

**Gotion High-tech Co., Ltd.**  
**Rules of Procedure of the Board of Directors**

**Chapter I     General Rules**

**Article 1** In order to regulate the operation of Gotion High-tech Co., Ltd. (hereinafter referred to as the "Company"), safeguard the legitimate rights and interests of the Company and its shareholders, and improve the work efficiency and scientific decision-making level of the board of directors, these Rules are formulated in accordance with the provisions of *Company Law of the People's Republic of China* (hereinafter referred to as "Company Law"), *Securities Law of the People's Republic of China* (hereinafter referred to as "Securities Law"), *Code of Corporate Governance for Listed Companies, Rules Governing the Listing of Shares on Shenzhen Stock Exchange* (hereinafter referred to as "Listing Rules") , *Guidelines No. 1 for Self-regulation of Listed Companies on Shenzhen Stock Exchange - Standardized Operation of Companies Listed on Main Board* (hereinafter referred to as the "Guidelines"), *Essential Clauses in Articles of Association of Companies Listed Overseas, Special Provisions of the State Council on Overseas Stock Floatation and Listing of Joint Stock Companies* and other laws, regulations and normative documents, as well as the Articles of Association of Gotion High-tech Co., Ltd. (hereinafter referred to as the "Articles of Association").

**Article 2** All directors of the Company shall comply with the provisions of these Rules.

**Article 3** The board of directors is a permanent organ of the Company, which is responsible to the general meeting of shareholders and in charge of making major business decisions of the Company and implementing the resolutions of the general meeting of shareholders.

**Chapter II     Directors**

**Article 4** Qualification requirements of directors:

1. A director is a natural person, who is not required to hold the shares of the Company;

2. A director shall meet the relevant requirements of the national laws and regulations.

**Article 5** Qualification requirements of the directors of the Company.

Any person who is subject to any of the following circumstances shall not be eligible to serve as a director of the Company:

1. Where he/she has no capacity or limited capacity for performing civil juristic acts;
2. Where he/she has been sentenced to criminal punishment for corruption, bribery, embezzlement of property, misappropriation of property, or disruption of the order of the socialist market economy, with the period of execution expiring for no more than five years, or was deprived of political rights due to any crime with the period of execution expiring for no more than five years;
3. Where he/she has served as legal representative, director or factory head or manager of a company or enterprise which has been declared bankrupt and liquidated and was personally liable for the bankruptcy of the company or enterprise, and no more than 3 years have elapsed since the date when the bankruptcy liquidation was completed;
4. Where he/she has served as legal representative of a company or enterprise which was subject to revocation of business license or ordered to close and was personally liable therefor, and no more than 3 years have elapsed since the date of revocation;
5. Where he/she personally has a relatively large amount of outstanding due debts;
6. Where he/she has been subject to the market entry ban by the China Securities Regulatory Commission (CSRC), of which the period has not yet expired;
7. Where he/she has been publicly determined by a stock exchange as unsuitable to serve as a director of listed companies, of which the period has not yet expired;
8. Where he/she is subject to the other applicable provisions of the laws, administrative regulations and departmental rules and regulations.

Where a director is elected or assigned in violation of the provisions of this Article, such election, assignment or appointment shall be null and void. The Company shall dismiss a director from office if any circumstances of this Article arise during his/her tenure.

**Article 6** The director shall be elected or replaced by the general meeting of shareholders and may be dismissed by the general meeting of shareholders prior to the expiry of his/her tenure of office. The tenure of director is 3 years, and he/she may be re-elected upon the expiry of his/her tenure of office.

The tenure of a director shall be calculated from the date of his/her assuming office until the expiry of the current term of the board of directors. If the tenure of a director expires and no re-election is held in a timely manner, the original director shall still perform the duties of a director in accordance with the laws, administrative regulations, departmental rules and regulations and the Articles of Association until the re-elected director assumes office.

A director may be concurrently served by the General Manager or other senior officers, but the total number of directors who also serve as General Manager or other senior officers and directors who are employee representatives shall not exceed one-half of the total number of directors of the Company.

**Article 7** The list of candidates for directors shall be submitted, by way of a proposal, to the general meeting of shareholders for voting.

1. The manner and procedure for the nomination of directors shall be as follows:
  - (1) Within the number of directors specified in the Articles of Association, in accordance with the number of directors to be elected, shareholder(s) holding individually or jointly more than 3% of the total number of outstanding shares with voting rights of the Company shall propose candidates for non-independent directors, and the board of directors, the board of supervisors and shareholder(s) holding individually or jointly more than 1% of the issued shares of the Company may make a proposed list of independent director candidates, and submit them to the nomination committee of the board of directors of the Company for qualification examination.
  - (2) After examination and approval by the nomination committee of the board of directors, an examination report and proposal shall be submitted to the board of directors for deliberation.
  - (3) Upon approval by two-thirds or more of all directors, the board of directors of the Company shall resolve to determine the candidates for directors and submit them by

way of a proposal to the general meeting of shareholders for election.

## 2. Cumulative voting system

A cumulative voting system shall be adopted when the Company elects two or more directors. The cumulative voting system means that when directors are elected at a general meeting of shareholders, the number of voting rights per share shall be the same as the number of directors to be elected, and the total voting rights of a shareholder may be used to vote for one candidate.

The board of directors shall announce to the shareholders the resume and basic information of the candidates for directors.

**Article 8** The candidate for director shall, prior to the general meeting of shareholders, make written undertakings to accept the nomination and undertake that the information of the candidate for director publicly disclosed is true and complete and that he/she shall effectively perform the duties of director after being elected.

**Article 9** The director shall enter into an appointment contract with the Company, specifying the rights and obligations between the Company and the director, the tenure of the director, the liability of the director for violation of laws and regulations and the provisions of the Articles of Association, the compensation for early termination of the contract by the Company with cause, and the like. The compensation shall conform to the principle of fairness and shall not damage the legitimate rights and interests of the Company or transfer any benefits.

**Article 10** A director shall abide by the laws, administrative regulations and the Articles of Association, perform the following duties of due diligence to the Company:

1. To exercise the rights granted by the Company in a prudent, conscientious and diligent manner to ensure that the Company's business practices conform to the requirements of national laws, administrative regulations and various national economic policies and that its business activities do not exceed the business scope specified in its business license;

2. To treat all shareholders in a fair manner;
3. To keep abreast of the business operation and management status of the Company in a timely manner;
4. To execute a written confirmation of the Company's periodic reports and ensure that the information disclosed by the Company is true, accurate and complete;
5. To provide the relevant information and materials to the board of supervisors truthfully and shall not obstruct the board of supervisors or the Supervisors in the exercise of their duties;
6. To perform other duties of due diligence as stipulated in the laws, administrative regulations, departmental rules and regulations and the Articles of Association of the Company.

**Article 11** A director shall abide by the laws, administrative regulations and the Articles of Association, perform the following duties of fidelity to the Company:

1. Not to take any bribes or other illegal gains or embezzle the property of the Company by taking advantage of his/her position;
2. Not to misappropriate any funds of the Company;
3. Not to divert any funds of the Company into an account held in his/her own name or in the name of any other individual;
4. Not to violate the Articles of Association to loan any funds of the Company to any other person or grant guarantees to any other person using the property of the Company without obtaining the consent of the general meeting of shareholders or the board of directors;
5. Not to enter into any contracts or transactions with the Company in violation of the provisions of Articles of Association or without obtaining the consent of the general meeting of shareholders;
6. Not take advantage of his/her position to seek business opportunities for themselves or for any other person or operate on his/her own behalf or on behalf of any other person any business similar in nature to that of the Company, without obtaining the consent of the general meeting of shareholders.

7. Not to accept commissions from transactions with the Company for his own benefit;
8. Not to disclose the secrets of the Company without authorization;
9. Not to damage the interests of the Company by taking advantage of his/her related relations;
10. To perform other duties of fidelity as stipulated in the laws, administrative regulations, departmental rules and regulations and the Articles of Association of the Company.

**Article 12** No director shall act on behalf of the Company or the board of directors in his/her personal name without the authorization stipulated in the Articles of Association or duly authorized by the board of directors. When a director acts in his/her personal name, he/she shall declare his/her position and identity in advance in cases where a third party would reasonably believe that the director is acting with the aid of the Company or the board of directors.

**Article 13** In the event that a director or another enterprise in which he/she is employed is directly or indirectly related to an existing or contemplated contract, transaction or arrangement of the Company (excluding the employment contract), he/she shall disclose the nature and extent of the related relationship to the board of directors as soon as possible, regardless of whether the matter related thereto require the approval and consent of the board of directors under normal circumstances.

When the meeting of the board of directors (hereinafter, board meeting) is held, a director with the aforementioned related relations shall offer to recuse from the board meeting; other informed directors shall also have the right to request such related director to recuse from the board meeting if he/she does not offer to do so.

If the number of unrelated directors attending the board meeting is less than three after the recusal of the related director, such matter shall be submitted to the general meeting of shareholders of the Company for deliberation.

Unless the related director has made a disclosure to the board of directors in accordance with the requirements of paragraph 1 of this Article and the board of directors has approved the matter at a meeting at which the related director is not counted in the quorum and does

not cast a vote therefor, the Company shall have the right to revoke the contract, transaction or arrangement, except in the case where the other party is a bona fide third party.

**Article 14** If before the Company first considers entering into the relevant contract, transaction or arrangement, a director of the Company notifies the board of directors in writing stating that, by reason of the contents set out in the notification, he/she has an interest in the subsequent contract, transaction or arrangement entered into by the Company, then, to the extent set out in the notification, the director concerned shall be deemed to have made the disclosure required by the preceding Article of this Chapter.

**Article 15** A non-independent director shall make a written explanation and disclose to the public if any of the following circumstances occurs:

1. Where he/she fails to attend in person the board meeting for two consecutive times;
2. Where the number of board meetings that he/she fails to attend in person for twelve consecutive months during his/her tenure exceeds one-half of the total number of board meetings during that period.

Where an independent director fails to attend in person the board meeting three consecutive times, the board of directors shall submit a request to the general meeting of shareholders for replacement.

Except for the above-mentioned circumstances and the circumstances under which a person is prohibited from serving as a director under the Company Law, an independent director shall not be removed from office without cause before the expiry of he/she tenure. In case of an early removal, the Corporation shall make disclosure as a special disclosure matter. If the independent director who has been removed from office believes that the Company's reasons for removal are improper, he/she may make a public statement.

**Article 16** A director may resign before the expiry of his/her tenure of office. A director shall resign by submitting a written resignation report to the board of directors. The board of directors will make a disclosure thereof within 2 days.

**Article 17** If the board of directors of the Company falls below a quorum due to the resignation of a director, the former director shall still perform the duties of a director in accordance with the laws, administrative regulations, the departmental rules and regulations and the Articles of Association of the Company until the re-elected director assumes office.

Except for the cases listed in the preceding paragraph, the resignation of a director shall take effect when the resignation report is delivered to the board of directors.

The remaining board of directors shall convene an Extraordinary general meeting of shareholders as soon as possible to elect a director to fill the vacancy arising from the resignation. Until the general meeting of shareholders has made resolutions on the election of a director, the authorities of such resigned director and the remaining board of directors shall be subject to reasonable restrictions.

**Article 18** A director who resigns or whose tenure expires shall complete all handover procedures with the board of directors, and his/her obligations to the Company and its shareholders shall not be automatically discharged until his/her resignation report takes effect or the expiry of a reasonable period after it takes effect, or the expiry of a reasonable period after the end of his/her tenure, and his/her obligation to keep confidential the trade secrets of the Company shall remain in force after the end of his/her tenure until such secrets come into public. The duration of other duties of fidelity shall be determined on an impartial basis, depending on the period between the occurrence of the event and the departure from office, and the circumstances and conditions under which his/her relationship with the Company ends.

**Article 19** A director whose tenure of office has not yet expired shall be liable for any loss caused to the Company as a result of his/her departure from office without authorization.

**Article 20** A director who violates the provisions of laws, administrative regulations, departmental rules and regulations or the Articles of Association in the performance of his/her duties of the Company and thereby causes damage to the Company shall be liable for compensation.



**Article 21** The Company may purchase liability insurance for the directors (including independent directors) with the approval of the general meeting of shareholders. However, the liability of directors (including independent directors) resulting from any violation of laws and regulations and the provisions of the Articles of Association shall be excluded therefrom.

**Article 22** The performance of duties by directors shall be under the supervision of the board of supervisors, which shall submit its opinions to the general meeting of shareholders on the basis thereof.

**Article 23** An independent director shall comply with the provisions of the Articles of Association, the Listing Rules, the Guidelines and other relevant laws, regulations, regulatory documents, and these Rules. An independent director is a director who does not hold any position other than a director in the Company and does not have any relationship with the Company and its major shareholders that may prevent him/her from making an independent and objective judgment.

An independent director shall perform the duties of a director in accordance with the law, fully understand the business operation of the Company and the topics of the board of directors, safeguard the interests of the Company and all shareholders, and pay attention to the protection of the legitimate rights and interests of small and medium shareholders. An independent director shall report his/her work to the general meeting of shareholders on an annual basis. In the event of conflicts among shareholders or directors of the Company which significantly affect the operation and management of the Company, an independent director shall take the initiative to perform their duties and safeguard the overall interests of the Company.

### **Chapter III Board of Directors**

**Article 24** The Company has established a board of directors. The board of directors is

responsible to the general meeting of shareholders and is the major management decision-making organ of the Company.

**Article 25** The board of directors shall consist of 9 members, including four independent directors. The board of directors shall have a chairman (hereinafter, the chairman director). And the independent directors shall include at least one accounting professional with a senior title or certified public accountant (CPA) qualification.

**Article 26** The board of directors shall perform the following authorities:

1. To be responsible for convening the general meeting of shareholders, and to report its work to the general meeting of shareholders;
2. To implement the resolutions made by the general meeting of shareholders;
3. To decide on the operation plans and investment plans of the Company;
4. To formulate the annual financial budget and final accounts of the Company;
5. To formulate the profit distribution plan and the plan to make up for losses of the Company;
6. To formulate the plan for the Company to increase or decrease the registered capital, issue corporate bonds or other securities, and for its listing;
7. To draw up plans for major acquisitions, buy-back of the Company's shares due to the circumstances specified in Article 26(1)(a) and (b) of the Articles of Association, or mergers, divisions and dissolutions and changes in the type of the Company;
8. To decide, within the authorization of the General Meeting, on matters of the Company such as external investment, acquisition and sale of assets, hypothecation of assets, external guarantee matters, entrusted wealth management, related party transactions and external donations;
9. To decide on the establishment of internal management organs of the Company;
10. To decide on the appointment or dismissal of the general manager, the secretary of the board of directors (hereinafter, the board secretary) and other senior officers of the Company, and to decide on matters of their remuneration, rewards and punishments; to decide on the appointment or dismissal of the deputy general manager, the person in

charge of finance and other senior officers of the Company according to the nomination of the general manager, and to decide on matters of their remuneration, rewards and punishments;

11. To formulate the basic management system of the Company;
12. To formulate plans for amending the Articles of Incorporation;
13. To manage the information disclosure of the Company;
14. To request the general meeting of shareholders to appoint or replace the accounting firm which conducts the audit for the Company.
15. To hear reports on the work of the general manager of the Company and to inspect the work of the general manager.
16. To decide on the acquisition of the Company's shares due to the circumstances specified in Article 26(1)(c), (e) and (f) of the Articles of Association.
17. Other authorities as provided by laws, administrative regulations, departmental rules and regulations or the Articles of Association, and as granted by the general meeting of shareholders.

Except for items 6, 7 and 12, which must be approved by two-thirds or more of the directors attending the board meeting, the matters resolved by the board of directors in the preceding paragraph may be approved by a majority vote of the directors attending the board meeting.

The exercise of the above-mentioned authority by the board of directors shall be subject to the deliberations of the board meetings and the adoption of resolutions of the board of directors before implementation. The board of directors shall make collective decisions on major matters of the Company and shall not delegate to the chairman director or general manager the authorities that are required by law to be exercised by the board of directors.

Matters beyond the scope of authorizations granted by the general meeting of shareholders shall be submitted to the general meeting of shareholders for deliberation.

**Article 27** When the board of directors disposes of fixed assets, if the sum of the expected value of the fixed assets to be disposed of and the value obtained from the fixed assets already disposed of in the four months prior to this proposed disposal exceeds thirty-three percent of the value of the fixed assets as shown in the balance sheet recently deliberated by

the general meeting of shareholders, the board of directors shall not dispose of or agree to dispose of such fixed assets without first obtaining the approval of the general meeting of shareholders.

For this Article, disposal of fixed assets includes the act of transferring the rights and interests in certain assets, but does not include the act of granting guarantees with fixed assets.

The validity of the transactions carried out by the Company in disposing of fixed assets shall not be affected by any violation of the first paragraph of this Article.

**Article 28** The board of directors of the Company shall make an explanation to the general meeting of shareholders regarding the non-standard audit opinion issued by the CPA on the financial report of the Company.

**Article 29** Any transactions that meet one of the following criteria shall be subject to the deliberation and approval by the board of directors of the Company:

1. Where the total value of the assets involved in the transaction accounts for more than 10% of the total assets of the Company (latest audited), and if there exists both book value and appraised value of the total assets involved in the transaction, the higher one shall be used for calculation purpose;
2. Where the operating revenue related to the transaction target (such as equity interest) in the most recent fiscal year accounts for more than 10% of the audited operating revenue of the Company in the most recent fiscal year, and the absolute amount exceeds RMB 10 million;
3. Where the net profit related to the transaction target (such as equity interest) in the most recent fiscal year accounts for more than 10% of the audited net profit of the Company in the most recent fiscal year, and the absolute amount exceeds RMB 1 million;
4. Where the net asset amount related to the transaction target (such as equity interest) accounts for more than 10% of the audited net assets of the Company in the most recent fiscal year and the absolute amount exceeds RMB 10 million; if there exists both book

value and appraised value of the net asset amount involved in the transaction, the higher shall prevail;

5. Where the consideration of the transaction (including the liabilities and expenses assumed) accounts for more than 10% of the net assets of the Company (latest audited), and the absolute amount exceeds RMB 10 million;
6. Where the profit generated from the transaction accounts for more than 10% of the audited net profit of the Company in the latest fiscal year, and the absolute amount exceeds RMB 1 million.

If the data involved in the calculation of the above indicators are negative, the absolute value will be taken as the calculation.

**Article 30** Any transactions (other than the acceptance of cash donation, the granting of external guarantees and the provision of financial assistance) that meet one of the following criteria shall be deliberated and approved by the board of directors and then submitted to the general meeting of shareholders for deliberation:

1. Where the total value of the assets involved in the transaction accounts for more than 50% of the total assets of the Company (latest audited), and if there exists both book value and appraised value of the total assets involved in the transaction, the higher one shall be used for calculation purpose;
2. Where the operating revenue related to the transaction target (such as equity interest) in the most recent fiscal year accounts for more than 50% of the audited operating revenue of the Company in the most recent fiscal year, and the absolute amount exceeds RMB 50 million;
3. Where the net profit related to the transaction target (such as equity interest) in the most recent fiscal year accounts for more than 50% of the audited net profit of the Company in the most recent fiscal year, and the absolute amount exceeds RMB 5 million;
4. Where the consideration of the transaction (including the liabilities and expenses assumed) accounts for more than 50% of the net assets of the Company (latest audited), and the absolute amount exceeds RMB 50 million;

5. Where the profit generated from the transaction accounts for more than 50% of the audited net profit of the Company in the latest fiscal year, and the absolute amount exceeds RMB 5 million.

If the data involved in the calculation of the above indicators are negative, the absolute value will be taken as the calculation.

**Article 31** The “transaction” referred in Article 29 and Article 30 of these Rules includes the following matters:

1. purchase or sale of assets;
2. external investment (including entrusted wealth management, entrusted loan, investment in the subsidiaries, etc.);
3. provision of financial assistance (including entrusted loan, etc.);
4. granting of guarantees (including guarantees for controlled subsidiaries, etc.);
5. leasing in or out assets;
6. entering into management-related contracts (including entrusting others or being entrusted for business operation, etc.);
7. donating assets or accepting assets donation;
8. restructuring of claims or debts;
9. transfer or accepting the transfer of research and development projects;
10. entering into license agreements;
11. waiving any rights (including waiving the pre-emptive right, the pre-emptive right to subscribe for capital contribution, etc.)
12. other transactions identified by Shenzhen Stock Exchange.

The purchase and sale of assets above do not include the purchase of any raw materials, fuel and power and the sale of products, commodities and other assets related to the daily operation, but still include any purchase or sale of such assets involved in the asset swaps.

**Article 32** For transactions of the same type with the related target which occurred in a listed company, the transaction amounts that occurred within twelve consecutive months shall be calculated cumulatively.

Where the transaction has been complied with the relevant obligations in accordance with the Articles of Association shall no longer be included in the cumulative calculation.

**Article 33** Any external guarantee matters of the Company shall be deliberated and approved by the board of directors.

The Company shall conscientiously fulfill the obligation of information disclosure on granting external guarantees in accordance with the laws and regulations and the Articles of Association, and truthfully provide all external guarantees granted by the Company to the CPA as required. In the annual report, the independent directors of the Company shall make special explanations and express independent opinions on the cumulative and current external guarantees granted by the Company and the implementation of the above rules. For other detailed rules regarding the approval authority and procedures of the board of directors on granting external guarantees, please refer to the External Guarantee Policy of the Company.

**Article 34** The related party transaction of the Company with a related natural person in the amount of RMB300,000 or more, and the related party transaction with a related legal person in the amount of RMB3,000,000 or more and accounting for 0.5% or more of the absolute value of the Company's net assets (latest audited) shall be subject to the deliberation and approval of the board of directors.

For transactions between the Company and the same related party (including related natural persons or related legal persons), as well as transactions related to the same transaction target with different related parties (including related natural persons or related legal persons), the transaction amounts occurred within twelve consecutive months shall be calculated cumulatively.

The aforesaid *the same related party* includes the other parties that are controlled by the same entity as the related party, or those that have mutual ownership control relation with the related party.

Where the transaction has been complied with the relevant obligations in accordance with the Articles of Association shall no longer be included in the cumulative calculation.

## **Chapter IV    Chairman Director**

**Article 35**    The chairman director shall be served by a director of the Company (except independent directors) and shall be the legal representative of the Company. The chairman director shall comply with the provisions of Chapter II (Directors) of these Rules.

**Article 36**    The chairman director shall be elected and removed by a majority of all directors with a tenure of three years and may be re-elected. No other institution or individual may interfere with the election and removal of the chairman director by the board of directors.

**Article 37**    The procedure for the election and removal of the chairman director shall be as follows: One or more directors shall make a proposal of election or removal, and the proposal shall be discussed at a board meeting and approved by a majority of all directors.

**Article 38**    Qualification requirements of chairman director:

1. Having experience in enterprise management or economic work, familiar with the production and operation of the industry, and familiar with relevant national policies, laws and regulations;
2. Having quality cohesion and being able to coordinate the relationship between the board of directors and shareholders, senior officers and employees;
3. Meeting the requirements of these rules for the qualification of directors.

**Article 39**    The chairman director shall perform the following duties:

1. To preside over the general meeting of shareholders, and to convene and preside over the board of directors' meetings;
2. To urge and inspect the implementation of the resolutions of the board of directors;
3. To sign shares, corporate bonds and other securities issued by the Company, subject to other provisions (if any) of the laws and regulations, the securities regulatory



authorities of the place where the Company's shares or GDRs are listed, or the stock exchange;

4. To perform other authorities granted by the board of directors.

**Article 40** Shareholders representing more than one-tenth of the voting rights, more than one-third of the directors or the board of supervisors may propose to convene an interim board meeting. The chairman director shall convene and preside over a board meeting within ten days from the receipt of such proposal.

## **Chapter V Board Secretary**

**Article 41** The board of directors shall have a board secretary. The board secretary is the senior officer of the Company and is responsible to the Company and the board of directors. In order to perform his/her duties, the secretary of the board of directors shall have the right to attend and understand the financial and operational situation of the Company, attend relevant meetings involving information disclosure, consult all documents involving information disclosure, and request relevant departments and personnel of the Company to provide relevant materials and information in a timely manner.

The Company shall provide facilities for the board secretary to perform his/her duties, and the directors, supervisors, the person in charge of finance and other senior officers and relevant personnel of the Company shall support and cooperate with the board secretary in the work of information disclosure. No institution or individual shall interfere with the normal performance of the duties of the board secretary.

**Article 42** The board secretary shall have the necessary professional knowledge and experience and shall be appointed by the board of directors.

The board secretary shall have the necessary financial, management and legal expertise to perform his/her duties, have good professional ethics and personal integrity, and obtain the qualification certificate of board secretary issued by the stock exchange.

A person shall not serve as the board secretary of a listed company under any of the

following circumstances:

1. Where he/she is subject to any of the circumstances specified in Article 146 of the Company Law;
2. Where he/she has been subject to the administrative penalties by the CSRC within the latest three years;
3. Where he/she has been publicly condemned or notified of criticism by the stock exchange more than three times in the last three years;
4. Where he/she currently serves as supervisor of the Company;
5. Where he/she is subject to other circumstances that are not suitable for serving as the board secretary.

**Article 43** The Company shall enter into a confidentiality agreement with the board secretary when he/she is appointed, requiring him/her to undertake to continue to perform the duty of confidentiality after departure until the relevant information comes into public.

**Article 44** The board secretary shall comply with the Articles of Association, assume the relevant responsibilities of the senior officers of the Company, perform the duties of good faith and due diligence to the Company, and shall not use his/her authority for personal gains.

**Article 45** The main responsibilities of the board secretary are:

1. To be responsible for timely communication and liaison between the Company and the relevant parties and the stock exchange and other securities regulatory bodies.
2. To be responsible for the information disclosure of the Company, coordinating the information disclosure of the Company, organizing to formulate the management system on information disclosure of the Company and urging the Company and relevant information disclosure obligors to comply with the relevant regulations on information disclosure
3. To be responsible for the management of investor relations of the Company, receiving visits from investors, answering investor inquiries and providing investors with

information disclosed by the Company;

4. To organize and prepare for board meetings and general meetings of shareholders, attend general meetings, board meetings, meetings of the board of supervisors and relevant meetings of senior officers, and be responsible for taking minutes of board meetings as well as processing the signatures. To maintain the meeting documents and minutes of the board meetings and general meetings, etc.;
5. To pay attention to reports in the media and take the initiative to seek confirmation of the facts, and to urge the board of directors to respond to all inquiries of the stock exchange in a timely manner;
6. To be responsible for the confidentiality work related to the information disclosure of the Company, procuring all members of the board of directors of the Company and relevant informed persons to keep confidential before the official disclosure of relevant information, and taking timely remedial measures in case of leakage of insider information;
7. To be responsible for the administration of the Company's shareholder information and the maintenance of the Company's register of shareholders, information on shares held by controlling shareholders and directors, supervisors and senior officers of the Company;
8. To organize training for directors, supervisors and senior officers on securities laws and regulations, these Rules and relevant provisions, and to assist the aforesaid persons in understanding their respective rights and obligations in information disclosure;
9. To procure the board of directors to perform its authorities in accordance with the law, and when the resolutions to be made by the board of directors contradict the relevant provisions of the applicable laws, regulations, normative documents and the Articles of Association, to remind the directors attending the meeting and to request the supervisors attending the meeting as non-voting attendees to express their opinions in this regard; if the board of directors insists on making the said resolutions, the board secretary shall record the opinions of the supervisors concerned and his/her personal opinions in the meeting minutes;
10. To urge directors, supervisors and senior officers to comply with the relevant

provisions of laws, regulations, normative documents and the Articles of Association and to effectively fulfill the commitments made by them.

11. To perform other duties as required by the Company Law and other applicable laws, regulations and normative documents.

**Article 46** The directors or other senior officers of the Company may concurrently serve as the board secretary of the Company. The CPA of the accounting firm and the lawyer of the law firm engaged by the Company shall not serve as the board secretary of the Company.

**Article 47** The board secretary shall be nominated by the chairman director and appointed or dismissed by the board of directors. If a director concurrently serves as the board of directors' secretary, if a certain act requires the director and the board of directors' secretary to perform separately, the person who concurrently serves as the director and the board of the Company shall not perform in a dual capacity.

**Article 48** The board of directors, while appointing the board secretary, may additionally appoint a securities representative to act as the board secretary when the board secretary is unable to perform his/her duties. The securities representative shall have the qualifications of the board secretary.

**Article 49** Before the board secretary departs, he/she shall be subject to the departure review by the board of directors and the board of supervisors and hand over the relevant files and documents under the supervision of the board of supervisors of the Company.

## **Chapter VI Procedures for Convening board meeting**

**Article 50** The board of directors shall meet at least twice a year, which shall be convened by the chairman director, and all directors and supervisors shall be notified in writing 10 days prior to the meeting.

**Article 51** When the board of directors convenes an interim board meeting, all directors shall be notified of the time and place of the board meeting at least three days in advance by telegram, telex, mail and personal delivery of notice. Interim meetings of the board of directors may be held and voted by means of communication.

In case of an emergency that requires an interim board meeting to be held as soon as possible, the notice of meeting may be given by telephone or other oral means at any time, but the convener shall give an explanation at the meeting.

**Article 52** The notice of a board meeting shall include the following:

1. The date and place of the meeting;
2. The duration of the meeting;
3. The subject matter and topics;
4. The date when the notice is given.

**Article 53** The proposal of the board meeting shall reach the directors and relevant participants at the same time with the notice of meeting. The board of directors shall provide the directors with sufficient information, including relevant background materials on the meeting topics and information and data that will help the directors understand the business progress of the Company.

When two or more independent directors consider that the information is not sufficient or the arguments are not well defined, they may jointly propose in writing to postpone the board meeting or postpone the deliberation of the proposal, and the board of directors shall adopt the proposal and notify each director in a timely manner, and the Company shall disclose the relevant information in a timely manner.

**Article 54** Directors shall ensure that they have sufficient time and energy to perform their duties. Directors shall attend the board meetings and express their definite opinions on the matters under deliberation. Directors shall attend the board meetings in person, and if they are unable to attend in person, they may appoint other directors in writing to vote on their behalf according to their intention, and the principal shall bear legal responsibility

independently. The proxy form shall be signed or stamped by the principal, indicating the name of the proxy, the matters subject to the proxy, the scope of authorization and the effective period. The director who attends the meeting with proxy form shall exercise the rights of a director within the scope of the authorization. A director who fails to attend a board meeting either in person or by proxy shall be deemed to have abstained from voting at that meeting.

One director shall not act as proxy of more than two directors to attend a board meeting on their behalf. In the deliberation of related party transactions, non-related directors shall not appoint a related director to attend the meeting on their behalf. An independent director shall not appoint a non-independent director to vote on his/her behalf.

**Article 55** The board secretary and the supervisors of the Company shall attend the board meeting as non-voting attendees, and the non-director senior officers of the Company and the staff related to the proposals under deliberation shall attend the meeting as non-voting attendees if needed. The non-voting attendees have the right to express their opinions on the relevant issues but do not have the right to vote.

## **Chapter VII Voting Procedure for board meeting**

**Article 56** The board meeting shall only be held with the attendance of a majority of the directors. When the board of directors deliberates on the matters stipulated in Article 26 (16) of these Rules, it shall only be held with the attendance of more than two-thirds of the directors. Resolutions made by the board of directors shall be adopted by a majority of all directors.

Voting on the resolutions of the board of directors shall be conducted by open ballot and in the form of one vote for each person. When the votes against and for are equal, the chairman director shall be entitled to cast one more vote, except as otherwise provided by laws and regulations, the securities regulatory authority where the Company's shares or GDRs are listed, or the stock exchange.

**Article 57** Where a director is related to the enterprise involved in the matter under the resolution at the board meeting, he/she shall not participate in the voting on the resolution, nor shall he/she vote as a proxy of other directors. Such board meetings may be held with the attendance of a majority of unrelated directors, and resolutions made at the board meeting shall be adopted by a majority of unrelated directors. If the number of unrelated directors attending the board meeting is less than three, the matter shall be submitted to the general meeting of shareholders for deliberation.

The related director as referred to in the preceding paragraph includes:

1. The counterparty to the transaction;
2. Holding a position in the counterparty, or in the legal person or other organization that directly or indirectly controls the counterparty, or in any legal person or other organization under the direct or indirect control of the counterparty;
3. Directly or indirectly controls the counterparty;
4. Close family member of the counterparty or its direct or indirect controller;
5. Close family member of a director, supervisor or senior executive of the counterparty or close family member of a director, supervisor or senior officer of the counterparty's direct or indirect controller;
6. Other persons whose independent business judgment may be otherwise affected as deemed by the CSRC, Shenzhen Stock Exchange or the Company.

**Article 58** There shall be minutes of the board meetings. The directors, the board secretary and the recorder, who attended the meetings, shall affix their signatures to the meeting minutes. The directors attending the meeting shall have the right to request a descriptive record on the meeting minutes of what they have said at the meeting.

Directors shall be responsible for the resolutions of the board of directors. If a resolution of the board of directors violates laws, administrative regulations or the Articles of Association, resulting in serious losses to the Company, the director who participated in the resolution shall be liable to the Company for compensation; however, if it is proved that he/she had expressed objections at the time of voting and recorded in the meeting minutes, the director may be exempted from the liability.

The minutes of board meetings shall be kept by the board secretary as part of the company archives for not less than 10 years.

**Article 59** Voting on resolutions of the board of directors shall be made by a show of hands or by ballot.

Subject to the premise of ensuring the full expression of the opinions of the directors, the interim board meetings may be conducted by other means (e.g. fax, etc.) and resolutions may be made and signed by the voting directors, which shall be deemed as the minutes of the resolutions of the board of directors.

**Article 60** The minutes of a board meeting shall include the following:

1. The date and place of the meeting held and the name of the convener;
2. The names of the directors attending the meeting and the names of the directors (proxies) appointed by others to attend the board meeting;
3. The agenda of the meeting;
4. The key points of the speech of the directors;
5. The voting method and results of each item of resolutions (the voting results shall indicate the number of votes for, against, or abstention).

**Article 61** The directors shall affix their signatures to the resolutions of the board of directors and shall be responsible for the resolutions.

Directors shall be liable for the resolutions of the board of directors of the Company. If a resolution of the board of directors violates laws or regulations or the Articles of Incorporation or the resolution of the general meeting of shareholders, resulting in losses to the Company, the director who participated in the resolution shall be liable to the Company for compensation. However, if it is proved that he/she had expressed objections at the time of voting and recorded in the meeting minutes, the director may be exempted from the liability.

## **Chapter VIII Committees under the Board of Directors**



## **Section 1     General Provisions**

**Article 62**     Subject to the approval of the general meeting of shareholders, special committees such as strategy, audit, nomination, and remuneration and appraisal shall be established under the board of directors. All members of the special committees shall be directors, among which the independent directors shall comprise the majority of the members in the audit committee, the nomination committee and the remuneration and appraisal committee and shall serve as the convener, and the convener of the audit committee shall be an accounting professional.

**Article 63**     Each special committee is a special working organ established by the board of directors in accordance with the resolution of the general meeting of shareholders, which is responsible to the board of directors.

**Article 64**     Each special committee may engage intermediaries to provide professional opinions, and the related expenses shall be borne by the Company.

**Article 65**     The members of each special committee shall be elected by the Board of Directors upon nomination by the chairman director, more than one-half of the independent directors or one-third of all directors.

**Article 66**     Each special committee shall have a chairman member. The chairman member of the audit committee, the nomination committee, and the remuneration and appraisal committee shall be an independent director, and the chairman member of the strategy committee shall be the chairman director. All chairman members shall be appointed by the board of directors. The chairman member is responsible for convening and presiding over the work of the committee.

**Article 67**     The tenure of each special committee shall be the same as the tenure of the current board of directors. The members may be re-elected upon the expiry of their tenure. If

a member ceases to be a director of the Company during his/her tenure, he/she shall automatically lose his/her qualification as a committee member and the board of directors shall fill the vacancy in accordance with the above provisions.

**Article 68** The proposals of each special committee shall be submitted to the board of directors for deliberation and decision.

**Article 69** The meetings of each special committee shall only be held with the attendance of two-thirds or more of its members. If a member is unable to attend a meeting for any reason, he/she may appoint another member in writing to vote on his/her behalf. Each member shall have one vote, and resolutions made at meetings shall be adopted effectively by a majority of all members.

The meeting of each special committee shall be presided over by the chairman member. If the chairman member is unable to attend the meeting for any reason, the chairman member shall delegate other members to preside over the meeting.

**Article 70** The voting at the meetings of each special committee shall be conducted by a show of hands or by ballot. Ad hoc meetings may be held by means of communication voting.

**Article 71** Directors, supervisors and other senior officers of the Company may be invited to attend the meetings of the special committees as non-voting attendees when necessary.

**Article 72** The procedures for convening and voting at the meetings of each special committee and the proposals adopted at the meetings shall follow the provisions of applicable laws and regulations and the Articles of Association.

**Article 73** The meetings of each special committee shall be recorded and the members attending the meetings shall affix their signatures on the meeting minutes and relevant resolutions. Relevant documents, plans, schemes, meeting resolutions and meeting minutes of each special committee shall be kept by the board secretary of the Company.

**Article 74** The proposals adopted at the meetings of each special committee and the voting results shall be reported in writing to the board of directors of the Company.

**Article 75** The members attending the meeting and the persons attending the meeting as non-voting attendees shall be obliged to keep confidential the matters discussed at the meeting and shall not disclose the relevant information without authorization.

**Article 76** The composition of each special committee and its working rules shall be established and decided by the board of directors. Each special committee is responsible to the board of directors and shall perform its duties in accordance with these Rules and the authority granted by the board of directors, and its proposals shall be submitted to the board of directors for deliberation and decision.

## **Section 2 Strategy Committee**

**Article 77** The strategy committee is mainly responsible for studying and making recommendations on the long-term development strategies and major investment decisions of the Company.

**Article 78** The strategy committee shall consist of five directors.

**Article 79** The strategy committee shall have a chairman member, who shall be the chairman director of the Company and shall be responsible for convening and presiding over the work of the committee.

**Article 80** The main responsibilities and authorities of the strategy committee are:

1. To study and make recommendations on the long-term development strategic plan of the Company;
2. To study and make recommendations on major investment and financing proposals that

are subject to the approval of the board of directors, or the general meeting of shareholders as specified in the Articles of Association;

3. To study and make recommendations on major capital operation and asset operation projects that are subject to the approval of the board of directors, or the general meeting of shareholders as specified in the Articles of Association;
4. To study and make recommendations on other major matters affecting the development of the Company.;
5. To inspect the implementation of the above matters;
6. Other matters authorized by the board of directors.

**Article 81** The general manager of the Company shall provide materials to the strategy committee, and the person in charge of the relevant departments or holding (shareholding) enterprises of the Company shall report such information as the intention, preliminary feasibility report and basic information of the partners of the major investment and financing, capital operation and asset operation projects.

**Article 82** The strategy committee shall have regular meetings and ad hoc meetings, with regular meetings being held at least once a year and ad hoc meetings being held at the proposal of the members of the strategy committee.

Regular meetings of the strategy committee shall be notified to all members five days prior to the meeting. Ad hoc meetings shall be notified to all members three days prior to the meeting and may be notified at any time in case of an emergency.

### **Section 3      Nomination Committee**

**Article 83** The nomination committee is mainly responsible for the employment of directors and senior officers.

**Article 84** The nomination committee shall consist of five directors, and the independent directors shall comprise a majority of the committee members.

**Article 85** The main responsibilities and authorities of the nomination committee are:

1. To make recommendations to the board of directors on the size and composition of the board of directors in light of the business activities, asset size and ownership structure of the Company;
2. To study the criteria and procedures for the selection of directors and senior officers and to make recommendations to the board of directors;
3. To select qualified candidates for directors and senior officers;
4. To review and make recommendations on the candidates for directors and managers;
5. To review and make recommendations on the senior officers to be submitted to the board of directors for appointment;
6. Other matters authorized by the board of directors.

**Article 86** The nomination committee shall, in accordance with the provisions of applicable laws and regulations and the Articles of Association, study the criteria for election, selection procedures and tenure of office of the directors and senior officers of the Company in light of the actual situation of the Company, and form resolutions and submit them to the board of directors for adoption, then comply with their implementation.

**Article 87** The nomination committee shall recommend candidates for directors and senior officers in accordance with the following procedures:

1. To actively communicate with the relevant departments of the Company and study the Company's demand for new directors and senior officers, to form written materials;
2. To conduct extensive searches for candidates for directors and senior officers within the Company, its holding (shareholding) enterprises and the talent market;
3. To collect the occupation, education, professional title, detailed work experience and all part-time positions of the preliminary candidates and form written materials;
4. To seek the opinions of the preliminary candidates on serving as directors and senior officers of the Company;
5. To convene a meeting of the nomination committee to examine the qualifications of

persons interested in serving as directors and senior officers of the Company in accordance with the employment conditions of directors and senior officers;

6. To recommend candidates and provide relevant materials to the board of directors before the election of new directors and the appointment of new senior officers;
7. To carry out other follow-up work according to the decision and feedback of the board of directors.

**Article 88** The nomination committee shall have regular meetings and ad hoc meetings, with regular meetings being held at least once a year and ad hoc meetings being held at the proposal of the members of the nomination committee.

Regular meetings of the nomination committee shall be notified to all members five days prior to the meeting. Ad hoc meetings shall be notified to all members three days prior to the meeting and may be notified at any time in case of an emergency.

#### **Section 4 Remuneration and Appraisal Committee**

**Article 89** The remuneration and appraisal committee is a special working organ established by the board of directors, which is responsible for formulating the appraisal standards of the directors and senior officers of the Company and conducting the appraisal, as well as formulating and reviewing the remuneration policies and plans of the directors and senior officers of the Company. The remuneration and appraisal committee is responsible to the board of director.

**Article 90** The remuneration and appraisal committee shall consist of five directors, and the independent directors shall comprise a majority of the committee members.

**Article 91** The remuneration and appraisal committee shall establish a working group as a daily office, led by the human resources department of the Company, which is specifically responsible for providing information on the Company's operation and relevant information of the appraised personnel, preparing for the meetings of the remuneration and appraisal

committee and daily liaison, and implementing the relevant resolutions of the remuneration and appraisal committee. Members of the working group do not have to be members of the remuneration and appraisal committee.

**Article 92** The main responsibilities and authorities of the remuneration and appraisal committee are:

1. To study the appraisal standards for directors and senior officers, conduct appraisals and make recommendations;
2. To formulate remuneration plans or schemes based on the main scope, duties and importance of the management positions of the directors and senior officers and with reference to the remuneration of relevant positions in other relevant enterprises; the remuneration plans or schemes include but are not limited to: standards, procedures and main evaluation systems for performance evaluation, main schemes and systems for rewards and punishments, etc.;
3. To review the performance of duties of directors (non-independent directors) and senior officers of the Company and to conduct regular annual performance reviews thereof, and then submit the appraisal and evaluation opinions and the mutual evaluation of independent directors;
4. To supervise the implementation of the remuneration policies for directors and senior officers of the Company;
5. Other matters authorized by the Board of Directors.

**Article 93** The remuneration plan of the directors of the Company proposed by the remuneration and appraisal committee shall be reported to the board of directors for approval and then submitted to the general meeting of shareholders for deliberation and approval before implementation; the remuneration allocation plan of the senior officers of the Company shall be reported to the board of directors for approval.

**Article 94** The work procedures of the remuneration and appraisal committee are as follows:

1. The working group under the remuneration and appraisal committee is responsible for making preparations for the decision-making of the remuneration and appraisal committee and providing relevant information of the Company:
  - (1) information on the completion of major financial indicators and business objectives of the Company;
  - (2) the scope of work and the performance of the main duties of the senior officers of the Company;.
  - (3) the completion status of the indicators involved in the job performance appraisal system for directors and senior officers;
  - (4) the business performance of directors and senior officers in terms of their business innovation capability and profit-generating capability;
  - (5) the relevant measurement basis for the formulation of the remuneration allocation plan of the Company and the allocation method according to the performance of the Company;
  - (6) the appraisal opinion of the board of supervisors.
2. The committee shall conduct appraisal and evaluation once a year on a regular basis, generally within two months after the end of the reporting year. And the committee may conduct special appraisal and evaluation if it involves the renewal of the board of directors and the appointment of senior officers of the Company, which shall be completed within forty-five days before the board of directors or the general meeting of shareholders. The procedures are:
  - (1) The directors and senior officers of the Company shall report their work and self-evaluation to the remuneration and appraisal committee;
  - (2) The appraisal and remuneration committee shall evaluate the performance of the directors and senior officers in accordance with the performance evaluation standards and procedures;
  - (3) The business innovation capability and business potential of the directors and senior officers shall be evaluated.

**Article 95** The remuneration and appraisal committee shall formulate the work plan for



the year within the first month of each reporting year, and report to the board of directors for approval after being approved by the meeting of the committee and shall complete the appraisal evaluation and remuneration recommendation report within two months after the end of each reporting year and report to the board of directors for deliberation.

**Article 96** The remuneration and appraisal committee shall have regular meetings and ad hoc meetings, with regular meetings being held at least once a year and ad hoc meetings being held at the proposal of the members of the remuneration and appraisal committee. Regular meetings of the remuneration and appraisal committee shall be notified to all members five days prior to the meeting. Ad hoc meetings shall be notified to all members three days prior to the meeting and may be notified at any time in case of an emergency.

**Article 97** The remuneration and appraisal committee shall give attention to collecting and listening to the appraisal opinions of the board of supervisors during its annual appraisal and evaluation.

## **Section 5     Audit Committee**

**Article 98** The audit committee is a special working organ established by the board of directors and is mainly responsible for the communication, supervision and verification of the internal and external audits of the Company.

**Article 99** The audit committee shall consist of five directors, with independent directors comprising the majority, and the convener of the audit committee shall be an accounting professional.

**Article 100** The main responsibilities and authorities of the audit committee are:

1. To supervise and evaluate the external audit work and propose the appointment or replacement of external auditors;
2. To manage the audit department of the Company and supervise the internal audit policy

of the Company and its implementation;

3. To be responsible for communication between internal audit and external audit;
4. To review the financial information of the Company and its disclosure and express an opinion on it;
5. To review the internal control system of the Company and audit major related transactions;
6. Other matters authorized by laws and regulations, the Articles of Association and the board of directors of the Company.

**Article 101** The internal audit department of the Company shall be responsible for making preparations for the decision-making of the audit committee and providing the relevant information of the Company in writing.

The internal audit and finance-related departments of the Company shall be responsible for providing the following information to the audit committee:

1. The relevant financial policies of the Company;
2. The work reports of internal and external auditors;
3. The external audit contracts and related work reports;
4. The quarterly, interim and annual financial reports and relevant provisional reports of the Company;
5. Other relevant information designated by the audit.

**Article 102** The audit committee shall deliberate on the above-mentioned audit reports at its meetings and submit the relevant written resolutions to the board of directors for discussion:

1. The evaluation of the work of external auditors, the appointment and replacement of external auditors;
2. Whether the internal audit system of the Company has been effectively implemented and whether the financial reports of the Company are comprehensive and true;
3. Whether the financial reports and other information disclosed by the Company to the public are objective and true, and whether the major related party transactions of the

Company comply with the requirements of relevant laws and regulations;

4. The work evaluation of the finance department and audit department of the Company, including the persons in charge of the departments;
5. Other relevant matters.

**Article 103** The audit committee shall have regular meetings and ad hoc meetings, with regular meetings being held at least twice a year and once every six months and ad hoc meetings being held at the proposal of the members of the audit committee or the internal audit department of the Company.

Regular meetings of the audit committee shall be notified to all members five days prior to the meeting. Ad hoc meetings shall be notified to all members three days prior to the meeting and may be notified at any time in case of an emergency.

## **Chapter IX    Supplementary Rules**

**Article 104** Any matters not covered by these Rules shall be subject to the relevant provisions of the applicable national laws and regulations, as well as the Articles of Association.

**Article 105** In case these Rules are contrary to the laws and regulations such as the Company Law, the Securities Law, the Listing Rules, the Guidelines, the regulations of the securities regulatory authorities and the stock exchange where the Company's shares or GDRs are listed, as well as the Articles of Association, the above laws and regulations shall be applied, and these Rules shall be amended in a timely manner.

**Article 106** The amendments to these Rules shall be proposed by the board of directors and submitted to the general meeting of shareholders for deliberation and approval, and then take effect from the date of listing and trading of the GDRs issued by the Company on the SWX Swiss Exchange.

**Article 107** The right to interpret these Rules shall rest with the board of directors.

Gotion High-tech Co., Ltd.

July 28, 2022