61 (excluding transaction fees), which has reached the lower limit and does not exceed the upper limit of the repurchase amount in the repurchase plan. In this way, the share repurchase plan has been completed.

On December 4, 2023, the Company held the 5th meeting of the 9th Board of Directors, at which the *Proposal on the Plan for the Repurchase of Company Shares* was deliberated and approved, agreeing that the Company uses its own funds to repurchase some Class A ordinary shares of the Company by way of centralized competitive bidding, for the purpose of future implementation of employee stock ownership plan or stock incentive plan. The total amount of funds used for the repurchase this time shall be no less than RMB 300,000,000 and no more than RMB 600,000,000, and the repurchase price shall be no more than RMB 34.00/share. The

period for implementing the repurchase shall be within 12 months from the date of approval of the repurchase plan by the Board of Directors.

As of March 31, 2024, the Company repurchased a total of 12,067,858 Company Shares through the special securities account for repurchase by way of centralized bidding, accounting for 0.68% of the current total share capital of the Company. The highest transaction price was RMB 21.18/share, the lowest transaction price was RMB 17.11/share, and the repurchase amount was RMB 239,679,024.12 (excluding transaction fees). As of now, the repurchase has not been completed.

The Employee Stock Ownership Plan (Phase III) of the Company, which was deliberated and approved at the third extraordinary general meeting of shareholders in 2021, is still being in the process of implementation. After the implementation of the ESOP hereunder, the number of Company Shares held under all effective employee stock ownership plans of the Company shall not exceed 10% of the total share capital of the Company, and the total number of Company Shares obtained by a single Holder through his/her shares of interests under all effective employee stock ownership plans of the Company shall not exceed 1% of the total share capital of Company. The number of Company Shares held under the ESOP hereunder shall not include the Company Shares obtained by employees before the IPO of the Company, or purchased by themselves through the secondary market, or obtained through equity incentive. Since the final purchase situation of the Underlying Shares is currently uncertain, the final number of Underlying Shares held under the ESOP is subject to actual situation.

V. The funds to be used by the Holders to subscribe for the share of interests in the ESOP shall be their legitimate salaries or the self-owned funds and other forms of funds permitted by laws and regulations. The Company shall not provide any loan to the Holders or provide any guarantee for any loan borrowed by the Holders for such purpose. The total funds to be raised under the ESOP will be no more than RMB 128,700,000, which will be divided by shares of interest with each share of interest per RMB 1.00. The specific number of shares of interests to be held by each Holder



will be determined according to the actual status of their payment of subscription price.

VI. The unit price for subscribing for the repurchased Company Shares under the ESOP will be RMB 11.70 /share. During the period from the announcement date of this Draft ESOP to the date of completion of share transfer under the ESOP, if the Company experiences such matters as conversion of capital reserve into share capital, distribution of share dividends, share split or share reduction, allotment of shares or dividend distribution, the said subscription price shall be adjusted accordingly.

VII. The ESOP will be managed by the Company itself or by an asset management agency under entrustment. The Company will establish an ESOP Management Committee to act as the manager of the ESOP and exercise shareholders' rights on behalf of the ESOP or authorize the assets management agency to exercise the shareholders' rights. The Company has taken appropriate risk prevention and isolation measures to effectively safeguard the legitimate rights and interests of Holders. During the term of the ESOP, the Management Committee may engage professional institutions to provide management, consulting and other services for the daily management of the ESOP.

VIII. The term of the ESOP shall be no more than 60 months. Taking into account such factors as job responsibilities, past contributions and performance, and future performance targets of different categories of Holders, and taking overall consideration of the continuity and effectiveness of the stock ownership plans of the Company, the Company divides the Holders of the ESOP into two categories and makes differentiated unlocking arrangements for them. The Underlying Shares subscribed by the Holders of the first category will be unlocked in three phases, with Lock-up Periods of 24 months, 36 months, and 48 months respectively, while the Underlying Shares subscribed by the Holders of the second category will be unlocked in three phases, with Lock-up Periods of 12 months, 24 months and 36 months respectively, all of which shall be calculated from the date when the Company announces the transfer of the last batch of Underlying Shares to the ESOP.

Upon the expiration of the term, the ESOP will terminate automatically or the term can be extended, provided that the extension of the term shall be subject to the consent of the Holders holding no less than 2/3 shares of interests at the Holders' Meeting and the approval of the Board of Directors of the Company.

IX. In order to achieve the medium- and long-term strategic target of the Company while continuously attracting and retaining outstanding talents, a number of no more than 2.00 million Underlying Shares, accounting for 18.18% of the total Underlying Shares under the ESOP, will be reserved.

After determining the allocation plan, the Underlying Shares corresponding to the reserved shares of interests will be transferred to the ESOP. Before allocation, the reserved shares of interests will not have voting rights and will not be included in the base number of voting shares. The future allocation plan for the reserved shares of interests (including but not limited to determining the subscribers, subscription prices, time arrangements, and unlocking ratios) shall be determined by the Management Committee at one time or in batches during the term of the ESOP. If there is still no eligible employee who subscribes for the reserved shares of interests or there is any remaining reserved shares of interests that have not been fully allocated during the term of the ESOP, the Management Committee shall decide on the disposal thereof in accordance with laws and regulations.

X. The financial and accounting treatment and taxation with respect to the Company's implementation of the ESOP shall be carried out in accordance with relevant financial system, accounting standards and taxation system. Relevant personal income tax to be paid by the Holders due to the implementation of the ESOP shall be borne by the Holders themselves.

XI. After the Board of Directors of the Company deliberates the ESOP and has no objection, the Company will issue a notice of shareholders' meeting to deliberate the ESOP. Both on-site voting or online voting will be adopted as for voting at the shareholders' meeting deliberating the ESOP, and the ESOP can only be implemented

after it is approved by the shareholders' meeting.

XII. The implementation of the ESOP will not bring about a consequence that the equity structure of the Company does not meet the conditions for listing.

## Interpretation

Unless otherwise specified, the following terms shall have the following meanings when used herein:

Terms	Interpretation
“Gotion High-tech” or “the Company”	refers to Gotion High-tech Co., Ltd.
ESOP	refers to the <i>Employee Stock Ownership Plan (Phase IV) of Gotion High-tech Co., Ltd.</i>
Draft ESOP	refers to the <i>Employee Stock Ownership Plan (Phase IV) of Gotion High-tech Co., Ltd. (Draft)</i>
Administrative Measures	Refers to the <i>Administrative Measures of Gotion High-tech Co., Ltd. for the Employee Stock Ownership Plan (Phase IV)</i>
Holders	refer to the persons participating in the ESOP, i.e., the directors (excluding the independent directors), supervisors, senior officers and core employees of the Company (including its subsidiaries).
Holders’ Meeting	refers to the meeting of the ESOP holders
Management Committee	refers to the Management Committee of the ESOP
Company Shares	refer to all Class A ordinary shares of the Company.
Lock-up Period	refers to the period during which the conditions for vesting the share of interests to the Holders specified in the ESOP have not been met, and the granted share of interests cannot be transferred or disposed of without prior consent of the Management Committee, which shall be calculated from the date when the Company announces the transfer of the last batch of Underlying Shares to the special account of the ESOP.
Underlying Shares	refer to such Class A ordinary shares of the Company that are repurchased for and held under the ESOP through legal means
CSRC	refers to the China Securities Regulatory Commission
SZSE	refers to the Shenzhen Stock Exchange
<i>Company Law</i>	refers to the <i>Company Law of the People’s Republic of China</i>
<i>Securities Law</i>	refers to the <i>Securities Law of the People’s Republic of China</i>
<i>Guiding Opinions</i>	refer to the <i>Guiding Opinions on Pilot Implementation of ESOP by Listed Companies</i>
<i>Self-regulatory Guidelines</i>	refer to the <i>Self-regulatory Guidelines for the Companies Listed on Shenzhen Stock Exchange No. 1 - Standardized Operation of</i>

	<i>Companies Listed on the Main Board.</i>
<i>Listing Rules</i>	refer to the <i>Listing Rules of Shenzhen Stock Exchange</i>
<i>Articles of Association</i>	refers to the <i>Articles of Association of Gotion High-tech Co., Ltd.</i>
RMB	refers to Renminbi Yuan.

## Chapter I Purpose of the ESOP

This Draft ESOP is formulated by the Company in accordance with the *Company Law*, the *Securities Law*, the *Guiding Opinions*, the *Self-regulatory Guidelines* and other relevant laws, administrative regulations, rules, normative documents of China as well as the *Articles of Association*.

Employees may participate in the ESOP voluntarily and in accordance with laws and regulations, and hold the Company Shares only for the purpose of:

I. establishing and improving the benefit sharing mechanism between workers and owners;

II. further improving the level of corporate governance, enhancing the cohesion of employees and the competitiveness of the Company, and promoting the long-term, sustainable and healthy development of the Company;

III. helping fully mobilize the employees' sense of responsibility to the Company, attract and retain excellent management talents and core backbone, and further enhance the cohesion of employees and the development vitality of the Company.

## **Chapter II Basic Principles of the ESOP**

### **I. Principle of Compliance with the Laws**

For and during the implementation of the ESOP, the Company shall go through the procedures in strict accordance with the requirements of laws and administrative regulations, and make information disclosure truthfully, accurately, completely and timely. No one shall use the ESOP to engage in securities fraud such as insider trading or manipulation of the securities market.

### **II. Principle of Voluntary Participation**

For and during the implementation of the ESOP, the principle of the Company's independent decision and employees' voluntary participation shall be followed. In no event will employees be forced to participate in the ESOP through such ways as apportionment and forced distribution.

### **III. Principle of Risk Bearing**

The Holders shall be responsible for their own profits and losses, bear their own risks, and have equal rights and interests with other investors.

## **Chapter III Basis for Determining the Holders, Scope of Holders and Their Share of Interests in the ESOP**

### **I. Basis for Determining the Holders**

The Holders will be determined in accordance with the *Company Law*, the *Securities Law*, the *Guiding Opinions*, the *Self-regulatory Guidelines* and other relevant laws, regulations, rules of China as well as the *Articles of Association*. They may participate in the ESOP based on the principles of compliance with the law, voluntary participation and risk bearing.

### **II. Scope of the Holders**

The persons eligible to participate in the ESOP are the directors (excluding the independent directors), supervisors, senior officers and core employees of the Company (including its subsidiaries).

Unless otherwise specified in Chapter X hereof, all Holders must sign labor contracts or employment contracts with the Company or its subsidiaries during the term of the ESOP.

### **III. List of Holders and Their Share of Interests in the ESOP**

The total funds to be raised under the ESOP at the initial establishment will be no more than RMB 128,700,000, which will be divided by shares of interest with each share of interest per RMB 1.00. Thus, the total shares of interests under the ESOP will be no more than 128,700,000. At the initial establishment, the total number of Holders shall be no more than 700 (without consideration of the reserved shares of interests). The specific number of Holders is to be determined according to the actual subscription status of employees. The respective share of interests and proportions are shown in the table below:

Name	Title	Number of Underlying Shares corresponding to	Proportion of shares of interests to be
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		the upper limit of the shares of interests to be held ( Ten thousand share)	held in the total shares of interests in the ESOP
Holders of the first category			
Steven Cai	Director, Deputy General Manager	60.00	5.45%
Zhang Hongli	Director		
Wang Qisui	Deputy General Manager		
Wang Qiang	Deputy General Manager		
Sun Aiming	Deputy General Manager		
Zhang Wei	Deputy General Manager		
Wang Quan	Board Secretary		
Yang Dafa	Chairman of Board of Supervisors		
Wu Yibing	Supervisor of Emolpyee Representatives		
Core employees belonging to the holders of the first category (19 employees)		60.00	5.45%
Total number of the holders of the first category (28)		<b>120.00</b>	<b>10.91%</b>
Holders of the second category			
Core employees belonging to the holders of the second category (672 employees)		780.00	70.91%
Total number of the holders of the second category (672)		780.00	70.91%
Reserved shares of interests		200.00	18.18%
<b>Total</b>		<b>1,100.00</b>	<b>100.00%</b>

Note: (I) The final number of share of interests in the ESOP subscribed by each Holder shall be subject to their actual payment of subscription price.

(II) There may be inconsistence between the total amount and the sum of the amounts of each sub-item in above table caused by rounding-off.

In order to achieve the medium- and long-term strategic target of the Company while continuously attracting and retaining outstanding talents, a number of no more

than 2.00 million Underlying Shares, accounting for 18.18% of the total Underlying Shares under the ESOP, will be reserved.

After determining the allocation plan, the Underlying Shares corresponding to the reserved shares of interests will be transferred to the ESOP. Before allocation, the reserved shares of interests will not have voting rights and will not be included in the base number of voting shares. The future allocation plan for the reserved shares of interests (including but not limited to determining the subscribers, subscription prices, time arrangements, and unlocking ratios) shall be determined by the Management Committee at one time or in batches during the term of the ESOP. If there is still no eligible employee who subscribes for the reserved shares of interests or there is any remaining reserved shares of interests that have not been fully allocated during the term of the ESOP, the Management Committee shall decide on the disposal thereof in accordance with laws and regulations.

The Holders shall pay their respective subscription funds in full and on time according to their subscribed shares of interests, and the payment time will be uniformly notified and arranged by the Company. In case any Holder fails to pay the subscription funds in full and on time, he/she shall be deemed to have automatically loses the rights over the part of shares of interests that he/she did not pay the subscription funds, and only enjoys the rights over the part that he/she already paid the subscription fund. In such case, the Management Committee may adjust the list of participants and the shares of interests they are eligible to subscribe for according to the condition of employees' payment of subscription funds. The final number and the list of participants and the shares of interests they are eligible to subscribe for shall be determined according to the condition of signing of the *ESOP Subscription Agreement* and the final payment of subscription funds.

The holders of this Employee Stock Ownership Plan include the company's actual controller Mr. Li Zhen's son Mr. Li Chen, Mr. Li Chen's spouse Ms. Wang Weihang (the number of underlying Shares corresponding to the proposed shareholding limit is respectively 50,000 shares and 25,000 shares, and the proposed shareholding limit accounts for respectively 0.45% and 0.23% of this Employee Stock Ownership Plan). Mr. Li Chen and Ms. Wang Weihang have served as the Company's core management, all of whom play an important role in the daily operation and

management. The participation of the aforesaid persons in this Employee Stock Ownership Plan is based on their confidence in the future development prospects of the Company and recognition of the value of the Company, which will help mobilize the motivation of the Company's employees and improve the cohesion of the employees and the competitiveness of the Company, so as to promote the Company's long-term, sustainable and healthy development. Therefore, the Company considers that the aforesaid persons, as holders, are in line with the actual situation and future development needs of the Company, in compliance with *the Company Law*, *the Securities Law*, *the Guiding Opinions*, *the Self-Regulatory Guidelines* and other laws and regulations and relevant provisions of the *Articles of Association* of the Company, which are both necessary and reasonable, and have not jeopardized the interests of small and medium-sized investors.

## **Chapter IV Source of Funds, Source of Shares, Scale, Purchase Price**

### **I. Source of Funds**

The funds to be used by the Holders to subscribe for the share of interests in the ESOP shall be their legitimate salaries or the self-owned funds and other forms of funds permitted by laws and regulations, not involving leveraged funds or the Company's withdrawal of incentive funds. The Company shall not provide any loan to the Holders or provide any guarantee for any loan borrowed by the Holders in the Employee Stock Ownership Plan for such purpose, and there are no arrangements for third parties to provide incentives, grants, subsidies or underwriting for employees to participate in the Employee Stock Ownership Plan.

The total funds to be raised under the ESOP will be no more than RMB 128,700,000, which will be divided by shares of interest with each share of interest per RMB 1.00. The specific number of shares of interests to be held by each Holder will be determined according to the actual status of their payment of subscription price.

### **II. Source of Shares**

The Company Shares required for the ESOP will be Class A ordinary shares of the Company repurchased through the special securities account for repurchase of the Company. After this Draft ESOP is approved by the shareholders' meeting, the required Company Shares will be sourced from the special securities account for repurchase by means of non-trading transfer and other ways permitted by laws and regulations. The situation of share repurchase through the said special securities account for repurchase is as follows

On May 5, 2022, the Company held the 17th meeting of the 8th Board of Directors, at which the *Proposal on the Plan for the Repurchase of Company Shares* was deliberated and approved, agreeing that the Company uses its own funds to repurchase some Class A ordinary shares of the Company by way of centralized competitive bidding, for the purpose of future implementation of employee stock ownership plan or stock incentive plan. The total amount of funds used for the repurchase this time shall be no less than RMB 200,000,000 and no more than RMB

400,000,000, and the repurchase price shall be no more than RMB 45.00/share. The period for implementing the repurchase shall be within 6 months from the date of approval of the repurchase plan by the Board of Directors.

As of November 8, 2022, the said implementation period has expired. During the repurchase period, the Company repurchased a total of 6,766,310 Company Shares through the special securities account for repurchase by way of centralized bidding, accounting for 0.3804% of the total share capital of the Company at that time. The highest transaction price was RMB 42.620/share, the lowest transaction price was RMB 26.947/share, and the repurchase amount was RMB 257,660,869.61 (excluding transaction fees), which has reached the lower limit and does not exceed the upper limit of the repurchase amount in the repurchase plan. In this way, the share repurchase plan has been completed.

On December 4, 2023, the Company held the 5th meeting of the 9th Board of Directors, at which the *Proposal on the Plan for the Repurchase of Company Shares* was deliberated and approved, agreeing that the Company uses its own funds to repurchase some Class A ordinary shares of the Company by way of centralized competitive bidding, for the purpose of future implementation of employee stock ownership plan or stock incentive plan. The total amount of funds used for the repurchase this time shall be no less than RMB 300,000,000 and no more than RMB 600,000,000, and the repurchase price shall be no more than RMB 34.00/share. The period for implementing the repurchase shall be within 12 months from the date of approval of the repurchase plan by the Board of Directors.

As of March 31, 2024, the Company repurchased a total of 12,067,858 Company Shares through the special securities account for repurchase by way of centralized bidding, accounting for 0.68% of the total share capital of the Company at that time. The highest transaction price was RMB 21.18/share, the lowest transaction price was RMB 17.11/share, and the repurchase amount was RMB 239,679,024.12 (excluding transaction fees). As of now, the repurchase has not been completed.

### **III. Scale of the ESOP**

The number of Underlying Shares to be held under the ESOP shall be no more than 11,000,000, accounting for about 0.62% of the total share capital of Company as of April 30, 2024 ( 1,785,733,658 shares).

The Employee Stock Ownership Plan (Phase III) of the Company, which was deliberated and approved at the third extraordinary general meeting of shareholders in 2021, is still being in the process of implementation. After the implementation of the ESOP hereunder, the number of Company Shares held under all effective employee stock ownership plans of the Company shall not exceed 10% of the total share capital of the Company, and the total number of Company Shares obtained by a single Holder through his/her shares of interests under all effective employee stock ownership plans of the Company shall not exceed 1% of the total share capital of Company. The number of Company Shares held under the ESOP hereunder shall not include the Company Shares obtained by employees before the IPO of the Company, or purchased by themselves through the secondary market, or obtained through equity incentive. Since the final purchase situation of the Underlying Shares is currently uncertain, the final number of Underlying Shares held under the ESOP is subject to actual situation.

#### **IV. Subscription Price and Rationality Thereof**

##### **(I) Subscription Price**

The unit price for subscribing for the repurchased Company Shares under the ESOP will be RMB 11.70 /share, which is not lower than the following price (whichever is higher):

1. 60% of the average trading price of the Company Shares on one trading day prior to the announcement of this Draft ESOP, i.e., RMB 11.60 /share; or
2. 60% of the average trading price of the Company Shares on 20 trading days prior to the announcement of this Draft ESOP, i.e., RMB 11.70 /share.

During the period from the announcement date of this Draft ESOP to the date of completion of share transfer under the ESOP, if the Company experiences such matters as conversion of capital reserve into share capital, distribution of share dividends, share split or share reduction, allotment of shares or dividend distribution, the said subscription price shall be adjusted accordingly.

##### **(II) Rationality of the Subscription Price**

The persons eligible to participate in the ESOP are the directors (excluding the independent directors), supervisors, senior officers and core employees of the

Company (including its subsidiaries). During the development of the Company, such persons mentioned above either have direct contribution to or play a synergistic role in the future development of the Company's core business, or are of great significance to the realization of the Company's business plan or medium- and long-term strategic objectives.

The Company believes that, in the environment of fierce market competition and according to its development situation and demand for comprehensive improvement of its organizational structure, post allocation and talent team system, the Company has balanced the maximization of incentive effects and the costs of implementing employee incentives to the extent permitted by the law, and determined that the unit price for subscribing for the repurchased Company Shares under the ESOP is RMB 11.70 /share, which is not lower than 60% of the average trading price of the Company Shares on one trading day prior to the announcement of this Draft ESOP and not lower than 60% of the average trading price of the Company Shares on 20 trading days prior to the announcement of this Draft ESOP. The subscription price determined can effectively stabilize the existing talent team and attract external talents, strengthen the core team's sense of mission and responsibility for the Company's medium- and long-term development, enhance the Company's core competitiveness, and thus promote the achievement of the Company's performance targets.

To sum up, the price is reasonable and scientific, and will not damage the interests of the Company and all shareholders.

## **Chapter V Term of the ESOP, Lock-up Period and Performance Assessment under the ESOP**

### **I. Term of the ESOP**

(I) The term of the ESOP shall be no more than 60 months, calculated from the date when the Company announces the transfer of the last batch of Underlying Shares to the ESOP. Upon the expiration of the term, the ESOP will terminate automatically or the term can be extended through the approval process agreed herein.

(II) After the expiration of the Lock-up Period, the ESOP can be early terminated when all the Company Shares held under the ESOP are sold or transferred to the holders of shares under the Employee Stock Ownership Plan.

(III) If all the Company Shares held under the ESOP have not been sold or transferred to the Holders one month before the expiration of the term of the ESOP, the term can be extended, provided that such extension shall be subject to the consent of the Holders holding at least 2/3 shares of interests at the Holders' Meeting and the approval of the Board of Directors of the Company.

(IV) Where the Company Shares cannot be fully sold or transferred to the holders of shares under the Employee Stock Ownership Plan before the expiration of the upper limit of the term due to the suspended trading of Company Shares or the sensitive periods, the term of the ESOP can be extended with the consent of the Holders holding at least 2/3 shares of interests at the Holders' Meeting and the approval of the Board of Directors of the Company.

### **II. Lock-up Period under the ESOP**

(I) Taking into account such factors as job responsibilities, past contributions and performance, and future performance targets of different categories of Holders, and taking overall consideration of the continuity and effectiveness of the stock ownership plans of the Company, the Company divides the Holders of the ESOP into two categories and makes differentiated unlocking arrangements for them. The Underlying Shares subscribed by the Holders of the first category will be unlocked by three phases, with Lock-up Periods of 24 months, 36 months, and 48 months respectively, while the Underlying Shares subscribed by the Holders of the second category will be



unlocked by three phases, with Lock-up Periods of 12 months, 24 months and 36 months respectively, all of which shall be calculated from the date when the Company announces the transfer of the last batch of Underlying Shares to the ESOP. After the expiration of the Lock-up Periods, the Underlying Shares held under the ESOP will be distributed to the Holders in batches based on the performance assessment results of the corresponding year. To be specific:

The assessment years and unlocking arrangements for the Underlying Shares subscribed by the Holders of the first category under the ESOP are as follows:

Lock-up Period	Assessment year	Unlocking arrangement	Proportion of the unlocked Underlying Shares to the Subscribed Underlying Shares held under the ESOP
The 1st Lock-up Period	Year 2024	24 months after this Draft ESOP is deliberated and approved by the shareholders' meeting of the Company and the Company announces the transfer of the last batch of Underlying Shares to the ESOP	40%
The 2nd Lock-up Period	Year 2025	36 months after this Draft ESOP is deliberated and approved by the shareholders' meeting of the Company and the Company announces the transfer of the last batch of Underlying Shares to the ESOP	30%
The 3rd Lock-up Period	Year 2026	48 months after this Draft ESOP is deliberated and approved by the shareholders' meeting of the Company and the Company announces the transfer of the last batch of Underlying Shares to the ESOP	30%

The assessment years and unlocking arrangements for the Underlying Shares subscribed by the Holders of the second category under the ESOP are as follows:

Lock-up Period	Assessment year	Unlocking arrangement	Proportion of the unlocked Underlying Shares to the Subscribed Underlying Shares held under the ESOP
The 1st Lock-up Period	Year 2024	12 months after this Draft ESOP is deliberated and approved by the shareholders' meeting of the Company and the Company announces the transfer of the last batch of Underlying	40%

		Shares to the ESOP	
The 2nd Lock-up Period	Year 2025	24 months after this Draft ESOP is deliberated and approved by the shareholders' meeting of the Company and the Company announces the transfer of the last batch of Underlying Shares to the ESOP	30%
The 3rd Lock-up Period	Year 2026	36 months after this Draft ESOP is deliberated and approved by the shareholders' meeting of the Company and the Company announces the transfer of the last batch of Underlying Shares to the ESOP	30%

Any shares derived from the Underlying Shares obtained under the ESOP due to distribution of stock dividends and the conversion of capital reserve into share capital shall also be subject to the said unlocking arrangements.

(II) Relevant subjects involved in the ESOP shall strictly abide by the market trading rules and the restrictions on non-trading of shares in the information sensitive periods, and no party shall use the ESOP for securities fraud such as insider trading and market manipulation.

For the purpose of the preceding paragraph, the “sensitive periods” refer to:

1. 30 days before the announcement of the Company's annual report or semi-annual report, or, in case the announcement date is postponed due to special reasons, the period shall be calculated from 30 days before the original announcement date;
2. 10 days before the announcement of the Company's quarterly report, earnings preannouncement or preliminary earnings estimate;
3. the period from the date of occurrence of major events that may have a relatively material impact on the trading price of the Company's shares or any derived varieties thereof, or the date of entering the decision-making procedures, to the date of legal disclosure; and
4. any other periods as stipulated by CSRC and SZSE.

For the purpose of the preceding paragraph, the “major events” refer to transactions or other major matters that the Company should disclose in accordance with the provisions of the *Listing Rules*.

During the term of the ESOP, in case of any change to relevant provisions of the *Company Law*, the *Securities Law*, and other relevant laws, administrative regulations, normative documents, as well as the *Articles of Association* of the Company regarding the said sensitive periods during the term of the ESOP, the sensitive periods shall be consistent with the revised *Company Law*, *Securities Law*, and other relevant laws, regulations, normative documents, and the *Articles of Association* of the Company.

### III. Performance Assessment under the ESOP

The performance assessment under the ESOP involves both the company level and the individual level. The specific assessment indicators are as follows:

#### (I) Assessment of the Company's performance:

The Company's operating performance will be assessed on an annual basis during the years of 2024 to 2026, and the achievement of the performance targets will be one of the conditions for unlocking the corresponding batches of Underlying Shares held by the Holders under the ESOP. The specific performance targets are as follows:

Unlocking phase	Performance appraisal target
The 1st unlocking phase	It is sufficient to achieve one of the following assessment objectives: Based on the net profit in 2023, the growth rate of net profit in 2024 should not be less than 50%. Based on the operating income in 2023, the growth rate of operating income in 2024 should not be less than 30%.
The 2nd unlocking phase	It is sufficient to achieve one of the following assessment objectives: Based on the net profit in 2024, the growth rate of net profit in 2025 should not be less than 50%. Based on the operating income in 2024, the growth rate of operating income in 2025 should not be less than 30%.
The 3rd unlocking phase	It is sufficient to achieve one of the following assessment objectives: Based on the net profit in 2025, the growth rate of net profit in 2026 should not be less than 50%. Based on the operating income in 2025, the growth rate of operating income in 2026 should not be less than 30%.

Note:1. The premise of “taking the net profit of 2024 as the base” is that the net profit of the Company in 2024 is positive; if the net profit of the Company in 2024 is not positive, then the performance appraisal target of “net profit” in the performance appraisal target of the Company in

the appraisal year of 2025 for this Employee Stock Ownership Plan shall be deemed not to have been reached. If the net profit of the Company in 2024 is not positive, the performance appraisal target of “net profit” in the performance appraisal target of the Company for the appraisal year of 2025 under the Employee Stock Ownership Plan shall be deemed not to have been achieved, and it is necessary to achieve the performance target of “operating income” for the current period in order to be deemed to have achieved the performance appraisal target for the current period.

2. The premise of “taking the net profit in 2025 as the base” is that the net profit of the Company in 2025 is positive; if the net profit of the Company in 2025 is not positive, the performance appraisal target of “net profit” in the performance appraisal target of the Employee Stock Ownership Plan for the appraisal year of 2026 shall be regarded as not reached. If the net profit of the Company in 2025 is not positive, the performance appraisal target of “net profit” in the performance appraisal target of the Company for the appraisal year of 2026 under the Employee Stock Ownership Plan shall be deemed not to have been achieved, and it is necessary to achieve the performance target of “operating income” for the current period in order to be deemed to have achieved the performance appraisal target for the current period.

3. The above “Operating income” refers to the audited operating income of the Company; the above “net profit” refers to the audited net profit attributable to shareholders of the listed company after deduction of the non-recurring gains and losses.

According to the achievement of the performance targets of each year (2024-2026) (the Actual Achievement Rate of Operating Revenue ( $R_1$ ) = Actual Achievement Value for each appraisal year/Performance Appraisal Target Value; the Actual Achievement Rate of the Net Profit  $R_2$  = Actual Achievement Value for each appraisal year/Performance Appraisal Target Value), the unlocking coefficient at the Company level can be determined according to the table below:

Actual achievement rate of operating revenue (R)	$R_1 \geq 100\%$ Or $R_2 \geq 100\%$	$100\% > R_1 \geq 90\%$ Or $100\% > R_2 \geq 90\%$	$90\% > R_1 \geq 80\%$ Or $90\% > R_2 \geq 80\%$	$80\% > R_1 \geq 70\%$ Or $80\% > R_2 \geq 70\%$	$R_1 < 70\%$ Or $R_2 < 70\%$
Unlocking coefficient at the Company level	1.0	0.9	0.8	0.7	0

If the actual achievement rate of the Company's operating revenue ( $R_1$ ) and the actual achievement rate of the Company's net profit ( $R_2$ ) in the current unlocking phase has not reached 70%, all the Underlying Shares that can be unlocked by the Holders in the year of assessment shall not be unlocked. In case that the Underlying Shares corresponding to the unlocking phase cannot be unlocked or cannot be fully locked due to the failure of the Company's performance assessment, the part not unlocked shall be recovered by the Management Committee, who may sell such part at appropriate time and return to the Holders the sum of the subscription price paid and the bank deposit interest in the same period or the sale proceeds, whichever is lower, and the remaining funds (if any) shall belong to the Company.

(II) Assessment of individual performance:

The actual number of a Holder's Underlying Shares that can be unlocked in the current year is related to both the corporate performance assessment results of the employing unit which the Holder works for and the individual performance assessment results of the Holder in the previous year. The unlocking ratio at the individual level will be determined by the corporate coefficient ( $Y$ ) and the individual coefficient ( $Z$ ).

The performance assessment methods applicable to each employing unit shall be formulated by the Company, and the corporate coefficient of the employing unit ( $Y$ ) will be determined according to the following table:

<b>Corporate performance assessment results (P)</b>	$P \geq 90\%$	$90\% > P \geq 80\%$	$80\% > P \geq 70\%$	$P < 70\%$
Corporate coefficient (Y)	1.0	0.9	0.8	0

The individual performance assessment of a Holder shall be carried out in accordance with relevant internal performance assessment system of the Company. To be specific, the Company will score the performance of each Holder during each assessment period, and determine the assessment level based on the scores. The individual assessment results of the Holders are divided into five levels: "A", "B", "C", "D" and "E". Then, the individual coefficient of the Holder ( $Z$ ) will be determined based on the following table:

<b>Individual performance assessment results</b>	<b>A</b>	<b>B</b>	<b>C</b>	<b>D</b>	<b>E</b>
Individual coefficient (Z)	1.0	1.0	1.0	0	0

The weight for corporate coefficient (Y) and individual coefficient (Z) are as follows:

<b>Indicator</b>	Corporate coefficient (Y)	Individual coefficient (Z)
Weight	30%	70%

Subject to the Company's achievement of performance targets, the actual number of a Holder's Underlying Shares that can be unlocked in the current year = the number of Underlying Shares that the Holder plans to have unlocked in the current year \*the unlocking coefficient at the Company level\* the unlocking ratio at the individual level. Among them, the unlocking ratio at the individual level = corporate coefficient (Y) \* 30% + individual coefficient (Z) \* 70%.

Subject to the Company's achievement of performance targets, in case that a Holder's Underlying Shares corresponding to the unlocking phase cannot be unlocked due to the failure of individual performance assessment, the part not unlocked shall be reclaimed by the Management Committee, who may sell such part at appropriate time and return to the Holder the sum of the subscription price and the interest on bank deposits for the same period, or the sale proceeds, whichever is lower, and the remaining funds (if any) shall belong to the Company.

## **Chapter VI Way of ESOP's Participation in the Company's**

### **Financing during the Term**

When the Company conducts financing by means of allotment, additional issue and convertible bonds during the term of the ESOP, the Management Committee shall discuss whether to participate in the financing and the fund solutions, and submit it to the Holders' Meeting for deliberation.

## **Chapter VII ESOP Management Organ and Management Mode**

After its establishment, the ESOP will be managed by the Company itself or by an asset management agency under entrustment, and the highest management organ of the ESOP will be the Holders' Meeting. Such Holders' Meeting shall be composed of all the Holders of the ESOP, and shall elect a Management Committee and authorize the Management Committee to be a manager to be responsible for opening an account for the ESOP and for the daily management of the ESOP (including but not limited to reducing the Company Shares held under the ESOP after the end of the Lock-up Period, and the distribution of income and cash assets to the Holders on behalf of the ESOP), exercising shareholders' rights on behalf of the Holders or authorizing the assets management agency to exercise the shareholders' rights, and safeguarding the legitimate rights and interests of the Holders.

The Board of Directors of the Company and the Remuneration and Appraisal Committee thereunder shall be responsible for formulating and modifying this Draft ESOP and handling other matters related to the ESOP within the scope authorized by the shareholders' meeting. The Company has taken appropriate risk prevention and isolation measures to effectively safeguard the legitimate rights and interests of Holders.

### **I. Holders' Meeting**

(I) After subscribing for the shares of interest in the ESOP, employees of the Company become the Holders of the ESOP. The Holders' Meeting is the highest management organ of the ESOP. All Holders shall have the right to attend, either in person or by proxy, and vote at the Holders' Meeting. Any travel expenses, accommodation expenses, etc. of the Holders and their proxies incurred for attending the Holders' Meeting shall be borne by the Holders themselves.

(II) The following matters need to be deliberated at the Holders' Meeting:

1. To elect or remove members of the Management Committee;



2. To change, terminate or extend the term of the ESOP;
3. When the Company conducts financing by means of allotment, additional issue and convertible bonds during the term of the ESOP, the Management Committee shall discuss the specific scheme to participate in the financing and submit it to the Holders' Meeting for deliberation;
4. To revise the *Administrative Measures*;
5. To authorize the Management Committee to open a security account, a fund account and other related accounts for the ESOP;
6. To authorize the Management Committee to supervise or be responsible for the daily management of the ESOP;
7. To authorize the Management Committee, or the asset management agency authorized by the Management Committee, to exercise the shareholders' rights, including but not limited to arrangements for attending, putting forward proposals to, and voting at the general meeting of shareholders of the Company;
8. To authorize the Management Committee to select and replace professional institutions, formulate and revise relevant management rules (if any);
9. To authorize the Management Committee to handle relevant matters with the professional institutions (if any);
10. To authorize the Management Committee to be responsible for the liquidation and property distribution under the ESOP;
11. Other matters that the Management Committee considers necessary to be deliberated by the Holders' Meeting.

(III) The first Holders' Meeting shall be convened and presided over by the secretary or designated person of the Board of Directors of the Company, and the Holders' Meetings thereafter shall be convened by the Management Committee and presided over by the director of the Management Committee. When the director of the

Management Committee is unable to perform his/her duties, he/she shall appoint a member of the Management Committee to preside over the meeting.

(IV) To hold a Holders' Meeting, the Management Committee shall give a notice 5 days in advance to all Holders in person, or by mail, fax, email or other means. The written notice shall contain at least the following information:

1. Time and place of the meeting;
2. Way of meeting;
3. Matters (proposals) to be deliberated at the meeting;
4. Convener and host of the meeting, proposer of the interim meeting and his/her written proposal;
5. The materials necessary for voting at the meeting;
6. The requirement that a Holder shall attend the meeting in person or entrust any other Holder to attend the meeting on his/her behalf;
7. Contact person and contact information;
8. Date of notice.

In case of emergency, the Holders' Meeting can be held at any time by oral notice, which shall contain at least the contents of Items 1 and 2 above and the statement on the necessity to hold a Holders' Meeting as soon as possible due to emergency.

The Holders' Meeting may be held in the forms of teleconference, video conference or similar means of communication, and all Holders participating in the meeting by such means shall be deemed to be present in person as long as all the Holders can hear and communicate with each other at the meeting.

#### (V) Voting Procedures of the Holders' Meeting

1. After a proposal has been fully discussed, the host shall timely submit the

proposal to the Holders present for voting. Alternatively, the host may decide to submit all proposals to the Holders present for voting after all proposals are discussed at the meeting. The vote shall be casted in writing.

2. The Holders shall enjoy the right to vote according to their respective shares of interest.

3. Holders attending the meeting shall choose one of the following alternatives when voting on the submitted proposal: consent, objection or abstention. Any Holder who does not make a choice or chooses more than two of them at the same time, or leaves the venue halfway and fails to make a choice, or casts a vote blank or with wrong information or illegible handwriting or does not cast the vote shall be deemed as an abstention. In case any Holder votes after the host announces the voting result or after the end of prescribed time limit for voting, his/her vote shall not be counted.

4. The host of the meeting shall announce the voting results on the spot. A proposal, when approved by the Holders holding more than 1/2 (inclusive) of shares of interests at the meeting, shall be deemed to be passed (except for the proposals subject to the approval of more than 2/3 (inclusive) of shares of interests as stipulated herein), and an effective resolution of the Holders' Meeting shall be thereby formed after it is signed by the Holders present at the Holders' Meeting.

5. The resolution of the Holders' Meeting shall be submitted to the Board of Directors and the shareholders' meeting for deliberation if it is required to do so in accordance with the provisions of the *Articles of Association*.

6. The host of the meeting shall arrange personnel to make minutes of the Holders' Meeting.

(VI) Holders who hold more than 30% of shares of interests in the ESOP, either individually or collectively, may submit to the Holders' Meeting an interim proposal, which shall be submitted to the Management Committee 3 days before the Holders' Meeting.

(VII) Holders who hold more than 30% of shares of interests in the ESOP, either individually or collectively, may propose to hold a Holders' Meeting.

## **II. Management Committee**

(I) A Management Committee shall be established to supervise the daily management of the ESOP, exercise shareholders' right on behalf of the Holders or authorize the asset management agency to exercise the shareholders' rights, and be responsible for the ESOP.

(II) The Management Committee shall consist of three members and one director. Members of the Management Committee shall be elected by the Holders' Meeting. The director of the Management Committee shall be elected with the approval of more than half of all members of the Management Committee. The term of office of the members of the Management Committee shall be the Term of the ESOP.

(III) Members of the Management Committee shall abide by the laws, administrative regulations of the state as well as the *Administrative Measures*, and shall bear faithful obligations to the ESOP as follows:

1. Not take bribes or other illegal income by abusing their power, nor encroach on the properties under the ESOP;
2. Not misappropriate the funds under the ESOP;
3. Not open, in their own name or other personal names, an account to deposit the properties or funds under the ESOP without prior consent of the Holders' Meeting;
4. Not lent to others the funds under the ESOP or provide a guarantee for others against the properties under the ESOP without prior consent of the Holders' Meeting;
5. Not use its power to damage the interests of the ESOP;
6. Not disclose business secrets related to the ESOP without authorization.
7. Other obligations stipulated by laws, administrative regulations, departmental rules, and this Draft ESOP.

Any member of the Management Committee who violates his/her duty of loyalty and thereby causes losses to the ESOP shall be liable for compensation.

(IV) The Management Committee shall perform the following functions and duties:

1. To convene the Holders' Meeting and implement the resolution of the Holders' Meeting;

2. To supervise or be responsible for the daily management of the ESOP on behalf of the Holders;

3. To exercise the shareholders' rights with respect to the Company Shares under the ESOP on behalf of all the Holders, or authorize the assets management agency to exercise the shareholders' rights;

4. To be responsible for deciding whether to engage professional institutions to provide management, consulting and other services for the daily management of the ESOP;

5. To be responsible for handling relevant work with the professional institutions (if any);

6. To execute relevant agreements and contracts on behalf of the ESOP;

7. To dispose of the Holders' shares of interest in accordance with relevant provisions of "Chapter X Change or Termination of the ESOP; Disposal of Holders' Shares of Interests" hereof;

8. To decide on the ownership of shares of interest in the ESOP that are not subscribed or be forcibly reclaimed;

9. To manage the distribution of interests in the ESOP, and decide the disposal and distribution of the Underlying Shares when the Lock-up Period expires;

10. To register the shares of interests, or the inheritance thereof, in the ESOP;

11. To be responsible for the shares reduction arrangement with respect to the

ESOP;

12. To determine the Holders of the reserved shares of interest, the allocation plan, and the disposal matters;

13. Other duties conferred by the Holders' Meeting.

(V) The director of the Management Committee shall exercise the following functions and powers:

1. To preside over the Holders' Meeting and to convene and preside over the meetings of the Management Committee;

2. To exercise the shareholders' rights on behalf of all Holders with the authorization of the Management Committee;

3. To supervise and inspect the implementation of resolutions of the Holders' Meeting and the Management Committee;

4. To execute relevant agreements and contracts on behalf of the ESOP;

5. Other functions and powers conferred by the Management Committee.

(VI) Procedure for convening the meetings of the Management Committee:

1. The Management Committee shall hold meetings irregularly, which shall be convened by the director of the Management Committee, and shall notify all members of the Management Committee 3 days before the meeting. The meetings of the Management Committee may be held and voted by electronic communication means as long as all members of the Management Committee agree.

2. The said period of notice may be exempted with the consent of the members of the Management Committee. To be specific, in case an interim meeting of the Management Committee is required to be held as soon as possible in the event of emergency, the notice of the meeting may be sent by telephone or other oral means at any time, but the convener shall make a statement thereon at the meeting.

(VII) Members of the Management Committee may propose to convene an

extraordinary meeting of the Management Committee. The director of the Management Committee shall, within 3 days after receiving the proposal, convene and preside over the extraordinary meeting of the Management Committee.

(VIII) The meetings of the Management Committee shall not be held unless more than half of the members of the Management Committee are present. A resolution of the Management Committee shall not be adopted unless it is approved by more than half of the members of the Management Committee. One person shall have one vote as for voting on the resolution of the Management Committee.

(IX) The voting on the resolution of the Management Committee shall be made by secret ballot. The meetings of the Management Committee may be held by fax (as long as the members of the Management Committee can fully express their opinions thereat), and a resolution can be made by fax or other permitted ways, and signed by the members of the Management Committee present.

(X) Members of the Management Committee shall attend the meetings of the Management Committee in person. In case any member is unable to attend the meeting in person for any reason, he/she may, by a written power of attorney, authorize another member of the Management Committee to attend the meeting on his/her behalf. Such power of attorney shall contain the information such as the name, the matters entrusted, scope and validity term of the authorization, and shall bear the signature or seal of the principal. The member of the Management Committee who attends the meeting on behalf of the principal shall exercise the rights of the members of the Management Committee within the scope of authorization. Any member of the Management Committee who fails to attend the meeting of the Management Committee and does not entrust a proxy to attend the meeting on his/her behalf shall be deemed to have waived his/her voting rights at the meeting.

(XI) The Management Committee shall form meeting minutes of the decisions on the matters discussed at the meeting, which minutes shall bear the signature of all the members of the Management Committee present.

(XII) The minutes of the meetings of Management Committee shall contain the information below:

1. The date, place and name of the convener of the meeting;
2. The names of the members of the Management Committee present, and the name(s) of the member(s) (as proxy) of the Management Committee authorized to attend the Management Committee on behalf of other member(s);
3. Agenda of the meeting;
4. Key points of the speeches by members of the Management Committee;
5. The voting mode and result with respect to each resolution (the voting results shall indicate the number of votes in favor, objection or abstention).



## **Chapter XIII Asset Composition of and Interests Distribution under the ESOP**

### **I. Asset Composition of the ESOP**

(I) Interests corresponding to the Company Shares: the interests corresponding to the Company Shares held under the ESOP;

(II) Cash deposits and bank interest;

(III) Assets formed by other investments of the ESOP.

The assets of the ESOP are independent of the fixed assets of the Company, and the Company shall not include the assets under the ESOP into its own assets. Any property and income obtained due to the management, application, etc., of the ESOP shall be included into the assets under the ESOP.

### **II. Interests Distribution under the ESOP**

(I) Unless otherwise provided by laws, administrative regulations and departmental rules of the state or with the consent of the Management Committee, Holders' shares of interests in the ESOP shall not be withdrawn, transferred, or used to mortgage, pledge, guarantee, or repay debts or disposed of in similar manner during the term of the ESOP.

(II) When the Company experiences such matters as conversion of capital reserves into share capital or distribution of share dividends during the Lock-up Period, the shares newly acquired by the ESOP due to the Company Shares held shall be locked together and shall not be sold or transferred in the secondary market in any other way. The unlocking period of such shares shall be the same as that of the Company Shares, and the cash dividends obtained by the ESOP due to the Company Shares held shall also be subject to the said locking and unlocking arrangements.

(III) In case the Company pays share dividends during the Lock-up Period, the cash dividends obtained by the ESOP due to the Company Shares held shall be

included in the monetary assets of the ESOP and shall not be distributed temporarily. The Management Committee will, according to the authorization of the Holders' Meeting, distribute them according to the shares of interests held by the Holders after deducting relevant taxes in accordance with the law after the expiration of the Lock-up Period. In case the Company pays share dividends after the expiration of the Lock-up Period and during the term of this ESOP, the cash dividends obtained by the ESOP due to the Company Shares held shall be included in the monetary assets of the ESOP and distributed according to the above principles.

(IV) After the expiration of the Lock-up Period of the Underlying Shares under the ESOP, the Management Committee shall determine the method to dispose of the Underlying Shares.

After the expiration of the Lock-up Period, the Management Committee will gradually sell off the assets of the ESOP and distribute the proceeds to the Holders based on their respective proportion of shares of interests, or, the Management Committee will apply to the securities depository and clearing institution to transfer the Underlying Shares to the Holders' personal account in accordance with relevant laws and regulations based on their respective proportion of shares of interests, so that the Holders may dispose of them on their own. If the transfer of the Underlying Shares to the personal accounts is impossible due to the restriction imposed by laws and regulations, the Management Committee will sell off such assets in a unified manner and distribute them to the Holders based on their respective proportion of shares of interests.

If there are any remaining undistributed Underlying Shares and their dividends, the Management Committee shall determine the method for disposal thereof before the expiration of the term of the ESOP.

(V) When the term of the ESOP expires or the ESOP is to be early terminated, the Management Committee shall, with the authorization of the Holders' Meeting, after deducting relevant taxes and fees according to law, complete the liquidation

within 30 working days from the date of expiration or termination and make distribution according to Holders' shares of interests.

(VI) In case of any matter not agreed herein, the method for disposal of the Holders' shares of property in the ESOP shall be determined by the Management Committee.

## **Chapter IX Change or Termination of the ESOP; Disposal of Holders' Shares of Interests**

### **I. Change of Control, Merger and Division of the Company**

The ESOP will not be changed in the event of change of control, merger or division of the Company.

### **II. Change of the ESOP**

Any change of the ESOP during the term shall be subject to the consent of the Holders holding more than 2/3 (inclusive) shares of interests at the Holders' Meeting and submitted to the Board of Directors for deliberation and approval.

### **III. Termination of the ESOP**

(I) The ESOP shall terminate automatically if the term is not extended upon the expiration thereof.

(II) After the expiration of the Lock-up Period, the ESOP can be early terminated in case all the Underlying Shares held under the ESOP are sold or transferred to the holders of shares under the Employee Stock Ownership Plan.

(III) If all the Company Shares under the ESOP have not been sold or transferred to the Holders one month before the expiration of the term of the ESOP, the term can be extended, provided that such extension shall be subject to the consent of the Holders holding at least 2/3 shares of interests at the Holders' Meeting and the approval of the Board of Directors of the Company.

(IV) Where the Company Shares cannot be fully sold or transferred to the Holders before the expiration of the upper limit of the term due to suspended trading of Company Shares or the information sensitive periods, the term of the ESOP can be extended with the consent of the Holders holding more than 2/3 (inclusive) shares of interests at the Holders' Meeting and the approval of the Board of Directors of the Company.

#### **IV. Disposal of Holders' Shares of Interests**

(I) Except as stipulated in this Draft ESOP and relevant documents or with the consent of the Management Committee, the Holders shall not withdraw their shares of interests in the ESOP, or use them to secure or repay debts or otherwise dispose of them during the term of the ESOP. Holders' shares of interests in the ESOP shall not be transferred without prior consent of the Management Committee, and any transfer of such shares of interests without consent shall be invalid.

(II) In case of any of the following circumstances during the term of the ESOP, the Management Committee will let the unlocked portion be, but for the locked portion, the Management Committee shall have the right to cancel a Holder's qualification to participate in the ESOP, reclaim his/her shares of interests in the ESOP, and return to him/her the sum of the subscription price and the bank deposit interest in the same period or the sale price (whichever is lower). The Management Committee may transfer the reclaimed shares of interests in the ESOP to the reserved portion of shares of interests, or transfer them to a designated transferee qualified to participate in the ESOP. In case there is no such qualified transferee, the shares of interests shall be jointly enjoyed by all the Holders participating in the ESOP, or be sold by the Management Committee at the appropriate time and any remaining funds after returning the subscription price shall belong to the Company, or the corresponding Underlying Shares shall be disposed of in other ways permitted by laws and regulations:

1. The Holder is an independent director or other person who cannot participate in the ESOP;

2. Where the Holder holds a post in a subsidiary controlled by the Company, the Company loses control over the subsidiary but the Holder still holds the post in the subsidiary;

3. The Holder resigns involuntary due to reasons such as layoffs, rather than unqualified performance, negligence, violation of law and discipline, etc.;

4. The Holder resigns due to loss of labor capacity resulting from non-work-related injury;

5. The Holder dies for reasons other than performing his/her duties (the funds returned by the Company to the Holder will be returned to his/her designated or legal heirs or successor instead).

(III) In case of any of the following circumstances during the term of the ESOP, the Management Committee will let the unlocked portion be, but for the locked portion, the Management Committee shall have the right to cancel a Holder's qualification to participate in the ESOP, reclaim his/her shares of interests in the ESOP, and return to him/her the subscription price or the sale price (whichever is lower). The Management Committee may transfer the reclaimed shares of interests in the ESOP to the reserved portion of shares of interests, or transfer them to a designated transferee qualified to participate in the ESOP. In case there is no such qualified transferee, the shares of interests shall be jointly enjoyed by all the Holders participating in the ESOP, or be sold by the Management Committee at the appropriate time and any remaining funds after returning the subscription price shall belong to the Company, or the corresponding Underlying Shares shall be disposed of in other ways permitted by laws and regulations:

1. The Holder does not intend to renew the labor or employment contract after the contract expires;

2. Both parties agree to terminate the labor or employment contract even though the contract has not expired;

3. The Holder leaves office without authorization or voluntarily resigns;

4. The Company terminates the labor or employment contract with the Holder (including the Company's dismissal or removal of the Holder) due to the Holder's failure to pass the individual performance assessment.

(IV) The Holder's position is changed or the Company terminates labor or

employment relations with the Holder since the Holder damages the interests or reputation of the Company due to violation of law, violation of professional ethics, disclosure of the Company's secrets, dereliction of duty or other acts during the term of ESOP. In such case, for the locked portion, the Management Committee shall have the right to cancel the Holder's qualification to participate in the ESOP, reclaim his/her shares of interests in the ESOP, and return to him/her the subscription price or the sale price (whichever is lower). The Management Committee may transfer the reclaimed shares of interests in the ESOP to the reserved portion of shares of interests, or transfer them to a designated transferee qualified to participate in the ESOP. In case there is no such qualified transferee, the shares of interests shall be jointly enjoyed by all the Holders participating in the ESOP, or be sold by the Management Committee at the appropriate time and any remaining funds after returning the subscription price shall belong to the Company, or the corresponding Underlying Shares shall be disposed of in other ways permitted by laws and regulations. In the meantime, the Holder shall return all the proceeds from the exercise of his/her interests to the Company, and shall be liable for compensation in case of any loss caused to the Company.

(V) In case of any of the following circumstances during the term of the ESOP, the Management Committee will let the unlocked portion be, but for the locked portion, the Management Committee shall have the right to decide that the interests held by the Holder can be dealt with in accordance with the procedures before the occurrence of the circumstance and his/her individual performance assessment results will no longer be included in the unlocking conditions, or cancel the Holder's qualification to participate in the ESOP, reclaim his/her shares of interests in the ESOP, and return to him/her the sum of the subscription price and the bank deposit interest in the same period or the sale price (whichever is lower). The Management Committee may transfer the reclaimed shares of interests in the ESOP to the reserved portion of shares of interests, or transfer them to a designated transferee qualified to participate in the ESOP. In case there is no such qualified transferee, the shares of interests shall

be jointly enjoyed by all the Holders participating in the ESOP, or be sold by the Management Committee at the appropriate time and any remaining funds after returning the subscription price shall belong to the Company, or the corresponding Underlying Shares shall be disposed of in other ways permitted by laws and regulations.

1. The Holder leaves his/her office due to retirement;

2. The Holder resigns due to loss of work ability;

3. The Holder dies in performing his/her duties (the funds returned to the Holder or the interests held by Holder shall be held by his designated or legal heir or successor on his/her behalf).

(VI) In case a Holder is re-hired after retirement during the term of the ESOP, the interest held by the Holder can be dealt with in accordance with the procedures before the occurrence of the circumstance.

(VII) In case a holder encounters change of position during the term of the ESOP, the interest held by the Holder can be dealt with in the following methods:

1. In case it is a promotion or lateral move, the interest held by the Holder can be dealt with in accordance with the procedures before the occurrence of the circumstance.

2. In case it is a demotion or dismissal, the Management Committee will let the unlocked portion be, but for the locked portion, the Management Committee shall have the right to decide that the interests held by the Holder can be dealt with in accordance with the procedures before the occurrence of the circumstance, or cancel the Holder's qualification to participate in the ESOP, reclaim his/her shares of interests in the ESOP, and return to him/her the subscription price or the sale price (whichever is lower). The Management Committee may transfer the reclaimed shares of interests in the ESOP to the reserved portion of shares of interests, or transfer them to a designated transferee qualified to participate in the ESOP. In case there is no such



qualified transferee, the shares of interests shall be jointly enjoyed by all the Holders participating in the ESOP, or be sold by the Management Committee at the appropriate time and any remaining funds after returning the subscription price shall belong to the Company, or the corresponding Underlying Shares shall be disposed of in other ways permitted by laws and regulations

(VIII) If a Holder resigns after his/her interests are unlocked, he/she shall not engage in work that is the same or similar to the Company's business within 2 years; Otherwise, the Company shall have the right to demand that the Holder return all the proceeds obtained under the ESOP to the Company. If the Holder causes any losses to the Company, the Company may also recover the losses suffered in accordance with relevant laws and regulations.

(IX) In case of any other matters unspecified herein, the method for disposal of or the conditions for unlocking of the shares of property held by a Holder under the ESOP shall be determined by the Company and the Management Committee through consultation.

## **Chapter X Method for Disposal of Company Shares after the Expiration of the Term of the ESOP**

I. If all the Company Shares under the ESOP have been sold or transferred to the Holders, the ESOP can be terminated.

II. The term of the ESOP can be extended if all the Company Shares thereunder have not been sold or transferred to the Holders of the ESOP one month before the expiration of the term, provided that such extension shall be subject to the consent of the Holders holding more than 2/3 (inclusive) shares of interests at the Holders' Meeting and the approval of the Board of Directors of the Company.

III. When the term of the ESOP expires or the ESOP is to be early terminated, the Management Committee shall, with the authorization of the Holders' Meeting, after deducting relevant taxes and fees according to law, complete the liquidation within 30 working days from the date of expiration or termination and make distribution according to the Holders' shares of interests.

IV. In case the assets under the ESOP still contain the Underlying Shares after the expiration of the term of the ESOP, the Management Committee shall decide measures for the disposal thereof.

## Chapter XI Accounting Treatment with Respect to the ESOP

In accordance with the provisions of *Accounting Standards for Business Enterprises No. 11 – Share-based Payment*, as to an equity-settled share-based payment in return for employee services, if the right cannot be exercised until the vesting period comes to an end or until the prescribed performance conditions are met, then on each balance sheet date within the vesting period, the services obtained in the current period shall, based on the best estimate of the number of vested equity instruments, be included in the relevant costs or expenses and the capital reserves at the fair value of the equities instruments on the date of the grant..

Assuming that the transfer of all Underlying Shares under the ESOP totaling 9,000,000 shares (i.e., all shares of interests to be subscribed, excluding the reserved portion, are fully subscribed) is completed in June 2024 and based on the closing price on May 6, 2024, the total expenses to be recognized by the Company is estimated to be RMB 68,580,000, which will be amortized by the Company on a monthly basis during the Lock-up Period and included in relevant expenses and capital reserve. The amortization of the ESOP expenses for the years of 2024 to 2028 is estimated as follows:

Unit: RMB ten thousand

Total expenses	Y2024	Y2025	Y2026	Y2027	Y2028
6,858.00	2,103.12	3,017.52	1,291.59	411.48	34.29

Note: 1. The said data may be affected by the operating performance of the Company, and the final results shall be subject to the annual audit report issued by the accounting firm.

2. There may be inconsistency between the total amount and the sum of the amounts of each sub-item in above table caused by rounding-off.

Without considering the impact of the ESOP on the Company's performance, the said expenses amortization will have an impact on the net profit of each year within the term of the ESOP. If we take into consideration the positive effect of the ESOP on the development of the Company, the ESOP will effectively motivate the Company's

core employees and improve the Company's business efficiency.

## **Chapter XII Association Relationship and Concerted Action Relationship**

The ESOP does not constitute a concerted action relationship as stipulated in the *Administrative Measures for the Takeover of Listed Companies* with any controlling shareholder, actual controller, directors, supervisors and senior officers of the Company. Details are as follows:

I. The holders of this Employee Stock Ownership Plan include the company's actual controller Mr. Li Zhen's son Mr. Li Chen and Mr. Li Chen's spouse Ms. Wang Weihang, and the foregoing persons have a connected relationship as holders of this ESOP, so they shall avoid voting when the shareholders' meeting and the Board of Directors deliberate any proposal related to the ESOP. Other than the foregoing persons, there is no connected relationship among the holders of this Employee Stock Ownership Plan, and none of them has signed a concerted action agreement or has any arrangement relating to concerted action. No concerted action agreement or arrangement is reached with the controlling shareholder and actual controller with respect to the ESOP.

II. The holders of this Employee Stock Ownership Plan include some directors (excluding independent directors), supervisors and senior officers of the Company, and the foregoing persons have a connected relationship as holders of this ESOP, so they shall avoid voting when the shareholders' meeting, the Board of Directors and the Board of Supervisors deliberate any proposal related to the ESOP. No concerted action agreement or arrangement is reached with any directors, supervisors or senior officers of the Company with respect to the ESOP.

III. The Holders' Meeting is the highest authority of the ESOP. At the Holders' Meeting, a Management Committee shall be elected to supervise the daily management of the ESOP. Holders' shares of interests are relatively scattered, and the Company's directors, supervisors, senior management, Mr. Li Zhen (the de facto controller of the Company)'s son Mr. Li Chen and Mr. Li Chen's spouse Ms. Wang Weihang, as holders undertake to recuse themselves from voting at the meeting of the

holders and the Management Committee (if they are elected as the members of the Management Committee) during the deliberation of the matters related to them. No single Holder can exert a major impact on the decisions of the shareholders' meeting or the Management Committee. Accordingly, the Employee Stock Ownership Plan shall not be required to recuse itself from the General Meeting of Shareholders when the General Meeting of Shareholders considers the proposals relating to the Company's transactions with the holders such as the Company's Directors, Supervisors, senior management, and Mr. Li Zhen (the de facto controller of the Company)'s son Mr. Li Chen and Mr. Li Chen's spouse Ms. Wang Weihang.

IV. The employee stock ownership plans of each phase are independently accounted for and operated, and there are no agreements or arrangements for concerted action between the employee stock ownership plans of each phase. There is no association or concerted action relationship as stipulated in the *Administrative Measures for the Takeover of Listed Companies* between the ESOP and any existing employee stock ownership plan of the Company. The share of interest held in each employ stock ownership plan of the Company shall not be calculated jointly.

## **Chapter XIII Other Important Matters**

I. The approval of the ESOP by the Board of Directors and the shareholders' meeting does not mean that the Holders have the right to continue to serve the Company (or any of its subsidiaries), and nor shall it constitute a commitment of the Company (or any of its subsidiaries) to the engagement period of employees. The labor or employment relationship between the Company (or any of its subsidiaries) and the Holders shall still be subject to the labor contracts or the employment contracts signed between the Company (or any of its subsidiaries) and the Holders.

II. The financial and accounting treatment and taxation with respect to the Company's implementation of the ESOP shall be carried out in accordance with relevant financial system, accounting standards and taxation system. Relevant personal income tax to be paid by the employees due to the implementation of the ESOP shall be borne by the employees themselves.

III. The ESOP can only be implemented after it is deliberated and approved by the shareholders' meeting of the Company.

IV. The power to interpret this Draft ESOP shall be vested in the Board of Directors of the Company.

V. In case of any conflict between this Draft ESOP and the latest laws and regulations issued by regulatory authorities, the latest laws and regulations shall prevail.

Board of Directors of Gotion High-tech Co., Ltd.

May 7, 2024

**Annex 9**

**Administrative Measures**

**of**

**Gotion High-tech Co., Ltd.**

**for**

**the Employees Stock Ownership Plan**  
**(Phase IV)**

May, 2024



## Chapter I      General Provisions

Article 1    This *Administrative Measures of Gotion High-tech Co., Ltd. for the Employees Stock Ownership Plan (Phase IV)* (this “**Administrative Measures**”) is formulated by Gotion High-tech Co., Ltd. (“**Gotion High-tech**” or “**the Company**”) in accordance with the *Company Law of the People’s Republic of China* (the “**Company Law**”), the *Securities Law of the People’s Republic of China* (the “**Securities Law**”), the *Guiding Opinions on Pilot Implementation of ESOP by Listed Companies* (the “**Guiding Opinions**”), and the *Self-regulatory Guidelines for the Companies Listed on Shenzhen Stock Exchange No. 1 - Standardized Operation of Companies Listed on the Main Board* (the “**Self-regulatory Guidelines**”) and other related laws, administrative regulations, rules, normative documents of China as well as the *Articles of Association* of the Company, for the purpose of standardizing the implementation of the Employees Stock Ownership Plan (Phase IV) (the “**ESOP**”) of the Company.

## Chapter II      Formulation of the ESOP

### Article 2    Principle of the ESOP

#### (I) Principle of Compliance with the Laws

For and during the implementation of the ESOP, the Company shall go through the procedures in strict accordance with the requirements of laws and administrative regulations, and make information disclosure truthfully, accurately, completely and timely. No one shall use the ESOP to engage in securities fraud such as insider trading or manipulation of the securities market.

#### (II) Principle of Voluntary Participation

For and during the implementation of the ESOP, the principle of the Company’s independent decision and employees’ voluntary participation shall be followed. In no event will employees be forced to participate in the ESOP through such ways as apportionment and forced distribution.

### (III) Principle of Risk Bearing

The Holders shall be responsible for their own profits and losses, bear their own risks, and have equal rights and interests with other investors.

#### Article 3 Procedures for Implementing the ESOP

(I) The Board of Directors of the Company and the Remuneration and Appraisal Committee thereunder are responsible for drafting the *Employees Stock Ownership Plan (Phase IV) of Gotion High-tech Co., Ltd. (Draft)* (the “**Draft ESOP**”). Before implementing the ESOP, the Company should solicit employees’ opinions through democratic means, including but not limited to the employee congress.

(II) The Board of Supervisors shall express its opinions on matters such as whether the ESOP is conducive to the sustainable development of the Company, whether it damages the interests of the Company and the legitimate rights and interests of small and medium-sized shareholders, whether the Company solicits employees’ opinions before the implementation of the ESOP, and whether the Company forces employees to participate in the ESOP by means of apportionment and forced distribution.

(III) When the Board of Directors deliberates and approves the Draft ESOP, the directors associated with the ESOP shall abstain from voting. Within 2 trading days after the Draft ESOP is deliberated and approved, the Board of Directors shall make an announcement on the resolution of the Board of Directors, the full text and abstract of the Draft ESOP, the opinions of the Board of Supervisors.

(IV) The Company employs a law firm to issue a legal opinion on whether the ESOP and related matters are legal and compliant, whether necessary decision-making and approval procedures have been completed, and make an announcement on the legal opinion 2 trading days before the shareholders’ meeting is held to deliberate the ESOP;

(V) The Company holds a shareholders’ meeting to deliberate the ESOP. Both on-site voting or online voting will be adopted as for voting at the shareholders’ meeting. The votes of small and medium-sized investors shall be counted separately

and disclosed publicly. If the ESOP is associated with relevant shareholders, such shareholders shall withdraw from voting. The ESOP can only be implemented after it is approved by the non-associated shareholders representing more than half of the voting rights at the shareholders' meeting. The finally approved ESOP shall be disclosed within 2 trading days after the approval of the ESOP at the shareholders' meeting.

(VI) The Company holds a Holders' Meeting, elects members of the Management Committee, clarifies the specific matters related to the implementation of the ESOP, and timely discloses the meeting and relevant resolutions adopted at the meeting.

(VII) Within 2 trading days after the Underlying Shares are transferred to the special account of the ESOP, the Company shall disclose the time and quantity of the Underlying Shares timely.

(VIII) Other procedures required by China Securities Regulatory Commission ("CSRC") and Shenzhen Stock Exchange ("SZSE").

#### Article 4 Basis for Determining the Holders; Scope of Holders

##### (I) Basis for Determining the Holders

The Holders will be determined in accordance with the *Company Law*, the *Securities Law*, the *Guiding Opinions*, the *Self-regulatory Guidelines* and other relevant laws, regulations, rules of China as well as the *Articles of Association*. They may participate in the ESOP based on the principles of compliance with the law, voluntary participation and risk bearing.

##### (II) Scope of the Holders

The persons eligible to participate in the ESOP are the directors (excluding the independent directors), supervisors, senior officers and core employees of the Company (including its subsidiaries).

Unless otherwise specified in Chapter X of the Draft ESOP, all Holders must

sign labor contracts or employment contracts with the Company or its subsidiaries during the term of the ESOP.

## Article 5 Source of Funds, Source of Shares and Scale of the ESOP

### (I) Source of Funds

The funds to be used by the Holders to subscribe for the share of interests in the ESOP shall be their legitimate salaries or the self-owned funds and other forms of funds permitted by laws and regulations, not involving leveraged funds or the Company's withdrawal of incentive funds. The Company shall not provide any loan to the Holders or provide any guarantee for any loan borrowed by the Holders in the Employee Stock Ownership Plan for such purpose, and there are no arrangements for third parties to provide incentives, grants, subsidies or underwriting for employees to participate in the Employee Stock Ownership Plan.

The total funds to be raised under the ESOP will be no more than RMB 128,700,000, which will be divided by shares of interest with each share of interest per RMB 1.00. The specific number of shares of interests to be held by each Holder will be determined according to the actual status of their payment of subscription price.

### (II) Source of Shares

The Company Shares required for the ESOP will be Class A ordinary shares of the Company repurchased through the special securities account for repurchase of the Company. After the Draft ESOP is approved by the shareholders meeting, the required Company Shares will be sourced from the special securities account for repurchase by means of non-trading transfer and other ways permitted by laws and regulations. The situation of share repurchase through the said special securities account for repurchase is as follows

On May 5, 2022, the Company held the 17th meeting of the 8th Board of Directors, at which the *Proposal on the Plan for the Repurchase of Company Shares* was deliberated and approved, agreeing that the Company uses its own funds to repurchase some Class A ordinary shares of the Company by way of centralized competitive bidding, for the purpose of future implementation of employee stock ownership plan or stock incentive plan. The total amount of funds used for the

repurchase this time shall be no less than RMB 200,000,000 and no more than RMB 400,000,000, and the repurchase price shall be no more than RMB 45.00/share. The period for implementing the repurchase shall be within 6 months from the date of approval of the repurchase plan by the Board of Directors.

As of November 8, 2022, the said implementation period has expired. During the repurchase period, the Company repurchased a total of 6,766,310 Company Shares through the special securities account for repurchase by way of centralized bidding, accounting for 0.3804% of the total share capital of the Company at that time. The highest transaction price was RMB 42.620/share, the lowest transaction price was RMB 26.947/share, and the repurchase amount was RMB 257,660,869.61 (excluding transaction fees), which has reached the lower limit and does not exceed the upper limit of the repurchase amount in the repurchase plan. In this way, the share repurchase plan has been completed.

On December 4, 2023, the Company held the 5th meeting of the 9th Board of Directors, at which the *Proposal on the Plan for the Repurchase of Company Shares* was deliberated and approved, agreeing that the Company uses its own funds to repurchase some Class A ordinary shares of the Company by way of centralized competitive bidding, for the purpose of future implementation of employee stock ownership plan or stock incentive plan. The total amount of funds used for the repurchase this time shall be no less than RMB 300,000,000 and no more than RMB 600,000,000, and the repurchase price shall be no more than RMB 34.00/share. The period for implementing the repurchase shall be within 12 months from the date of approval of the repurchase plan by the Board of Directors.

As of March 31, 2024, the Company repurchased a total of 12,067,858 Company Shares through the special securities account for repurchase by way of centralized bidding, accounting for 0.68% of the current total share capital of the Company. The highest transaction price was RMB 21.18/share, the lowest transaction price was RMB 17.11/share, and the repurchase amount was RMB 239,679,024.12 (excluding transaction fees). As of now, the repurchase has not been completed.

### (III) Scale of the ESOP

The number of Underlying Shares to be held under the ESOP shall be no more than 11,000,000, accounting for about 0.62% of the total share capital of Company as

of April 30, 2024 (i.e., 1,785,733,658 shares).

The Employee Stock Ownership Plan (Phase III) of the Company, which was deliberated and approved at the third extraordinary general meeting of shareholders in 2021, is still being in the process of implementation. After the implementation of the ESOP hereunder, the number of Company Shares held under all effective employee stock ownership plans of the Company shall not exceed 10% of the total share capital of the Company, and the total number of Company Shares obtained by a single Holder through his/her shares of interests under all effective employee stock ownership plans of the Company shall not exceed 1% of the total share capital of Company. The number of Company Shares held under the ESOP hereunder shall not include the Company Shares obtained by employees before the IPO of the Company, or purchased by themselves through the secondary market, or obtained through equity incentive. Since the final purchase situation of the Underlying Shares is currently uncertain, the final number of Underlying Shares held under the ESOP is subject to actual situation.

Article 6 Term of the ESOP, Lock-up Period and Performance Assessment under the ESOP

(I) Term of the ESOP

1. The term of the ESOP shall be no more than 60 months, calculated from the date when the Company announces the transfer of the last batch of Underlying Shares to the ESOP. Upon the expiration of the term, the ESOP will terminate automatically or the term can be extended through the approval process agreed herein.

2. After the expiration of the Lock-up Period, the ESOP can be early terminated when all the Company Shares held under the ESOP are sold or transferred to the holders of shares under the Employee Stock Ownership Plan.

3. If all the Company Shares held under the ESOP have not been sold or transferred to the Holders one month before the expiration of the term of the ESOP, the term can be extended, provided that such extension shall be subject to the consent of the Holders holding at least 2/3 shares of interests at the Holders' Meeting and the approval of the Board of Directors of the Company.

4. Where the Company Shares cannot be fully sold or transferred to the holders

of shares under the Employee Stock Ownership Plan fully sold off before the expiration of the upper limit of the term due to the suspended trading of Company Shares or the sensitive periods, the term of the ESOP can be extended with the consent of the Holders holding at least 2/3 shares of interests at the Holders' Meeting and the approval of the Board of Directors of the Company.

## (II) Lock-up Period under the ESOP

1. Taking into account such factors as job responsibilities, past contributions and performance, and future performance targets of different categories of Holders, and taking overall consideration of the continuity and effectiveness of the stock ownership plans of the Company, the Company divides the Holders of the ESOP into two categories and makes differentiated unlocking arrangements for them. The Underlying Shares subscribed by the Holders of the first category will be unlocked by three phases, with Lock-up Periods of 24 months, 36 months, and 48 months respectively, while the Underlying Shares subscribed by the Holders of the second category will be unlocked by three phases, with Lock-up Periods of 12 months, 24 months and 36 months respectively, all of which shall be calculated from the date when the Company announces the transfer of the last batch of Underlying Shares to the ESOP. After the expiration of the Lock-up Periods, the Underlying Shares held under the ESOP will be distributed to the Holders in batches based on the performance assessment results of the corresponding year. To be specific:

The assessment years and unlocking arrangements for the Underlying Shares subscribed by the Holders of the first category under the ESOP are as follows:

Lock-up Period	Assessment year	Unlocking arrangement	Proportion of the unlocked Underlying Shares to the Subscribed Underlying Shares held under the ESOP
The 1st Lock-up Period	Year 2024	24 months after the Draft ESOP is deliberated and approved by the shareholders' meeting of the Company and the Company announces the transfer of the last batch of Underlying Shares to the ESOP	40%
The 2nd Lock-up Period	Year 2025	36 months after the Draft ESOP is deliberated and approved by the shareholders' meeting of the Company and the Company announces the	30%

		transfer of the last batch of Underlying Shares to the ESOP	
The 3rd Lock-up Period	Year 2026	48 months after the Draft ESOP is deliberated and approved by the shareholders' meeting of the Company and the Company announces the transfer of the last batch of Underlying Shares to the ESOP	30%

The assessment years and unlocking arrangements for the Underlying Shares subscribed by the Holders of the second category under the ESOP are as follows:

Lock-up Period	Assessment year	Unlocking arrangement	Proportion of the unlocked Underlying Shares to the Subscribed Underlying Shares held under the ESOP
The 1st Lock-up Period	Year 2024	12 months after the Draft ESOP is deliberated and approved by the shareholders' meeting of the Company and the Company announces the transfer of the last batch of Underlying Shares to the ESOP	40%
The 2nd Lock-up Period	Year 2025	24 months after the Draft ESOP is deliberated and approved by the shareholders' meeting of the Company and the Company announces the transfer of the last batch of Underlying Shares to the ESOP	30%
The 3rd Lock-up Period	Year 2026	36 months after the Draft ESOP is deliberated and approved by the shareholders' meeting of the Company and the Company announces the transfer of the last batch of Underlying Shares to the ESOP	30%

Any shares derived from the Underlying Shares obtained under the ESOP due to distribution of stock dividends and the conversion of capital reserve into share capital shall also be subject to the said unlocking arrangements.

2. Relevant subjects involved in the ESOP shall strictly abide by the market trading rules and the restrictions on non-trading of shares in the information sensitive periods, and no party shall use the ESOP for securities fraud such as insider trading and market manipulation.

For the purpose of the preceding paragraph, the “sensitive periods” refer to:

(1) 30 days before the announcement of the Company's annual report or semi-annual report, or, in case the announcement date is postponed due to special



reasons, the period shall be calculated from 30 days before the original announcement date;

(2) 10 days before the announcement of the Company's quarterly report, earnings preannouncement or preliminary earnings estimate;

(3) the period from the date of occurrence of major events that may have a relatively material impact on the trading price of the Company's shares or any derived varieties thereof, or the date of entering the decision-making procedures, to the date of legal disclosure; and

(4) any other periods as stipulated by CSRC and SZSE.

For the purpose of the preceding paragraph, the "major events" refer to transactions or other major matters that the Company should disclose in accordance with the provisions of the *Listing Rules of Shenzhen Stock Exchange*.

During the term of the ESOP, in case of any change to relevant provisions of the Company Law, the Securities Law, and other relevant laws, administrative regulations, normative documents, as well as the Articles of Association of the Company regarding the said sensitive periods during the term of the ESOP, the sensitive periods shall be consistent with the revised Company Law, Securities Law, and other relevant laws, regulations, normative documents, and the Articles of Association of the Company.

### (III) Performance Assessment under the ESOP

The performance assessment under the ESOP involves both the company level and the individual level. The specific assessment indicators are as follows:

#### 1. Assessment of the Company's performance:

The Company's operating performance will be assessed on an annual basis during the years of 2024 to 2026, and the achievement of the performance targets will be one of the conditions for unlocking the corresponding batches of Underlying Shares held by the Holders under the ESOP. The specific performance targets are as follows:

Unlocking phase	Performance appraisal target
-----------------	------------------------------

The 1st unlocking phase	<p>It is sufficient to achieve one of the following assessment objectives:</p> <p>Based on the net profit in 2023, the growth rate of net profit in 2024 should not be less than 50%.</p> <p>Based on the operating income in 2023, the growth rate of operating income in 2024 should not be less than 30%.</p>
The 2nd unlocking phase	<p>It is sufficient to achieve one of the following assessment objectives:</p> <p>Based on the net profit in 2024, the growth rate of net profit in 2025 should not be less than 50%.</p> <p>Based on the operating income in 2024, the growth rate of operating income in 2025 should not be less than 30%.</p>
The 3rd unlocking phase	<p>It is sufficient to achieve one of the following assessment objectives:</p> <p>Based on the net profit in 2025, the growth rate of net profit in 2026 should not be less than 50%.</p> <p>Based on the operating income in 2025, the growth rate of operating income in 2026 should not be less than 30%.</p>

Note:1. The premise of “taking the net profit of 2024 as the base” is that the net profit of the Company in 2024 is positive; if the net profit of the Company in 2024 is not positive, then the performance appraisal target of “net profit” in the performance appraisal target of the Company in the appraisal year of 2025 for this Employee Stock Ownership Plan shall be deemed not to have been reached. If the net profit of the Company in 2024 is not positive, the performance appraisal target of “net profit” in the performance appraisal target of the Company for the appraisal year of 2025 under the Employee Stock Ownership Plan shall be deemed not to have been achieved, and it is necessary to achieve the performance target of “operating income” for the current period in order to be deemed to have achieved the performance appraisal target for the current period.

2. The premise of “taking the net profit in 2025 as the base” is that the net profit of the Company in 2025 is positive; if the net profit of the Company in 2025 is not positive, the performance appraisal target of “net profit” in the performance appraisal target of the Employee Stock Ownership Plan for the appraisal year of 2026 shall be regarded as not reached. If the net profit of the Company in 2025 is not positive, the performance appraisal target of “net profit” in the performance appraisal target of the Company for the appraisal year of 2026 under the Employee Stock Ownership Plan shall be deemed not to have been achieved, and it is necessary to achieve the performance target of “operating income” for the current period in order to be deemed to have achieved the performance appraisal target for the current period.

3. The above “Operating income” refers to the audited operating income of the Company; the above “net profit” refers to the audited net profit attributable to shareholders of the listed company after deduction of the non-recurring gains and losses.

According to the achievement of the performance targets of each year (2024-2026) (the Actual Achievement Rate of Operating Revenue ( $R_1$ ) = Actual Achievement Value for each appraisal year/Performance Appraisal Target Value; the Actual Achievement Rate of the Net Profit  $R_2$  = Actual Achievement Value for each appraisal year/Performance Appraisal Target Value), the unlocking coefficient at the Company level can be determined according to the table below:

Actual achievement rate of operating revenue (R)	$R_1 \geq 100\%$ Or $R_2 \geq 100\%$	$100\% > R_1 \geq 90\%$ Or $100\% > R_2 \geq 90\%$	$90\% > R_1 \geq 80\%$ Or $90\% > R_2 \geq 80\%$	$80\% > R_1 \geq 70\%$ Or $80\% > R_2 \geq 70\%$	$R_1 < 70\%$ Or $R_2 < 70\%$
Unlocking coefficient at the Company level	1.0	0.9	0.8	0.7	0

If the actual achievement rate of the Company’s operating revenue ( $R_1$ ) and the actual achievement rate of the Company’s net profit ( $R_2$ ) in the current unlocking phase has not reached 70%, all the Underlying Shares that can be unlocked by the Holders in the year of assessment shall not be unlocked. In case that the Underlying Shares corresponding to the unlocking phase cannot be unlocked or cannot be fully locked due to the failure of the Company’s performance assessment, the part not unlocked shall be recovered by the Management Committee, who may sell such part at appropriate time and return to the Holders the sum of the subscription price paid and the bank deposit interest in the same period or the sale proceeds, whichever is lower, and the remaining funds (if any) shall belong to the Company.

## 2. Assessment of individual performance:

The actual number of a Holder’s Underlying Shares that can be unlocked in the current year is related to both the corporate performance assessment results of the employing unit which the Holder works for and the individual performance assessment results of the Holder in the previous year. The unlocking ratio at the individual level will be determined by the corporate coefficient (Y) and the individual

coefficient (Z).

The performance assessment methods applicable to each employing unit shall be formulated by the Company, and the corporate coefficient of the employing unit (Y) will be determined according to the following table:

<b>Corporate performance assessment results (P)</b>	<b>P≥90%</b>	<b>90%&gt;P≥80%</b>	<b>80%&gt;P≥70%</b>	<b>P&lt;70%</b>
Corporate coefficient (Y)	1.0	0.9	0.8	0

The individual performance assessment of a Holder shall be carried out in accordance with relevant internal performance assessment system of the Company. To be specific, the Company will score the performance of each Holder during each assessment period, and determine the assessment level based on the scores. The individual assessment results of the Holders are divided into five levels: “A”, “B”, “C”, “D” and “E”. Then, the individual coefficient of the Holder (Z) will be determined based on the following table:

<b>Individual performance assessment results</b>	<b>A</b>	<b>B</b>	<b>C</b>	<b>D</b>	<b>E</b>
Individual coefficient (Z)	1.0	1.0	1.0	0	0

The weight for corporate coefficient (Y) and individual coefficient (Z) are as follows:

<b>Indicator</b>	<b>Corporate coefficient (Y)</b>	<b>Individual coefficient (Z)</b>
Weight	30%	70%

Subject to the Company’s achievement of performance targets, the actual number of a Holder’s Underlying Shares that can be unlocked in the current year = the number of Underlying Shares that the Holder plans to have unlocked in the current year \*the unlocking coefficient at the Company level \*the unlocking ratio at the individual level. Among them, the unlocking ratio at the individual level = corporate coefficient (Y) \* 30% + individual coefficient (Z) \* 70%.

Subject to the Company’s achievement of performance targets, in case that a Holder’s Underlying Shares corresponding to the unlocking phase cannot be unlocked due to the failure of individual performance assessment, the part not unlocked shall be

reclaimed by the Management Committee, who may sell such part at appropriate time and return to the Holder the sum of the subscription price and the interest on bank deposits for the same period, or the sale proceeds, whichever is lower, and the remaining funds (if any) shall belong to the Company.

### **Chapter III      Management of the ESOP**

#### **Article 7      ESOP Management Organ and Management Mode**

After its establishment, the ESOP will be managed by the Company itself or by an asset management agency under entrustment, and the highest management organ of the ESOP will be the Holders' Meeting. Such Holders' Meeting shall be composed of all the Holders of the ESOP, and shall elect a Management Committee and authorize the Management Committee to be a manager to be responsible for opening an account for the ESOP and for the daily management of the ESOP (including but not limited to reducing the Company Shares held under the ESOP after the end of the Lock-up Period, and the distribution of income and cash assets to the Holders on behalf of the ESOP), exercising shareholders' rights on behalf of the Holders or authorizing the assets management agency to exercise the shareholders' rights, and safeguarding the legitimate rights and interests of the Holders.

The Board of Directors of the Company and the Remuneration and Appraisal Committee thereunder shall be responsible for formulating and modifying the Draft ESOP and handling other matters related to the ESOP within the scope authorized by the shareholders' meeting. The Company has taken appropriate risk prevention and isolation measures to effectively safeguard the legitimate rights and interests of Holders.

#### **Article 8      Holders' Meeting**

(I) After subscribing for the shares of interest in the ESOP, employees of the Company become the Holders of the ESOP. The Holders' Meeting is the highest management organ of the ESOP. All Holders shall have the right to attend, either in person or by proxy, and vote at the Holders' Meeting. Any travel expenses,

accommodation expenses, etc. of the Holders and their proxies incurred for attending the Holders' Meeting shall be borne by the Holders themselves.

(II) The following matters need to be deliberated at the Holders' Meeting:

1. To elect or remove members of the Management Committee;
2. To change, terminate or extend the term of the ESOP;
3. When the Company conducts financing by means of allotment, additional issue and convertible bonds during the term of the ESOP, the Management Committee shall discuss the specific scheme to participate in the financing and submit it to the Holders' Meeting for deliberation;
4. To revise the *Administrative Measures*;
5. To authorize the Management Committee to open a security account, a fund account and other related accounts for the ESOP;
6. To authorize the Management Committee to supervise or be responsible for the daily management of the ESOP;
7. To authorize the Management Committee, or the asset management agency authorized by the Management Committee, to exercise the shareholders' rights, including but not limited to arrangements for attending, putting forward proposals to, and voting at the general meeting of shareholders of the Company;
8. To authorize the Management Committee to select and replace professional institutions, formulate and revise relevant management rules (if any);
9. To authorize the Management Committee to handle relevant matters with the professional institutions (if any);
10. To authorize the Management Committee to be responsible for the liquidation and property distribution under the ESOP;
11. Other matters that the Management Committee considers necessary to be deliberated by the Holders' Meeting.

(III) The first Holders' Meeting shall be convened and presided over by the secretary or designated person of the Board of Directors of the Company, and the Holders' Meetings thereafter shall be convened by the Management Committee and presided over by the director of the Management Committee. When the director of the Management Committee is unable to perform his/her duties, he/she shall appoint a member of the Management Committee to preside over the meeting.

(IV) To hold a Holders' Meeting, the Management Committee shall give a notice 5 days in advance to all Holders in person, or by mail, fax, email or other means. The written notice shall contain at least the following information:

1. Time and place of the meeting;
2. Way of meeting;
3. Matters (proposals) to be deliberated at the meeting;
4. Convener and host of the meeting, proposer of the interim meeting and his/her written proposal;
5. The materials necessary for voting at the meeting;
6. The requirement that a Holder shall attend the meeting in person or entrust any other Holder to attend the meeting on his/her behalf;
7. Contact person and contact information;
8. Date of notice.

In case of emergency, the Holders' Meeting can be held at any time by oral notice, which shall contain at least the contents of Items 1 and 2 above and the statement on the necessity to hold a Holders' Meeting as soon as possible due to emergency.

The Holders' Meeting may be held in the forms of teleconference, video conference or similar means of communication, and all Holders participating in the meeting by such means shall be deemed to be present in person as long as all the

Holders can hear and communicate with each other at the meeting.

(V) Voting Procedures of the Holders' Meeting

1. After a proposal has been fully discussed, the host shall timely submit the proposal to the Holders present for voting. Alternatively, the host may decide to submit all proposals to the Holders present for voting after all proposals are discussed at the meeting. The vote shall be casted in writing.

2. The Holders shall enjoy the right to vote according to their respective shares of interest.

3. Holders attending the meeting shall choose one of the following alternatives when voting on the submitted proposal: consent, objection or abstention. Any Holder who does not make a choice or chooses more than two of them at the same time, or leaves the venue halfway and fails to make a choice, or casts a vote blank or with wrong information or illegible handwriting or does not cast the vote shall be deemed as an abstention. In case any Holder votes after the host announces the voting result or after the end of prescribed time limit for voting, his/her vote shall not be counted.

4. The host of the meeting shall announce the voting results on the spot. A proposal, when approved by the Holders holding more than 1/2 (inclusive) of shares of interests at the meeting, shall be deemed to be passed (except for the proposals subject to the approval of more than 2/3 (inclusive) of shares of interests as stipulated herein), and an effective resolution of the Holders' Meeting shall be thereby formed after it is signed by the Holders present at the Holders' Meeting.

5. The resolution of the Holders' Meeting shall be submitted to the Board of Directors and the shareholders' meeting for deliberation if it is required to do so in accordance with the provisions of the *Articles of Association*.

6. The host of the meeting shall arrange personnel to make minutes of the Holders' Meeting.

(VI) Holders who hold more than 30% of shares of interests in the ESOP, either



individually or collectively, may submit to the Holders' Meeting an interim proposal, which shall be submitted to the Management Committee 3 days before the Holders' Meeting.

(VII) Holders who hold more than 30% of shares of interests in the ESOP, either individually or collectively, may propose to hold a Holders' Meeting.

#### Article 9 Management Committee

(I) A Management Committee shall be established to supervise the daily management of the ESOP, exercise shareholders' right on behalf of the Holders or authorize the asset management agency to exercise the shareholders' rights, and be responsible for the ESOP.

(II) The Management Committee shall consist of three members and one director. Members of the Management Committee shall be elected by the Holders' Meeting. The director of the Management Committee shall be elected with the approval of more than half of all members of the Management Committee. The term of office of the members of the Management Committee shall be the Term of the ESOP.

(III) Members of the Management Committee shall abide by the laws, administrative regulations of the state as well as the *Administrative Measures*, and shall bear faithful obligations to the ESOP as follows:

1. Not take bribes or other illegal income by abusing their power, nor encroach on the properties under the ESOP;
2. Not misappropriate the funds under the ESOP;
3. Not open, in their own name or other personal names, an account to deposit the properties or funds under the ESOP without prior consent of the Holders' Meeting;
4. Not lent to others the funds under the ESOP or provide a guarantee for others against the properties under the ESOP without prior consent of the Holders' Meeting;
5. Not use its power to damage the interests of the ESOP;

6. Not disclose business secrets related to the ESOP without authorization.

7. Other obligations stipulated by laws, administrative regulations, departmental rules, and the Draft ESOP.

Any member of the Management Committee who violates his/her duty of loyalty and thereby causes losses to the ESOP shall be liable for compensation.

(IV) The Management Committee shall perform the following functions and duties:

1. To convene the Holders' Meeting and implement the resolution of the Holders' Meeting;

2. To supervise or be responsible for the daily management of the ESOP on behalf of the Holders;

3. To exercise the shareholders' rights with respect to the Company Shares under the ESOP on behalf of all the Holders, or authorize the assets management agency to exercise the shareholders' rights;

4. To be responsible for deciding whether to engage professional institutions to provide management, consulting and other services for the daily management of the ESOP;

5. To be responsible for handling relevant work with the professional institutions (if any);

6. To execute relevant agreements and contracts on behalf of the ESOP;

7. To dispose of the Holders' shares of interest in accordance with relevant provisions of "Chapter X Change or Termination of the ESOP; Disposal of Holders' Shares of Interests" of the Draft ESOP;

8. To decide on the ownership of shares of interest in the ESOP that are not subscribed or be forcibly reclaimed;

9. To manage the distribution of interests in the ESOP, and decide the disposal

and distribution of the Underlying Shares when the Lock-up Period expires;

10. To register the shares of interests, or the inheritance thereof, in the ESOP;

11. To be responsible for the shares reduction arrangement with respect to the ESOP;

12. To determine the Holders of the reserved shares of interest, the allocation plan, and the disposal matters;

13. Other duties conferred by the Holders' Meeting.

(V) The director of the Management Committee shall exercise the following functions and powers:

1. To preside over the Holders' Meeting and to convene and preside over the meetings of the Management Committee;

2. To exercise the shareholders' rights on behalf of all Holders with the authorization of the Management Committee;

3. To supervise and inspect the implementation of resolutions of the Holders' Meeting and the Management Committee;

4. To execute relevant agreements and contracts on behalf of the ESOP;

5. Other functions and powers conferred by the Management Committee.

(VI) Procedure for convening the meetings of the Management Committee:

1. The Management Committee shall hold meetings irregularly, which shall be convened by the director of the Management Committee, and shall notify all members of the Management Committee 3 days before the meeting. The meeting may be convened and voted on by communication

2. The said period of notice may be exempted with the consent of the members of the Management Committee. To be specific, in case an interim meeting of the Management Committee is required to be held as soon as possible in the event of

emergency, the notice of the meeting may be sent by telephone or other oral means at any time, but the convener shall make a statement thereon at the meeting.

(VII) Members of the Management Committee may propose to convene an extraordinary meeting of the Management Committee. The director of the Management Committee shall, within 3 days after receiving the proposal, convene and preside over the extraordinary meeting of the Management Committee.

(VIII) The meetings of the Management Committee shall not be held unless more than half of the members of the Management Committee are present. A resolution of the Management Committee shall not be adopted unless it is approved by more than half of the members of the Management Committee. One person shall have one vote as for voting on the resolution of the Management Committee.

(IX) The voting on the resolution of the Management Committee shall be made by secret ballot. The meetings of the Management Committee may be held by fax (as long as the members of the Management Committee can fully express their opinions thereat), and a resolution can be made by fax or other permitted ways, and signed by the members of the Management Committee present.

(X) Members of the Management Committee shall attend the meetings of the Management Committee in person. In case any member is unable to attend the meeting in person for any reason, he/she may, by a written power of attorney, authorize another member of the Management Committee to attend the meeting on his/her behalf. Such power of attorney shall contain the information such as the name, the matters entrusted, scope and validity term of the authorization, and shall bear the signature or seal of the principal. The member of the Management Committee who attends the meeting on behalf of the principal shall exercise the rights of the members of the Management Committee within the scope of authorization. Any member of the Management Committee who fails to attend the meeting of the Management Committee and does not entrust a proxy to attend the meeting on his/her behalf shall be deemed to have waived his/her voting rights at the meeting.

(XI) The Management Committee shall form meeting minutes of the decisions on the matters discussed at the meeting, which minutes shall bear the signature of all the members of the Management Committee present.

(XII) The minutes of the meetings of Management Committee shall contain the information below:

1. The date, place and name of the convener of the meeting;
2. The names of the members of the Management Committee present, and the name(s) of the member(s) (as proxy) of the Management Committee authorized to attend the Management Committee on behalf of other member(s);
3. Agenda of the meeting;
4. Key points of the speeches by members of the Management Committee;
5. The voting mode and result with respect to each resolution (the voting results shall indicate the number of votes in favor, objection or abstention).

#### Article 10 Rights and Obligations of the Holders

##### (I) Rights of the Holders

1. To enjoy interests in the ESOP according to the shares of interest held by them;
2. To attend, either in person or by proxy, the Holders' Meeting and exercise their voting rights thereat;
3. To supervise the management of the ESOP, and put forward suggestions or questions thereon;
4. Other rights stipulated by laws, administrative regulations, departmental rules of the state or the Draft ESOP.

##### (II) Obligations of the Holders

1. To comply with relevant provisions of laws, administrative regulations,

departmental rules of the state and the Draft ESOP;

2. To pay the subscription price according to the shares of interests in the ESOP subscribed by them and the method stipulated in the subscription conditions;

3. To bear the risk of investment in the ESOP according to their shares of interest in the ESOP;

4. To abide by the *Administrative Measures*;

5. Do not transfer or withdraw their shares of interests in the ESOP (except as otherwise provided in “Chapter X Change or Termination of the ESOP; Disposal of Holders’ Shares of Interests” of the Draft ESOP), or use them to secure or repay debts or otherwise dispose of them during the term of the ESOP, unless otherwise provided by laws, administrative regulations and departmental rules of the state or with the consent of the Management Committee;

6. Do not require being distributed the assets under the ESOP during the term of the ESOP;

7. To bear the statutory trading taxes and fees for shares under the ESOP that meets the unlocking conditions and are sold, based on their shares of interests in the ESOP;

8. Other obligations stipulated by laws, administrative regulations of the state and the Draft ESOP.

## **Chapter IV      Asset Composition of and Interests Distribution under the ESOP**

### **Article 11    Asset Composition of the ESOP**

(I) Interests corresponding to the Company Shares: the interests corresponding to the Company Shares held under the ESOP;

(II) Cash deposits and bank interest;

(III) Assets formed by other investments of the ESOP.

The assets of the ESOP are independent of the fixed assets of the Company, and the Company shall not include the assets under the ESOP into its own assets. Any property and income obtained due to the management, application, etc., of the ESOP shall be included into the assets under the ESOP.

#### Article 12 Interests Distribution under the ESOP

(I) Unless otherwise provided by laws, administrative regulations and departmental rules of the state or with the consent of the Management Committee, Holders' shares of interests in the ESOP shall not be withdrawn, transferred, or used to mortgage, pledge, guarantee, or repay debts or disposed of in similar manner during the term of the ESOP.

(II) When the Company experiences such matters as conversion of capital reserves into share capital or distribution of share dividends during the Lock-up Period, the shares newly acquired by the ESOP due to the Company Shares held shall be locked together and shall not be sold or transferred in the secondary market in any other way. The unlocking period of such shares shall be the same as that of the Company Shares, and the cash dividends obtained by the ESOP due to the Company Shares held shall also be subject to the said locking and unlocking arrangements.

(III) In case the Company pays share dividends during the Lock-up Period, the cash dividends obtained by the ESOP due to the Company Shares held shall be included in the monetary assets of the ESOP and shall not be distributed temporarily. The Management Committee will, according to the authorization of the Holders' Meeting, distribute them according to the shares of interests held by the Holders after deducting relevant taxes in accordance with the law after the expiration of the Lock-up Period. In case the Company pays share dividends after the expiration of the Lock-up Period and during the term of this ESOP, the cash dividends obtained by the ESOP due to the Company Shares held shall be included in the monetary assets of the ESOP and distributed according to the above principles.

(IV) After the expiration of the Lock-up Period of the Underlying Shares under

the ESOP, the Management Committee shall determine the method to dispose of the Underlying Shares.

After the expiration of the Lock-up Period, the Management Committee will gradually sell off the assets of the ESOP and distribute the proceeds to the Holders based on their respective proportion of shares of interests, or, the Management Committee will apply to the securities depository and clearing institution to transfer the Underlying Shares to the Holders' personal account in accordance with relevant laws and regulations based on their respective proportion of shares of interests, so that the Holders may dispose of them on their own. If the transfer of the Underlying Shares to the personal accounts is impossible due to the restriction imposed by laws and regulations, the Management Committee will sell off such assets in a unified manner and distribute them to the Holders based on their respective proportion of shares of interests.

If there are any remaining undistributed Underlying Shares and their dividends, the Management Committee shall determine the method for disposal thereof before the expiration of the term of the ESOP.

(V) When the term of the ESOP expires or the ESOP is to be early terminated, the Management Committee shall, with the authorization of the Holders' Meeting, after deducting relevant taxes and fees according to law, complete the liquidation within 30 working days from the date of expiration or termination and make distribution according to Holders' shares of interests.

(VI) In case of any matter not agreed herein, the method for disposal of the Holders' shares of property in the ESOP shall be determined by the Management Committee.

## **Chapter V Change or Termination of the ESOP; Disposal of Holders' Shares of Interests**

### **Article 13 Change of Control, Merger and Division of the Company**



The ESOP will not be changed in the event of change of control, merger or division of the Company.

#### Article 14 Change of the ESOP

Any change of the ESOP during the term shall be subject to the consent of the Holders holding more than 2/3 (inclusive) shares of interests at the Holders' Meeting and submitted to the Board of Directors for deliberation and approval.

#### Article 15 Termination of the ESOP

(I) The ESOP shall terminate automatically if the term is not extended upon the expiration thereof;

(II) After the expiration of the Lock-up Period, the ESOP can be early terminated in case all the Underlying Shares held under the ESOP are sold or transferred to the holders of shares under the Employee Stock Ownership Plan.

(III) If all the Company Shares under the ESOP have not been sold or transferred to the Holders one month before the expiration of the term of the ESOP, the term can be extended, provided that such extension shall be subject to the consent of the Holders holding at least 2/3 shares of interests at the Holders' Meeting and the approval of the Board of Directors of the Company.

(IV) Where the Company Shares cannot be fully sold or transferred to the Holders before the expiration of the upper limit of the term due to suspended trading of Company Shares or the information sensitive periods, the term of the ESOP can be extended with the consent of the Holders holding more than 2/3 (inclusive) shares of interests at the Holders' Meeting and the approval of the Board of Directors of the Company.

#### Article 16 Disposal of Holders' Shares of Interests

(I) Except as stipulated in the Draft ESOP and relevant documents or with the consent of the Management Committee, the Holders shall not withdraw their shares of interests in the ESOP, or use them to secure or repay debts or otherwise dispose of

them during the term of the ESOP. Holders' shares of interests in the ESOP shall not be transferred without prior consent of the Management Committee, and any transfer of such shares of interests without consent shall be invalid.

(II) In case of any of the following circumstances during the term of the ESOP, the Management Committee will let the unlocked portion be, but for the locked portion, the Management Committee shall have the right to cancel a Holder's qualification to participate in the ESOP, reclaim his/her shares of interests in the ESOP, and return to him/her the sum of the subscription price plus the bank deposit interest in the same period or the sale price (whichever is lower). The Management Committee may transfer the reclaimed shares of interests in the ESOP to the reserved portion of shares of interests, or transfer them to a designated transferee qualified to participate in the ESOP. In case there is no such qualified transferee, the shares of interests shall be jointly enjoyed by all the Holders participating in the ESOP, or be sold by the Management Committee at the appropriate time and any remaining funds after returning the subscription price shall belong to the Company, or the corresponding Underlying Shares shall be disposed of in other ways permitted by laws and regulations:

1. The Holder is an independent director or other person who cannot participate in the ESOP;

2. Where the Holder holds a post in a subsidiary controlled by the Company, the Company loses control over the subsidiary but the Holder still holds the post in the subsidiary;

3. The Holder resigns involuntary due to reasons such as layoffs, rather than unqualified performance, negligence, violation of law and discipline, etc.;

4. The Holder resigns due to loss of labor capacity resulting from non-work-related injury;

5. The Holder dies for reasons other than performing his/her duties (the funds returned by the Company to the Holder will be returned to his/her designated or legal

heirs or successor instead).

(III) In case of any of the following circumstances during the term of the ESOP, the Management Committee will let the unlocked portion be, but for the locked portion, the Management Committee shall have the right to cancel a Holder's qualification to participate in the ESOP, reclaim his/her shares of interests in the ESOP, and return to him/her the subscription price or the sale price (whichever is lower). The Management Committee may transfer the reclaimed shares of interests in the ESOP to the reserved portion of shares of interests, or transfer them to a designated transferee qualified to participate in the ESOP. In case there is no such qualified transferee, the shares of interests shall be jointly enjoyed by all the Holders participating in the ESOP, or be sold by the Management Committee at the appropriate time and any remaining funds after returning the subscription price shall belong to the Company, or the corresponding Underlying Shares shall be disposed of in other ways permitted by laws and regulations:

1. The Holder does not intend to renew the labor or employment contract after the contract expires;
2. Both parties agree to terminate the labor or employment contract even though the contract has not expired;
3. The Holder leaves office without authorization or voluntarily resigns;
4. The Company terminates the labor or employment contract with the Holder (including the Company's dismissal or removal of the Holder) due to the Holder's failure to pass the individual performance assessment.

(IV) The Holder's position is changed or the Company terminates labor or employment relations with the Holder since the Holder damages the interests or reputation of the Company due to violation of law, violation of professional ethics, disclosure of the Company's secrets, dereliction of duty or other acts during the term of ESOP. In such case, for the locked portion, the Management Committee shall have the right to cancel the Holder's qualification to participate in the ESOP, reclaim

his/her shares of interests in the ESOP, and return to him/her the subscription price or the sale price (whichever is lower). The Management Committee may transfer the reclaimed shares of interests in the ESOP to the reserved portion of shares of interests, or transfer them to a designated transferee qualified to participate in the ESOP. In case there is no such qualified transferee, the shares of interests shall be jointly enjoyed by all the Holders participating in the ESOP, or be sold by the Management Committee at the appropriate time and any remaining funds after returning the subscription price shall belong to the Company, or the corresponding Underlying Shares shall be disposed of in other ways permitted by laws and regulations. In the meantime, the Holder shall return all the proceeds from the exercise of his/her interests to the Company, and shall be liable for compensation in case of any loss caused to the Company.

(V) In case of any of the following circumstances during the term of the ESOP, the Management Committee will let the unlocked portion be, but for the locked portion, the Management Committee shall have the right to decide that the interests held by the Holder can be dealt with in accordance with the procedures before the occurrence of the circumstance and his/her individual performance assessment results will no longer be included in the unlocking conditions, or cancel the Holder's qualification to participate in the ESOP, reclaim his/her shares of interests in the ESOP, and return to him/her the sum of the subscription price plus the bank deposit interest in the same period or the sale price (whichever is lower). The Management Committee may transfer the reclaimed shares of interests in the ESOP to the reserved portion of shares of interests, or transfer them to a designated transferee qualified to participate in the ESOP. In case there is no such qualified transferee, the shares of interests shall be jointly enjoyed by all the Holders participating in the ESOP, or be sold by the Management Committee at the appropriate time and any remaining funds after returning the subscription price shall belong to the Company, or the corresponding Underlying Shares shall be disposed of in other ways permitted by laws and regulations.

1. The Holder leaves his/her office due to retirement;
2. The Holder resigns due to loss of work ability;
3. The Holder dies in performing his/her duties (the funds returned to the Holder or the interests held by Holder shall be held by his designated or legal heir or successor on his/her behalf).

(VI) In case a Holder is re-hired after retirement during the term of the ESOP, the interest held by the Holder can be dealt with in accordance with the procedures before the occurrence of the circumstance.

(VII) In case a holder encounters change of position during the term of the ESOP, the interest held by the Holder can be dealt with in the following methods:

1. In case it is a promotion or lateral move, the interest held by the Holder can be dealt with in accordance with the procedures before the occurrence of the circumstance.

2. In case it is a demotion or dismissal, the Management Committee will let the unlocked portion be, but for the locked portion, the Management Committee shall have the right to decide that the interests held by the Holder can be dealt with in accordance with the procedures before the occurrence of the circumstance, or cancel the Holder's qualification to participate in the ESOP, reclaim his/her shares of interests in the ESOP, and return to him/her the subscription price or the sale price (whichever is lower). The Management Committee may transfer the reclaimed shares of interests in the ESOP to the reserved portion of shares of interests, or transfer them to a designated transferee qualified to participate in the ESOP. In case there is no such qualified transferee, the shares of interests shall be jointly enjoyed by all the Holders participating in the ESOP, or be sold by the Management Committee at the appropriate time and any remaining funds after returning the subscription price shall belong to the Company, or the corresponding Underlying Shares shall be disposed of in other ways permitted by laws and regulations

(VIII) If a Holder resigns after his/her interests are unlocked, he/she shall not engage in work that is the same or similar to the Company's business within 2 years; Otherwise, the Company shall have the right to demand that the Holder return all the proceeds obtained under the ESOP to the Company. If the Holder causes any losses to the Company, the Company may also recover the losses suffered in accordance with relevant laws and regulations.

(IX) In case of any other matters unspecified herein, the method for disposal of or the conditions for unlocking of the shares of property held by a Holder under the ESOP shall be determined by the Company and the Management Committee through consultation.

Article 17 Method for disposal of Company Shares after the expiration of the term of the ESOP

(I) If all the Company Shares under the ESOP have been sold or transferred to the Holders, the ESOP can be terminated.

(II) The term of the ESOP can be extended if all the Company Shares thereunder have not been sold or transferred to the Holders of the ESOP one month before the expiration of the term, provided that such extension shall be subject to the consent of the Holders holding more than 2/3 (inclusive) shares of interests at the Holders' Meeting and the approval of the Board of Directors of the Company.

(III) When the term of the ESOP expires or the ESOP is to be early terminated, the Management Committee shall, with the authorization of the Holders' Meeting, after deducting relevant taxes and fees according to law, complete the liquidation within 30 working days from the date of expiration or termination and make distribution according to the Holders' shares of interests.

(IV) In case the assets under the ESOP still contain the Underlying Shares after the expiration of the term of the ESOP, the Management Committee shall decide measures for the disposal thereof.

## **Chapter VI Supplementary Provisions**

Article 18 This *Management Measures* can only be implemented after it is deliberated and approved by the shareholders' meeting of the Company.

Article 19 Any matter not mentioned herein shall be resolved by the Board of Directors, the Management Committee and the Holders through negotiations.

Article 20 The power to interpret this *Management Measures* shall be vested in the Board of Directors of the Company.

Article 21 In case of any conflict between this *Management Measures* and the latest laws and regulations issued by regulatory authorities, the latest laws and regulations shall prevail.

**Board of Directors of Gotion High-tech Co., Ltd.**

**May 7, 2024**

## Annex 10

# Independent Directors' Work System of Gotion High-tech Co., Ltd.

## Chapter I General Provisions

**Article 1** These *Independent Directors' Work System* (these “Rules”) are hereby formulated in accordance with the *Company Law of the People's Republic of China* (the “Company Law”), the *Securities Law of the People's Republic of China*, the *Measures for the Administration of Independent Directors of Listed Companies*, the *Rules Governing the Listing of Stocks on Shenzhen Stock Exchange*, the *Self-regulatory Guidelines for Companies Listed on Shenzhen Stock Exchange No. 1 – Standardized Operation of Companies Listed on the Main Board* and other laws, regulations and normative documents, as well as the *Articles of Association of Gotion High-tech Co., Ltd.* (the “Articles of Association”), and in combination with the actual situation of Gotion High-tech Co., Ltd. (the “Company”), for the purpose of further improving the governance structure of the Company, giving full play to the role of independent directors in corporate governance, and promoting the standardized operation of the Company.

**Article 2** An independent director refers to a director who does not hold any position other than a director in the Company and has no direct or indirect interest in the Company, any of its principal shareholders, or its actual controller, or no other relationship that may obstruct him/her from making independent and objective judgments.

An independent director shall perform his/her duties independently and shall not be influenced by the Company, any of its principal shareholders, its actual controller, or any other entity or individual.

If an independent director finds that the matter under consideration has influence on his/her independence, he/she shall report it to the Company and avoid the matter. In case of any significant influence on independence during the term of office, the



relevant independent director shall notify the Company in time and submit a resignation.

**Article 3** An independent director shall assume the obligations of loyalty and diligence to the Company and all its shareholders, and shall, in accordance with the provisions of laws, administrative regulations, rules of China Securities Regulatory Commission (the “CSRC”), business rules of the stock exchange, and the Articles of Association, conscientiously perform his/her duties, play the role of participating in decision-making, conducting supervision, checks and balances, and providing professional advice in the Board of Directors, safeguard the overall interests of the Company, and protect the lawful rights and interests of minority shareholders.

## **Chapter II Job Requirements**

**Article 4** An independent director of the Company shall meet the following requirements appropriate for the exercise of his/her functions and powers:

(1) He/she has the qualifications for serving as a director of the Company in accordance with laws, administrative regulations, and other relevant provisions;

(2) He/she satisfies the independent requirements as prescribed in Article 6 of these Rules;

(3) He/she has basic knowledge of the operation of the Company and is familiar with the relevant laws, regulations and rules;

(4) He/she has five or more years of work experience in law, accounting, economics, or other relevant fields required for performing the duties of an independent director;

(5) He/she has good personal integrity and has no major dishonest acts or other bad records;

(6) He/she meets other requirements prescribed by laws, administrative regulations, rules of the CSRC, business rules of the stock exchange, or the Articles of Association.

**Article 5** Independent directors of the Company shall account for not less than 1/3 of the members of the Board of Directors and shall at least include one accounting professional.

Accounting professional referred to in this article shall have rich knowledge and experience in accounting and shall meet at least one of the following requirements:

- (1) He/she is qualified as a certified public accountant;
- (2) He/she has a senior title in accounting, auditing or financial management, has the title of associate professor or above, and has a doctoral degree;
- (3) He/she has a senior title in economic management, and has five or more years of full-time work experience in accounting, auditing or financial management.

**Article 6** An independent director must be independent. None of the following persons may serve as an independent director of the Company:

(1) A person who holds a position in the Company or its affiliated enterprise, or his/her immediate family members, or major social relations (immediate family members mean a person's spouse, parents, children, et al; major social relations mean a person's siblings, spouses of siblings, parents of spouse, siblings of spouse, spouses of children, parents of children's spouses, et al);

(2) A natural person shareholder who directly or indirectly holds 1% or more of the shares issued by the Company or who ranks among the top 10 shareholders of the Company, or his/her immediate family members;

(3) A person who holds a position in a shareholder entity that directly or indirectly holds 5% or more of the shares issued by the Company or that ranks among the top 5 shareholders of the Company, or his/her immediate family members;

(4) A person who holds a position in an affiliated enterprise of the controlling shareholder or actual controller of the Company, or his/her immediate family members;

(5) A person who has significant business transactions with the Company or its controlling shareholder, actual controller, or any of their respective affiliated enterprises, or a person who holds a position in an entity that has significant business transactions with the Company or in the entity of the controlling shareholder or actual controller;

(6) A person who provides financial, legal, consulting, sponsorship, or other services to the Company, its controlling shareholder, actual controller, or any of their respective affiliated enterprises, including but not limited to all members of the project team, reviewers at all levels, persons who sign the reports, partners, directors, officers, and the primary person in charge of an intermediary that provides services;

(7) A person who falls under any of the circumstances set forth in subparagraphs (1) through (6) in the last 12 months;

(8) Any other person who does not work independently as prescribed by laws, administrative regulations, rules of the CSRC, business rules of the stock exchange, and the Articles of Association.

“Significant business transactions” mean matters to be submitted to shareholders’ meeting for consideration as prescribed by the *Rules Governing the Listing of Stocks on Shenzhen Stock Exchange*, other relevant rules of the stock exchange or the Articles of Association, or other significant matters identified by the stock exchange. “Hold a position” means holding a position of director, supervisor, officer or other staff.

Independent directors shall conduct an annual self-examination of their independence and submit the self-examination result to the Board of Directors. The Board of Directors shall assess the independence of incumbent independent directors each year and issue special opinions thereon, which shall be disclosed together with the annual report.

**Article 7** A candidate for independent director shall have good personal integrity and have no following circumstances or bad records:

(1) He/she shall not serve as a director, supervisor or officer according to the Company Law and other laws, regulations or other relevant provisions;

(2) He/she has been banned by the CSRC from serving as a director, supervisor or officer of the Company, and the ban has not expired;

(3) He/she has been publicly deemed by the stock exchange to be unfit to serve as a director, supervisor or officer of the Company, and the term has not expired;

(4) He/she has received administrative punishment from the CSRC or criminal punishment from the judicial authority for securities and futures crimes in the last 36 months;

(5) He/she has been placed under investigation by the CSRC or filed for investigation by the judicial authority for suspected securities and futures crimes, and no definite conclusion has been reached;

(6) He/she has been denounced by the stock exchange or criticized in three or more notices in the last 36 months;

(7) He/she has major dishonest acts or other bad records;

(8) He/she has been referred by the Board of Directors to the shareholders' meeting for dismissal due to failure to attend two consecutive board meetings in person and failure to entrust another independent director to attend the board meeting on his/her behalf during his/her previous tenure as an independent director, and it has been less than 12 months since then;

(9) He/she has other circumstances identified by laws, regulations, the CSRC and the stock exchange.

**Article 8** An independent director and a person to serve as an independent director shall, in accordance with the requirements of the CSRC, attend the training organized by the CSRC and its authorized agency, and continuously strength the study of securities laws, regulations and rules, so as to continuously improve the ability to perform duties.

**Article 9** An independent director may work in the capacity of independent director at up to three domestic listed companies (including the Company) and shall ensure that he/she has sufficient time and energy to effectively perform his/her duties as an independent director.

### **Chapter III Nomination, Election and Replacement**

**Article 10** The Board of Directors, Board of Supervisors, or shareholders individually or jointly holding 1% or more of the shares issued by the Company may nominate the candidates for independent directors, who shall be determined through the election at the shareholders' meeting.

An investor protection institution formed in accordance with the law may publicly request shareholders to entrust it to exercise the right to nominate independent directors.

The nominator specified in paragraph 1 of this article shall not nominate a person who has an interest in the nominator or any other close relationship that may affect the independent performance of duties as a candidate for independent director.

**Article 11** The nominator of an independent director shall obtain the nominee's consent before nomination. The nominator shall be fully aware of the nominee's occupation, educational background, professional title, detailed work experience, all concurrent positions, and whether the nominee has any major dishonest act or other bad records, and give his/her opinions on whether the nominee satisfies the requirements for independence and other requirements for serving as an independent director. The nominee shall make a public statement regarding his/her compliance with the independence and other requirements for serving as an independent director.

**Article 12** The Nomination Committee under the Board of Directors of the Company shall examine the nominee's office qualifications and form specific examination opinions thereon.

**Article 13** The Company shall, at the latest when issuing the notice of

convening a shareholders' meeting for electing independent directors, disclose relevant information in accordance with the provisions of Article 11 and Article 12 hereof, and submit all the relevant materials of candidates for independent directors to the stock exchange, including the *Representations and Undertakings of the Nominator of Independent Director*, the *Representations and Undertakings of the Candidate for Independent Director*, and the *Resume of the Candidate for Independent Director*. The relevant materials submitted and the notice shall be true, accurate and complete. If the Board of Directors of the Company has any objection to the relevant information of the nominee, the Company shall also submit the written opinions of the Board of Directors.

When convening a shareholders' meeting for electing independent directors, the Board of Directors shall explain to the shareholders whether a candidate for independent director has been challenged by the stock exchange. If the stock exchange raises an objection to the office qualifications of a candidate for independent director, the Company may not submit the materials of the candidate to the shareholders' meeting for election. If such materials have been submitted to the shareholders' meeting for consideration, the proposal shall be cancelled.

**Article 14** To elect two or more independent directors, a cumulative voting system shall be adopted at a shareholders' meeting of the Company. The voting by minority shareholders shall be counted separately and disclosed.

**Article 15** The term of office of an independent director shall be the same as that of other directors of the Company and may be renewed upon expiration, and the consecutive terms of office shall not exceed six years. If an independent director has served as an independent director of the Company for six consecutive years, he/she shall not be nominated as candidate for independent director of the Company within 36 months from the date of such occurrence.

**Article 16** Prior to the expiration of the term of office of an independent director, the Company may remove him/her from office according to statutory

procedures. If the Company removes an independent director from office before the expiration date, it shall promptly disclose the specific reasons and basis therefor. If an independent director has any objection to the removal, the Company shall disclose it in a timely manner.

Any independent director who fails to comply with the provisions of subparagraph (1) or (2) of Article 4 hereof shall immediately cease the performance of his/her duties and resign. If he/she fails to submit a resignation, the Board of Directors shall immediately remove him/her from office according to the relevant provisions as soon as it knows or should have known the fact.

If an independent director submits his/her resignation or is removed from office since he/she falls under any of the circumstances specified in the preceding paragraph, resulting in the failure of the ratio of independent directors in the Board of Directors or its special committees to comply with these Rules or the Articles of Association, or a lack of accounting professionals among the independent directors, the Company shall complete the by-election within 60 days after the occurrence of the aforesaid fact.

If a relevant independent director should cease the performance of his/her duties but has not ceased the performance or should be removed from office but has not been removed, and attends a board meeting or a meeting of its special committees, a special meeting of independent directors and votes at the meeting, his/her vote shall be invalid and he/she shall not be included in the attendees.

If an independent director is removed from office before expiration of his/her term of office and considers the reasons for the removal to be improper, he/she may raise an objection and reasons, and the Company shall disclose them in a timely manner.

**Article 17** If an independent director fails to attend two consecutive board meetings in person and fails to entrust another director to attend the board meeting on his/her behalf, the Board of Directors shall, within 30 days from the date of such

occurrence, propose a shareholders' meeting for removing the independent director.

**Article 18** An independent director may submit his/her resignation before the expiration of his/her term of office. An independent director who resigns shall submit a written resignation to the Board of Directors, in which he/she shall explain any information related to his/her resignation or any information to which the attention of the shareholders and creditors of the Company shall be drawn in his/her opinion. The Company shall disclose the reasons for the resignation of the independent director and any matters of concern.

**Article 19** If the resignation of an independent director results in the ratio of independent directors in the Board of Directors or its special committees to be less than that specified in the Articles of Association, or a lack of accounting professionals among the independent directors, the resignation of the independent director shall take effect after the new independent director takes his/her place. The independent director who plans to resign shall continue to perform his/her duties until the date when a new independent director is elected. The Company shall complete the by-election within 60 days after the independent director submits his/her resignation.

## **Chapter IV Duties and Methods for the Performance of Duties**

**Article 20** Independent directors shall perform the following duties:

(1) Participating in the decision-making of the Board of Directors and offering specific opinions on the matters deliberated;

(2) Supervising the matters on potential material conflicts of interest between the Company and its controlling shareholder, actual controller, directors, and officers specified in Articles 23, 26, 27 and 28 of these Rules, causing the decision-making of the Board of Directors to comply with the overall interests of the Company, and protecting the lawful rights and interests of minority shareholders;



(3) Providing professional and objective advice on the operation and development of the Company and promoting the improvement of the decision-making level of the Board of Directors;

(4) Performing other duties prescribed by laws, administrative regulations, the CSRC, the stock exchange, or the Articles of Association.

An independent director shall perform his/her duties independently and impartially, and shall not be influenced by the Company, any of its principal shareholders, its actual controller, or any other entity or individual. If an independent director finds that the matter under consideration has influence on his/her independence, he/she shall report it to the Company and avoid the matter. In case of any significant influence on independence during the term of office, the relevant independent director shall notify the Company in time and propose solutions, or submit a resignation if necessary.

**Article 21** Independent directors may exercise the following special functions and powers:

(1) Independently engaging intermediaries to audit, consult, or inspect specific matters of the Company;

(2) Proposing the convening of an extraordinary general meeting to the Board of Directors;

(3) Proposing the convening of a board meeting;

(4) Publicly soliciting shareholders' rights from shareholders in accordance with the law;

(5) Giving independent opinions on matters that may damage the rights and interests of the Company or minority shareholders;

(6) Exercising other functions and powers prescribed by laws, administrative regulations, the CSRC, the stock exchange, or the Articles of Association.

An independent director's exercise of functions and powers set forth in subparagraphs (1) through (3) of the preceding paragraph shall be subject to the consent of a majority of all independent directors.

The Company shall make a disclosure in a timely manner if an independent director exercises the functions and powers specified in paragraph 1. If an independent director is unable to exercise the aforesaid functions and powers normally, the Company shall disclose the specific circumstances and reasons therefor.

The Company shall bear the costs incurred by an independent director to engage an intermediary and to exercise other functions and powers.

**Article 22** An independent director shall attend a board meeting in person. If an independent director is unable to attend a meeting in person for any reason, he/she shall review the meeting materials in advance, form specific opinions, and entrust in writing another independent director to attend the meeting on his/her behalf.

**Article 23** The following matters shall be submitted to the Board of Directors for consideration with the consent of a majority of all independent directors of the Company:

- (1) Related-party transactions that shall be disclosed;
- (2) Plans of the Company and the relevant parties for the modification or waiver of their undertakings;
- (3) Decisions made and measures taken by the Board of Directors of the Company regarding the acquisition;
- (4) Other matters prescribed by laws, administrative regulations, the CSRC, the stock exchange, or the Articles of Association.

**Article 24** Before a board meeting is convened, an independent director may communicate with the board secretary and inquire about, request the supplements of materials, or offer opinions and recommendations concerning the matters to be considered. The Board of Directors and relevant personnel shall conscientiously study

the issues, requests and opinions put forward by the independent director and promptly provide feedback on the implementation of amendments to the proposals to the independent director.

When an independent director votes against or abstains from voting on a proposal of the Board of Directors, he/she shall explain the specific reasons and basis therefor, the legality and compliance of the matters involved in the proposal, potential risks, and the impact on the rights and interests of the Company and minority shareholders, among others. When the Company discloses the board resolution, it shall disclose the dissenting opinions of the independent director at the same time and indicate such opinions in the board resolution and the meeting minutes.

**Article 25** Independent directors in the Audit Committee, the Nomination Committee and the Remuneration and Appraisal Committee under the Board of Directors of the Company shall account for a majority and serve as the convener. The members of the Audit Committee shall be directors who are not officers of the Company, and the convener shall be an accounting professional among the independent directors.

Independent directors in the special committees under the Board of Directors of the Company shall perform their duties in accordance with laws, administrative regulations, rules of the CSRC, business rules of the stock exchange, and the Articles of the Association. Independent directors shall attend the meetings of the special committees in person. An independent director who is unable to attend a meeting of a special committee in person shall review the meeting materials in advance, form specific opinions, and entrust in writing another independent director to attend the meeting on his/her behalf. If, in the course of performing his/her duties, an independent director concerns any material matter of the Company which falls within the scope of duties of a special committee, he/she may promptly request the special committee to conduct discussion and consideration under the relevant procedures.

**Article 26** The Audit Committee under the Board of Directors of the Company

shall be responsible for reviewing the financial information of the Company and the disclosure thereof and supervising and assessing the internal and external audits and internal control. The following matters shall be submitted to the Board of Directors for consideration with the approval of a majority of all members of the Audit Committee:

(1) Disclosure of financial accounting reports, financial information in periodic reports, and internal control evaluation reports;

(2) Appointment or dismissal of the accounting firm providing audit service for the Company;

(3) Appointment or dismissal of the person in charge of financial affairs of the Company;

(4) Modification of accounting policies or accounting estimates, or correction of material accounting errors due to reasons other than changes in accounting standards;

(5) Other matters prescribed by laws, administrative regulations, rules of the CSRC, or the Articles of Association, or authorized by the Board of Directors.

If the Board of Directors fails to adopt or fully adopt the recommendations of the Audit Committee, it shall record the opinions of the Audit Committee and the specific reasons for its non-adoption in the board resolution and disclose them.

**Article 27** The Nomination Committee under the Board of Directors of the Company shall be responsible for developing the standards and procedures for the selection of directors and officers, selecting and reviewing the candidates for directors and officers and their office qualifications, and offering recommendations on the following matters to the Board of Directors:

(1) Size and composition of the Board of Directors based on the Company's operation, assets and equity structure;

(2) Nomination, appointment and removal of directors;

(3) Appointment or dismissal of officers;

(4) Other matters prescribed by laws, administrative regulations, rules of the CSRC, or the Articles of Association, or authorized by the Board of Directors.

If the Board of Directors fails to adopt or fully adopt the recommendations of the Nomination Committee, it shall record the opinions of the Nomination Committee and the specific reasons for its non-adoption in the board resolution and disclose them.

**Article 28** The Remuneration and Appraisal Committee under the Board of Directors of the Company shall be responsible for developing the assessment criteria for directors and officers, conducting assessments, developing and examining the remuneration policies and plans for directors and officers, and offering recommendations on the following matters to the Board of Directors:

(1) Study and development of remuneration plans for directors and officers, including but not limited to: performance evaluation criteria, procedures and main evaluation system, main schemes and systems for rewards and punishments, etc.;

(2) Review of the performance of duties by directors and officers of the Company and conduct of annual performance appraisal on them;

(3) Supervision of the implementation of remuneration system for directors and officers of the Company;

(4) Development or modification of the equity incentive plan or employee stock ownership plan, and satisfaction of the conditions for granting equity to and exercising equity by incentive recipients;

(5) Arrangements made by directors or officers for the stock ownership plan for the relevant subsidiary planning a divestiture;

(6) Other matters prescribed by laws, administrative regulations, rules of the CSRC, or the Articles of Association, or authorized by the Board of Directors.

If the Board of Directors fails to adopt or fully adopt the recommendations of the

Remuneration and Appraisal Committee, it shall record the opinions of the Remuneration and Appraisal Committee and the specific reasons for its non-adoption in the board resolution and disclose them.

**Article 29** If an independent director gives independent opinions, the opinions shall be clear and shall at least contain the following:

- (1) Basic information on significant matters;
- (2) Basis for his/her opinions, including the procedures performed, documents checked and content of site inspection;
- (3) Legal compliance of significant matters;
- (4) Impact on the rights and interests of the Company and minority shareholders, possible risks and whether measures taken by the Company are effective or not;
- (5) Concluding opinions given, including agreement, reservation and reasons therefor, opposition and reasons therefor, inability to give an opinion and obstacles thereof.

**Article 30** Independent directors shall sign the independent opinions issued for confirmation, and promptly report such opinions to the Board of Directors for disclosure together with relevant announcements of the Company.

**Article 31** The Company shall, on a periodical or unscheduled basis, convene meetings attended solely by independent directors (the “Special Meetings of Independent Directors”). The matters specified in subparagraphs (1) through (3) of Article 21 and in Article 23 of these Rules shall be considered at the Special Meetings of Independent Directors.

Other matters of the Company may be studied and discussed at the Special Meetings of Independent Directors if necessary.

The Special Meetings of Independent Directors shall be convened and presided over by an independent director jointly elected by a majority of the independent

directors. If the convener fails to or is unable to perform his/her duties, two or more independent directors may, on their initiative, convene a meeting and elect a representative to preside over the meeting.

The Company shall facilitate and support the convening of Special Meetings of Independent Directors.

**Article 32** An independent director shall pay continuous attention to the implementation of board resolutions on the matters specified in Articles 23, 26, 27 and 28 of these Rules, and if the independent director finds any violation of laws, administrative regulations, rules of the CSRC, business rules of the stock exchange, or the Articles of Association, or violation of the resolution adopted at the shareholders' meeting or the board meeting, the independent director shall report the violation to the Board of Directors in a timely manner and may require the Company to make a written explanation thereon. The Company shall promptly disclose any involved matter that shall be disclosed.

If the Company fails to make an explanation or a timely disclosure in accordance with the provisions of the preceding paragraph, the independent director may report it to the CSRC and the stock exchange.

**Article 33** An independent director shall work on site at the Company for not less than 15 days each year.

In addition to attending shareholders' meetings, board meetings and its special committees, and Special Meetings of Independent Directors, independent directors may perform their duties by various means such as obtaining information on the operation of the Company on a periodical basis, hearing the reports of the management, communicating with the person in charge of the internal audit institution, the accounting firm providing audit services for the Company, and other intermediaries, conducting field visits, and communicating with minority shareholders.

**Article 34** The meeting minutes of the Board of Directors and its special

committees or the Special Meetings of Independent Directors shall be made according to the relevant provisions, in which the opinions of independent directors shall be indicated. Independent directors shall sign the meeting minutes for confirmation.

Independent directors shall prepare work records and record detailed information on the performance of their duties. The information obtained in the process of an independent director's performance of his/her duties, relevant meeting minutes, and records of communication with the personnel of the Company and intermediaries, among others, shall constitute parts of the work records. An independent director may require the board secretary and other relevant personnel to confirm the important information in work records by signature, and the Company and relevant personnel shall cooperate.

The work records of an independent director and the information provided by the Company to the independent director shall be preserved for at least 10 years.

**Article 35** Independent directors shall fulfill their obligations as directors in accordance with the law, fully understand the Company's operation and the contents of board meetings, safeguard the interests of the Company and all shareholders, and pay particular attention to the protection of the lawful rights and interests of minority shareholders.

In the event of a conflict between shareholders or between directors of the Company, which has a significant impact on the operation and management of the Company, the independent directors shall take the initiative to perform their duties and safeguard the overall interests of the Company.

Independent directors may publish their mailing addresses or E-mail addresses to communicate with investors, accept investors' inquiries and complaints, take the initiative to investigate situations that damage the lawful rights and interests of the Company and small and medium investors, and promptly reply to investors with the investigation results.

**Article 36** Under any of the following circumstances, an independent director



shall report to the stock exchange in a timely manner:

(1) He/she is removed from office by the Company, and thinks that the reason for the removal is improper;

(2) He/she resigns due to circumstances of the Company that prevent him/her from exercising his/her functions and powers according to law;

(3) The meeting materials of the Board of Directors are incomplete or insufficiently demonstrated, and two or more independent directors request in writing to postpone the meeting or the consideration of the related matter, which is not approved;

(4) The Board of Directors fails to take effective measures after he/she reports to the Board of Directors that the Company or its directors, supervisors or officers are suspected of violating laws and regulations;

(5) Other circumstances that seriously impede him/her from performing his/her duties.

**Article 37** An independent director of the Company shall submit annual work reports to the annual shareholders' meeting of the Company, in which he/she shall make an explanation of the performance of his/her duties. An annual work report shall cover:

(1) Times and methods of attending the board meetings, voting results, and times of attending the shareholders' meetings;

(2) Participation in the work of the special committees under the Board of Directors and Special Meetings of Independent Directors;

(3) Consideration of the matters specified in Articles 23, 26, 27 and 28 of these Rules and exercising of the special functions and powers of independent directors specified in paragraph 1 of Article 21 hereof;

(4) Significant matters, methods and results of communication with the internal

audit institution and the accounting firm providing audit service for the Company regarding the financial and business status of the Company;

- (5) Communication with minority shareholders;
- (6) Information such as the time and content of on-site work at the Company;
- (7) Other information on the performance of his/her duties.

The annual work report of an independent director shall be disclosed no later than the time when the Company issues a notice on the annual shareholders' meeting.

**Article 38** An independent director shall effectively perform the following duties during the preparation, review and disclosure of the Company's annual report:

- (1) Listening to the Company's reports on annual operation and significant matters, and offering opinions and recommendations;
- (2) Supervising the work process related to the Company's annual report and the confidentiality related to the disclosure of the Company's information;
- (3) Reviewing the Company's annual audit work arrangement and related materials in advance, and communicating with the accounting firm after completing the preliminary audit;
- (4) Giving independent opinions on matters in the annual report that may damage the rights and interests of the Company or minority shareholders;
- (5) Performing other duties prescribed by the CSRC and the stock exchange.

**Article 39** The Company shall provide its independent directors with necessary conditions and personnel support for their performance of duties, and designate the board secretary to assist independent directors in performing their duties. The board secretary of the Company shall ensure smooth communication between independent directors and other directors, officers, and other relevant personnel, and ensure that independent directors have access to sufficient resources and necessary professional opinions in the performance of their duties.

**Article 40** The Company shall ensure that independent directors enjoy the equal right to know as other directors. To ensure that independent directors can effectively exercise their functions and powers, the Company shall regularly report its operation to independent directors, provide relevant materials to independent directors, and organize or cooperate with them in on-site investigations and other work.

Before the consideration of any significant or complicated matter by the Board of Directors, the Company may organize its independent directors to participate in the research and argumentation of the matter, fully listen to the opinions of independent directors, and promptly report the adoption of their opinions to independent directors.

**Article 41** The Company shall promptly send a notice on convening the board meeting to independent directors, provide relevant meeting materials to them within the time limit prescribed by laws, administrative regulations, the CSRC, the stock exchange, or the Articles of Association, and provide effective communication channels to the independent directors. If a meeting is convened by a special committee under the Board of Directors, the Company shall provide relevant materials and information within the time limit prescribed by the rules of procedure of the relevant special committee. The Company shall keep the aforesaid meeting materials for at least 10 years.

If two or more independent directors deem that the meeting materials are incomplete, insufficiently demonstrated, or not provided in a timely manner, they may submit to the Board of Directors a written request to postpone the meeting or the consideration of the related matter, which shall be subject to the approval of the Board of Directors.

**Article 42** Where an independent director exercises his/her functions and powers, the directors, officers, and other relevant personnel of the Company shall cooperate with him/her, and may not refuse to do so or obstruct him/her, conceal any relevant information, or interfere with his/her independent exercise of functions and powers.

Where an independent director is obstructed in his/her lawful exercise of functions and powers, he/she may explain the circumstances to the Board of Directors, require directors, officers and other relevant personnel to cooperate, and record the specific circumstances of the obstruction and the resolution thereof in his/her work records. If the obstruction is not eliminated, he/she may report it to the CSRC and the stock exchange.

The Company shall promptly disclose the information that shall be disclosed and is involved in the performance of duties by an independent director. If the Company fails to do so, the independent director may directly apply for the disclosure or report it to the CSRC and the stock exchange.

**Article 43** The Company shall improve the mechanisms for communication between independent directors and minority shareholders. Independent directors may verify the issues raised by investors with the Company in a timely manner.

**Article 44** The Company may establish a necessary liability insurance system for independent directors to reduce the risks that may be incurred in the performance of duties by its independent directors.

**Article 45** The Company shall provide independent directors with appropriate allowances commensurate with their duties. A plan for the rates of allowances shall be made by the Board of Directors, considered and adopted at the shareholders' meeting, and disclosed in the annual report of the Company.

Except for the aforesaid allowances, an independent director may not obtain any other benefit from the Company, any of its principal shareholders, actual controller, or any entity or person that has interest relations with the Company.

## **Chapter V Supplementary Provisions**

**Article 46** For the purposes of these Rules, the following terms shall have the following meanings:

(1) Principal shareholders mean shareholders that hold 5% or more of the shares

issued by the Company or that hold less than 5% of the shares issued by the Company but have a significant impact on the Company;

(2) Minority shareholders mean shareholders that individually or jointly hold less than 5% of the shares issued by the Company and do not serve as directors, supervisors, or officers of the Company;

(3) Affiliated enterprise means an enterprise directly or indirectly controlled by the relevant entity;

(4) “Hold a position” means holding a position of director, supervisor, officer or other staff.

**Article 47** The term “above” mentioned herein includes the number itself, while “more than” and “less than” do not include the number itself.

**Article 48** Matters not covered herein shall be governed by the relevant provisions of relevant national laws, administrative regulations, normative documents, and the Articles of Association.

**Article 49** In case of any inconsistency between these Rules and the relevant provisions of relevant national laws, administrative regulations, normative documents, and the Articles of Association, the relevant provisions of relevant laws, administrative regulations, normative documents, and the Articles of Association shall prevail.

**Article 50** These Rules shall be interpreted and revised by the Board of Directors of the Company.

**Article 51** These Rules shall come into force and be implemented from the date of consideration and adoption at the shareholders’ meeting of the Company. The same applies to amendments.

The *Annual Report Working Rules of Independent Directors* (August 2009) issued by the Company shall be abolished at the time when these Rules come into force.

Board of Directors of Gotion High-tech Co., Ltd.

May 7, 2024