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**Ming Yang Smart Energy Group
Limited
2025 Employee Stock Ownership Plan
(Draft)**

Ming Yang Smart Energy Group Limited

September 2025

STATEMENT

Ming Yang Smart Energy Group Limited (“Ming Yang Smart Energy” or “the Company”) and all members of the Board of Directors warrant that the Employee Stock Ownership Plan and its summary do not contain any false representations, misleading statements or material omissions, and shall bear legal responsibility for the truthfulness, accuracy and completeness of its content in accordance with the law.

RISK WARNING

I. The 2025 Employee Stock Ownership Plan (Draft) (hereinafter referred to as the “Draft ESOP”) of Ming Yang Smart Energy Group Limited is subject to the approval of the general meeting of the Company before implementation, and there is uncertainty as to whether the Draft ESOP will be approved by the general meeting of the Company.

II. The specific sources of funds, contribution amounts, expected scale, and detailed implementation plan of the Company’s 2025 Employee Stock Ownership Plan (hereinafter referred to as the “ESOP”) are preliminary results, and there is uncertainty as to whether the implementation can be completed.

III. If the subscription by employees is insufficient, there is a risk that the ESOP may fail to be established; if the subscribed shares by employees fall short, there is a risk that the ESOP may be implemented at a scale below expectations.

IV. The share price is affected by multiple complex factors, including the Company’s operating performance, macro-economic cycles, international/domestic political and economic conditions and investor sentiment. Therefore, share trading is an investment activity with certain risks, and investors should be fully prepared for such risks.

V. The descriptions of the Company’s performance assessment indicators as set out in the ESOP do not represent a performance forecast of the Company, nor do they constitute a performance commitment.

VI. Investors are advised to make decisions with caution and pay attention to investment risks.

SPECIAL NOTICE

I. The Draft ESOP has been formulated 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 Pilot Implementation of Employee Stock Ownership Plans by Listed Companies, the Guideline No. 1 of the Shanghai Stock Exchange on Self-regulatory Rules of Listed Companies— the Standardized Operation and other relevant laws, administrative regulations, rules, normative documents and the Articles of Association of Ming Yang Smart Energy Group Limited.

II. The ESOP follows the principles of legal compliance, voluntary participation, and self-assumption of risks, and there is no compulsory employee participation in the ESOP such as apportionment or forced assignment.

III. Participants of the ESOP include the directors (excluding independent directors), senior management and core employees of the Company (including its controlling subsidiaries), as well as other employees deemed necessary by the Board of Directors to be incentivized. The total number of employees participating in the ESOP shall not exceed 110, of which 9 are directors (excluding independent directors) and senior management. The specific number of participants shall be determined based on actual subscription payments. The management committee of the ESOP (hereinafter referred to as the "Management Committee") may adjust the list of participating employees and allocation ratios of the ESOP based on subscription payment status and changes in employees.

IV. The shares under the ESOP shall be sourced from the Company's repurchased shares held in the dedicated securities account for share repurchase of the Company. The number of underlying shares intended to be held under the ESOP shall not exceed 10,000,000.00 shares. Upon approval by the general meeting of the Company, the shares held in the dedicated securities account for share repurchase of the Company will be available to the ESOP through non-trading transfer or other methods permitted by laws and regulations. During the period from the announcement date of the Draft ESOP to the date when the underlying shares are transferred to the Plan, the number of underlying shares shall be adjusted correspondingly in the event of any ex-rights or ex-dividend matters, such as capitalizing capital reserves, distributing stock dividends, or paying cash dividends. There is currently uncertainty as to the eventual transfer of underlying shares, and the final number of shares held is subject to the actual implementation.

V. Upon implementation of the ESOP, the total number of shares held under all effective employee stock ownership plans of the Company shall not exceed 10% of the total share capital of the Company in aggregate, and the number of shares corresponding to the units under the employee stock ownership plans held by a single holder shall not exceed 1% of the total share capital of the Company. The total number of shares held under the ESOP does not include shares acquired by employees prior to the initial public offering and listing of the Company, shares purchased by the employees themselves through the secondary market, and shares obtained through equity incentives. There is currently uncertainty as to the eventual purchase of underlying shares, and the final number of shares held is subject to the actual implementation.

VI. The price for purchase of shares repurchased by the Company under the ESOP shall be RMB7.02 per share, which shall not be lower than the higher of:

(I) 50% of the average trading price of the Company's shares on the trading day immediately preceding the announcement of the Draft ESOP, i.e. RMB7.02 per share; and

(II) 50% of the average trading price of the Company's shares over the 120 trading days preceding the announcement of the Draft ESOP, i.e. RMB5.77 per share.

During the period from the announcement date of the Draft ESOP to the date when the underlying shares are transferred to the Plan, the purchase price of the shares shall be adjusted correspondingly for any ex-rights or ex-dividend issues of the Company, such as capitalizing capital reserves, distributing stock dividends, or paying cash dividends.

VII. The funding sources for the ESOP shall consist of legitimate remuneration of employees, self-raised funds, and other methods permitted by laws and regulations. The Company shall not provide financing, guarantees, loans, or other financial assistance to holders in any form.

VIII. The ESOP shall be managed by the Company on its own initiative. The Company shall set up the Management Committee, which acts as the managing organization of the ESOP to be responsible for the daily management of the ESOP and exercise shareholders' rights on behalf of the holders. The Company has implemented appropriate risk prevention and isolation measures to safeguard the legitimate rights and interests of the holders of the ESOP. During the validity period

of the ESOP, the Management Committee may engage relevant professional institutions to provide management, advisory, and other services for the day-to-day administration of the ESOP.

IX. The validity period of the ESOP shall not exceed 36 months, commencing from the date on which the Draft ESOP is approved by the general meeting of the Company and the date on which the Company announced the transfer of the last tranche of underlying shares to the ESOP. The underlying shares acquired under the ESOP shall be unlocked in two tranches with the unlocking points being 12 months and 24 months respectively from the date on which the Company announced the transfer of the last tranche of underlying shares to the ESOP, with the proportion of underlying shares unlocked in each tranche being 50% and 50%, respectively. The specific proportion and number of shares unlocked each year will be determined based on the achievement of Company-level performance assessment indicators and holders' assessment results.

X. Prior to the implementation of the ESOP, the Company has solicited employees' opinions through the Employee Representative Congress. Upon approval of the ESOP by the Board of Directors of the Company, the Company will issue a notice of convening the general meeting to seek approval for the ESOP and authorization to the Board to handle related matters at the general meeting. The implementation of the ESOP is subject to the approval of the general meeting of the Company. The general meeting of the Company at which the ESOP is considered shall adopt a combination of on-site voting and online voting. The Company will provide an online voting platform to the shareholders of the Company through the trading system and the Internet voting system of the Shanghai Stock Exchange, and shareholders may exercise their voting rights through the said systems within the timeframe for online voting. Related party shareholders will abstain from voting.

XI. Financial, accounting, and taxation matters arising from the implementation of the ESOP by the Company shall be carried out in accordance with the provisions of the relevant financial systems, accounting standards, and tax regulations, and the relevant taxes and fees to be paid by employees as a result of the implementation of the ESOP shall be borne by the employees themselves.

XII. Implementation of the ESOP will not result in the shareholding structure of the Company failing to meet listing requirements.

XIII. During the validity period of this ESOP, if the provisions of relevant laws, regulations, and normative documents are revised or amended, the corresponding provisions of the ESOP shall follow the latest promulgated policies and regulations.

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DEFINITIONS

Unless otherwise specified, the following terms shall have the following meanings in this document:

Ming Yang Smart Energy, the Company	Ming Yang Smart Energy Group Limited
Employee Stock Ownership Plan	The 2025 Employee Stock Ownership Plan of Ming Yang Smart Energy Group Limited
Administrative Measures for the ESOP	Administrative Measures for the 2025 Employee Stock Ownership Plan of Ming Yang Smart Energy Group Limited
Draft ESOP	the 2025 Employee Stock Ownership Plan (Draft) of Ming Yang Smart Energy Group Limited
Holder(s), Participant(s)	employees of the Company participating in the ESOP
Holders' Meeting	the meeting of Holders of the ESOP
Management Committee	the management committee of the ESOP
Underlying Share(s)	the ordinary A Shares of Ming Yang Smart Energy lawfully purchased and held under the ESOP
CSRC	China Securities Regulatory Commission
SSE	Shanghai Stock Exchange
RMB, RMB'0,000	Renminbi, Renminbi'0,000
Company Law	the Company Law of the People's Republic of China
Securities Law	the Securities Law of the People's Republic of China
Guiding Opinions	Guiding Opinions on the Pilot Implementation of Employee Stock Ownership Plans by Listed Companies
Standardized Operation	Guideline No. 1 of the Shanghai Stock Exchange on Self-regulatory Rules of Listed Companies– the Standardized Operation
Articles of Association	the Articles of Association of Ming Yang Smart Energy Group Limited

Note: Any discrepancy between the total and the sum of individual figures in the Draft ESOP is due to rounding.

CHAPTER I PURPOSE OF THE ESOP

The Draft ESOP has been formulated by the Company in accordance with the Company Law, the Securities Law, the Guiding Opinions, the Standardized Operation and other relevant laws, administrative regulations, rules, normative documents, and the Articles of Association.

Employees of the Company participate in the ESOP on a voluntary, legal and compliance basis. The purpose of holding the Company's shares is to:

I. establish and improve a mechanism for sharing of interests between employees and Shareholders;

II. constantly enhance the level of corporate governance, strengthen employees' cohesion and the Company's core competitiveness, and promote the long-term, sustainable and healthy development of the Company;

III. fully motivate employees' sense of ownership towards the Company, attract and retain outstanding management talents and core backbone staff, and further strengthen employees' cohesion and the Company's development vitality.

CHAPTER II BASIC PRINCIPLES OF THE ESOP

I. Principle of Legal Compliance

For the implementation of the ESOP, the Company shall perform the procedures in strict accordance with laws and administrative regulations and disclose information in a true, accurate, complete and timely manner. No person shall use the ESOP to engage in insider dealing, securities market manipulation and other securities fraud.

II. Principle of Voluntary Participation

The Company's implementation of the ESOP shall follow the principles of the Company's independent decision and voluntary participation by employees. The Company shall not force employees to participate in the ESOP by way of apportionment, forced assignment or any other means.

III. Principle of Self-assumption of Risks

The Participants of the ESOP shall bear their own profits and losses, assume risks on their own, and enjoy rights and interests equal to those of other investors.

CHAPTER III PARTICIPANTS AND ELIGIBILITY CRITERIA OF THE ESOP

I. Eligibility Criteria for Participants of the ESOP

Holders of the ESOP are determined by the Board of Directors of the Company in accordance with the Company Law, the Securities Law, the Guiding Opinions, the Standardized Operation and other relevant laws and regulations, as well as the relevant provisions of the Articles of Association. Employees of the Company participate in the ESOP based on the principles of legal compliance, voluntary participation and self-assumption of risks.

II. Scope of Participants of the ESOP

Participants of the ESOP include the directors (excluding independent directors), senior management and core employees of the Company (including its controlling subsidiaries), as well as other employees deemed necessary by the Board of Directors to be incentivized.

Unless otherwise specified in the Draft ESOP, all Participants shall enter into a labor contract or employment contract with the Company or its controlling subsidiaries during the validity period of the ESOP.

III. Participants and Allocation of the ESOP

The total amount of funds proposed to be raised under the ESOP shall not exceed RMB70,200,000, with “units” as the subscription measurement. Each unit is valued at RMB1.00. The total number of units under the ESOP shall not exceed 70,200,000, and the specific number shall be determined based on the actual contribution amount. At initial establishment, the total number of Holders shall not exceed 110, and the specific number of Participants shall be determined based on employees’ actual subscription. The proposed allocation under the ESOP is set out as follows:

Name	Position	Number of Underlying Shares corresponding to maximum units proposed to be held ('0,000 shares)	Percentage of units proposed to be held in the ESOP
1. Director and Senior Managers (9 persons)			
Fan Yuanfeng	Director	20	2.00%
Wang Limin	Employee Director	30	3.00%
Fang Meng	Chief Financial Officer	25	2.50%
Wang Dongdong	Vice President	25	2.50%

Liu Jianjun	Chief Risk Control Officer	20	2.00%
Yi Lingna	Vice President	20	2.00%
Han Bing	Vice President	20	2.00%
Ye Fan	Vice President	15	1.50%
Wang Chengkui	Vice President and Secretary of the Board of Directors	15	1.50%
2. Core backbone employees and other employees that the Board considers qualified for incentives (101 persons)		810	81.00%
Total		1,000	100.00%

Note: 1. The final subscribed units of participants shall be subject to the actual subscription funds contributed by employees;

2. Any discrepancy between the decimal places of some totals in the table and the sum of the detailed figures is due to rounding of percentages.

Holders shall pay the subscription funds for the ESOP in full and on time according to their subscribed units. The payment schedule for the ESOP will be uniformly notified and arranged by the Company. Where a Holder fails to pay the subscription funds in full and on time, the Holder shall be deemed to have automatically forfeited the right to subscribe for the remaining portion for which payment has not been made in a timely manner, and shall only be entitled to the rights corresponding to the portion for which payment has been made in a timely manner. The Management Committee may adjust the list of Participants and their subscribed units based on actual payment by employees. The final number of Participants, list of Participants, and their subscribed units under the ESOP shall be determined based on employees' actual signing of the "ESOP Subscription Agreement" and the final payment.

CHAPTER IV SOURCE OF FUNDS, SHARES, SIZE, AND PURCHASE PRICE OF THE ESOP

I. Source of Funds

The funding sources for the ESOP shall consist of legitimate remuneration of employees, self-raised funds, and other methods permitted by laws and regulations. The Company shall not provide advances, guarantees, loans, or other financial assistance to Holders in any form.

The total amount of funds to be raised under the ESOP shall not exceed RMB70,200,000, with “units” as the subscription measurement. Each unit is valued at RMB1.00. The total number of units under the ESOP shall not exceed 70,200,000, and the specific number will be determined based on employees’ actual capital contributions.

II. Source of Shares

The shares under the ESOP shall be sourced from the repurchased ordinary A Shares of Ming Yang Smart Energy held in the dedicated securities account for share repurchase of the Company. The Company has convened the 39th meeting of the second session of the Board of Directors on 4 May 2023 to consider and approve the share repurchase plan, and the 24th meeting of the third session of the Board of Directors on 25 September 2025 to consider and approve the Proposal on the Change of the Use of Repurchased Shares and Cancellation of Partial Repurchased Shares, agreeing that the Company may change the use of 89,813,484 shares in the share repurchase plan to using 10,000,000 shares for cancellation and the corresponding reduction of registered capital, and the remaining 79,813,484 shares for the ESOP or equity incentive plans.

Upon approval of the Draft ESOP by the general meeting, the ESOP shall acquire the Company’s shares held in the dedicated securities account for share repurchase of the Company through non-trading transfer or other methods permitted by laws and regulations. There is currently uncertainty as to the eventual purchase of Underlying Shares, and the specific number of shares held will be determined based on employees’ actual capital contributions. The Company will fulfill its information disclosure obligations in a timely manner as required.

III. Size of Underlying Shares

The number of the Underlying Shares to be held under the ESOP shall not exceed 10,000,000 shares, representing approximately 0.4402% of the Company's total share capital (i.e. 2,271,496,706 shares) as of the announcement date of the Draft ESOP. During the period from the announcement date of the ESOP to the date when the underlying shares are transferred to the Plan, the number and price of the Underlying Shares shall be adjusted correspondingly in the event of any ex-rights or ex-dividend matters, such as capitalizing capital reserves, distributing stock dividends, or paying cash dividends.

Upon implementation of the ESOP, the total number of shares held under all effective employee stock ownership plans of the Company shall not exceed 10% of the total share capital of the Company in aggregate, and the number of shares corresponding to the units under the employee stock ownership plans held by a single Holder shall not exceed 1% of the total share capital of the Company. The total number of shares held under the ESOP does not include shares acquired by employees prior to the initial public offering and listing of the Company, shares purchased by the employees themselves through the secondary market, and shares obtained through equity incentives.

IV. Purchase Price and Explanation of Reasonableness

Upon approval of the ESOP by the general meeting, the Company will transfer the repurchased shares through non-trading transfer or other methods permitted by laws and regulations at a purchase price of RMB7.02 per share, which shall not be lower than the higher of:

(I) 50% of the average trading price of the Company's shares on the trading day immediately preceding the announcement of the Draft ESOP, being RMB7.02 per share; and

(II) 50% of the average trading price of the Company's shares over the 120 trading days preceding the announcement of the Draft ESOP, being RMB5.77 per share.

During the period from the announcement date of the Draft ESOP to the date when the underlying shares are transferred to the Plan, the purchase price of the shares shall be adjusted correspondingly for any ex-rights or ex-dividend issues of the Company, such as capitalizing capital reserves, distributing stock dividends, or paying cash dividends.

Individuals participating in the ESOP include the directors (excluding independent directors), senior management and core employees of the Company (including its controlling subsidiaries), as well as other employees deemed necessary by the Board of Directors to be incentivized. In the course of the Company's development, the above-mentioned individuals are employees who have a direct contribution or an important synergistic effect on the future development of the Company's core business, and are of great importance in achieving the Company's operational plans and medium- to long-term strategic goals.

The transfer price and pricing methodology of the ESOP are determined on the basis of promoting the Company's long-term development and protecting shareholders' interests, reflecting confidence in the Company's future prospects and recognition of its intrinsic value, while upholding the principle of balancing incentives and constraints. The implementation of the ESOP is to better ensure the effectiveness of the ESOP in balancing incentives and constraints, further stabilize and motivate the core management team, and play a role in talent retention and long-term interest alignment, thereby promoting the sustained and stable development of the Company's business and ensuring that the interests of employees and shareholders are consistent and deeply aligned for the long term.

In summary, in compliance with relevant laws, regulations, and normative documents, and taking into account the current competition for talent, expenses and costs associated with implementing the ESOP, and the willingness of core teams to participate, the shares of the Company will be available to the ESOP through non-trading transfer at RMB7.02 per share. Such pricing mechanism is expected to truly enhance the motivation of Participants, and effectively align the interests of the Participants with those of the Company and its shareholders, thereby promoting the achievement of the Company's overall goals.

CHAPTER V VALIDITY PERIOD, LOCK-UP PERIOD AND PERFORMANCE ASSESSMENT OF THE ESOP

I. Validity period of the ESOP

(1) The validity period of the ESOP shall not exceed 36 months, commencing from the date on which the Draft ESOP is approved by the general meeting of the Company and the date on which the Company announced the transfer of the last tranche of the Company's shares to the ESOP. Upon expiry of the validity period, the ESOP shall be terminated, unless it is extended in accordance with the approval procedures prescribed under the ESOP.

(2) Upon expiry of the lock-up period of the ESOP, the ESOP may be terminated early when all shares held under the ESOP have been sold.

(3) Within one month prior to the expiration of the validity period of the ESOP, in case that there remains unsold shares of the Company held under the ESOP, the validity period of the ESOP may be extended subject to the approval of the Board of Directors of the Company with the consent of Holders representing more than half (excluding the stated number) of the units present at the Holders' Meeting.

(4) If, due to suspension of trading of the Company's shares or during sensitive information periods, all shares held under the ESOP cannot be sold before the expiry of the validity period, the validity period of the ESOP may be extended subject to the approval of the Board of Directors of the Company with the consent of Holders representing more than half (excluding the stated number)) of the units present at the Holders' Meeting.

II. Lock-up Period of the ESOP

(1) The Underlying Shares acquired under the ESOP shall be unlocked in two tranches with the unlocking points being 12 months and 24 months respectively from the date on which the Company announced the transfer of the last tranche of Underlying Shares to the ESOP, with the proportion of Underlying Shares unlocked in each tranche being 50% and 50%, respectively, as follows:

Unlocking time of the first tranche: Upon expiry of 12 months from the date on which the Company announced the transfer of the last tranche of Underlying Shares to the ESOP, 50% of the total Underlying Shares held under the ESOP shall be unlocked.

Unlocking time of the second tranche: Upon expiry of 24 months from the date on which the Company announced the transfer of the last tranche of Underlying Shares to the ESOP, 50% of the total Underlying Shares held under the ESOP shall be unlocked.

The Underlying Shares acquired under the ESOP, and shares derived from distribution of share dividends, capitalization of capital reserves, or other similar events by the Company shall also be subject to the foregoing lock-up arrangements.

(2) Trading Restrictions of the ESOP

The ESOP shall strictly comply with market trading rules and the relevant requirements of the CSRC and the SSE on share trading. The Company's shares shall not be traded during the following periods:

1. Within 15 days before the announcement of the Company's annual/semiannual reports. If the announcement date of the reports is postponed due to special reasons, the period shall be calculated from the 15th day before the originally scheduled announcement date until the day before the actual announcement.

2. Within 5 days before the announcement of the Company's quarterly reports, earnings preview and earnings snapshot.

3. From the date a major event occurs, which may considerably affect the Company's stock price or the transaction price of its derivatives, or the date when the Company enters the decision-making process, to the date of its legal disclosure.

4. Other periods stipulated by China Securities Regulatory Commission and Shanghai Stock Exchange.

In the event that relevant laws, administrative regulations, departmental rules, regulatory rules, or policy documents are revised, the trading restrictions of the ESOP shall automatically be subject to the revised relevant provisions.

III. Performance Assessment of the ESOP

To ensure a balance between incentives and constraints, to take into account the incentive effect and the interests of shareholders and to fully motivate and inspire employees' initiative and enthusiasm, the ESOP establishes performance assessment indicators at the company level and individual level, the fulfillment of which shall constitute the unlocking conditions for the corresponding rights and interests.

(I) Company-Level Performance Assessment

The performance assessment year of the ESOP shall cover the two accounting years including 2025 and 2026, with one assessment to be conducted in each accounting year. The Company-level assessment indicators for each year are as follows:

Unlocking Tranche	Assessment Year	Performance Target
First Tranche	2025	Achievement of either of the following performance targets: Based on the net profit in 2024, the net profit growth rate in 2025 shall not be less than 200%; or Based on the revenue in 2024, the revenue growth rate in 2025 shall not be less than 30%.
Second Tranche	2026	Achievement of either of the following performance targets: Based on the net profit in 2024, the net profit growth rate in 2026 shall not be less than 300%; or Based on the revenue in 2024, the revenue growth rate in 2026 shall not be less than 50%.

Note: The above “Net profit” indicators shall be based on the audited net profit attributable to the Company's shareholders, excluding the impact of share-based payment expenses in the current year involved in all of the Company's equity incentive plans and/or ESOP within validity period.

If the Company fails to meet the above performance targets, the Holders’ granted units for that period shall not be unlocked, and shall be recovered by the Management Committee and disposed of in accordance with relevant provisions, including but not limited to repurchase and cancellation by the Company, use for subsequent employee stock ownership plans/equity incentive plans, or other methods permitted by laws and regulations to dispose of the corresponding shares (the same below). Any proceeds from the disposal of the Underlying Shares (if any) shall belong to the Company. The Company shall return to the holders the sum of the original capital contribution corresponding to such units and the interest calculated at the bank's loan prime rate (LPR) for the same period, after deducting relevant taxes and fees (if the dividend amount has been distributed, the returned portion shall also deduct the dividend amount).

(II) Individual-Level Performance Assessment

Performance assessment at individual level shall be conducted under the ESOP in accordance with the Company’s relevant performance assessment system. The assessment years are 2025 and2026. The number of Underlying Shares that can be unlocked by the Holder for a given period shall be determined based on the individual assessment results, as follows:

Performance Assessment Result	Excellent	Good	Pass	Fail
Individual-level Unlocking Coefficient	1.0	1.0	0.8	0

Subject to the fulfillment of the Company-level performance assessment conditions, the actual number of unlockable units for the current period shall be determined based on the Holder's performance assessment results for the assessment year:

Number of unlockable units for the current period = Number of units planned to be unlocked in the current year × Individual-level unlocking coefficient.

Subject to the achievement of the Company's performance targets, if the units planned to be unlocked for the corresponding assessment year cannot be unlocked due to the Holder's individual performance assessment results, such units shall be recovered and disposed by the Management Committee in accordance with the relevant provisions. Any proceeds from the disposal of the Underlying Shares (if any) shall belong to the Company. The Company shall return to the holders the sum of the original capital contribution corresponding to such units and the interest calculated at the bank's loan prime rate (LPR) for the same period, after deducting relevant taxes and fees (if the dividend amount has been distributed, the returned portion shall also deduct the dividend amount).

CHAPTER VI PARTICIPATION IN THE ESOP DURING THE VALIDITY PERIOD IN THE EVENT OF CORPORATE FINANCING

During the validity period of the ESOP, if the Company raises funds through methods such as issuance of shares to specific parties, rights issues or convertible bonds, the ESOP Management Committee shall submit the matter to the Holders' Meeting and the Board of Directors for consideration as to whether to participate and the specific participation plan.

CHAPTER VII MANAGEMENT MODEL OF THE ESOP

Upon approval by the general meeting, the ESOP shall be administered by the Company itself. The internal management authority for the ESOP shall be the Holders' Meeting. The Holders' Meeting shall establish a Management Committee and authorize the Management Committee as the management authority of the ESOP, to be responsible for opening the relevant accounts of the ESOP, managing its daily operations, and exercising shareholders' rights on behalf of the Holders. The Management Committee shall manage the ESOP's assets and safeguard the legitimate rights and interests of the Holders of the ESOP in accordance with laws, administrative regulations, departmental rules, normative documents, the requirements of securities regulatory authorities, and the ESOP, so as to ensure the security of the ESOP's assets, and prevent potential conflicts of interest between other shareholders of the Company and the Holders of the ESOP.

The Board of Directors of the Company and its Remuneration and Appraisal Committee shall be responsible for formulating and amending the ESOP and handling other related matters of the ESOP within the scope authorized by the general meeting. The Company has adopted appropriate risk prevention and segregation measures to effectively safeguard the legitimate rights and interests of the Holders of the ESOP.

I. Holders' Meeting

(I) Employees of the Company shall become Holders of the ESOP upon subscribing for the units of the ESOP. The Holders' Meeting shall be the internal management authority for the ESOP. All Holders shall be entitled to attend the Holders' Meeting. Holders may attend and vote in person, or appoint proxies to attend and vote on their behalf. Travel, accommodation, and other expenses incurred by Holders or their proxies in attending the Holders' Meeting shall be borne by themselves.

(II) The following matters shall be subject to deliberation by the Holders' Meeting:

1. to elect and remove members of the Management Committee;
2. to amend, terminate, and extend the validity period of the ESOP;

3. During the validity period of the ESOP, if the Company raises funds through methods such as rights issues, issuance of additional shares, convertible bonds, the Management Committee shall submit the same to the Holders' Meeting for consideration as to whether to participate and the fund solutions;

4. to review and amend the Administrative Measures of the ESOP;
5. to authorize the Management Committee to open securities accounts, fund accounts, and other relevant accounts for the ESOP;
6. to authorize the Management Committee to supervise the daily management of the ESOP;
7. to authorize the Management Committee to exercise shareholders' rights on behalf of the ESOP, including but not limited to attending, making proposals and voting at the Company's general meetings;
8. to authorize the Management Committee to take charge of the liquidation and distribution of the ESOP's assets;
9. other matters that are considered as necessary by the Management Committee for consideration at the Holders' Meeting.

(III) The first Holders' Meeting shall be convened and presided over by the Secretary to the Board of Directors of the Company or another designated person, and the subsequent Holders' Meetings will be convened by the Management Committee and chaired by the officer of the Management Committee. When the officer of the Management Committee is unable to perform his/her duty, he/she shall appoint a member of the Management Committee to preside over the meeting.

(IV) When convening a Holders' Meeting, the Management Committee shall, at least three (3) days in advance, issue a notice of the meeting in writing to all Holders by personal delivery, post, e-mail, or other means. The written notice shall include at least the following:

1. time and venue of the meeting;
2. method of convening the meeting;
3. matters to be considered (proposals of the meeting);
4. convenor and chairperson of the meeting, the proposer of the extraordinary meetings and his/her written proposal;
5. meeting materials necessary for voting at the meeting;
6. requirements for a Holder to attend the meeting in person or appoint other Holders to attend the meeting on his/her behalf;
7. contact person and contact information;

8. date of issuing the notice.

In urgent circumstances, oral notice may be given to Holders to convene a Holders' Meeting at any time. Oral notice shall include at least items (1) and (2) above, and an explanation of the need to convene a Holders' Meeting as soon as possible due to urgent circumstances.

A Holders' Meeting may be held via teleconference, video conference, or similar means of communication, provided that all Holders attending the meeting can hear and communicate with each other. All Holders attending the meeting by such means shall be deemed to have attended the meeting in person.

(V) Voting procedures of the Holders' Meeting

1. After each proposal has been thoroughly discussed, the chairperson shall invite Holders present at the meeting to vote in a timely manner. The chairperson may also invite the Holders present at the meeting to vote only after all proposals have been discussed. Voting shall be carried out by written ballot;

2. Holders of the ESOP shall enjoy voting rights in proportion to the units they hold;

3. A Holder's vote may be cast as "for", "against", or "abstain." A Holder present at the meeting shall choose one option; failure to do so, or selecting two or more options simultaneously, shall be deemed an abstention. A Holder who leaves the venue during the meeting without returning and without making a choice shall be deemed to have abstained. Ballots that are blank, incorrectly completed, illegible, or not submitted shall be deemed abstentions. Any votes cast after the chairperson of the meeting announces the voting result or after the prescribed voting deadline shall not be counted;

4. The chairperson of the meeting shall announce the voting results on the spot. A resolution shall be deemed adopted if approved by Holders representing more than 50% of the units attending the Holders' Meeting, and shall constitute a valid resolution of the Holders' Meeting;

5. Resolutions of the Holders' Meeting that shall be subject to consideration by the Board of Directors or the general meeting of the Company shall be submitted to the Board of Directors or the general meeting of the Company in accordance with the Articles of Association;

6. Meeting minutes, ballots, meeting materials, and resolutions shall be properly kept;

7. To fully reflect convenience and efficiency, the Holders' Meeting shall primarily be convened online, but may also be conducted via correspondence or written voting. For a Holders' Meeting convened and voted via online, communication or written means, the Management Committee shall ensure that Holders' rights to be fully informed and other rights are adequately safeguarded.

(VI) Holders holding 30% or more of the units of the ESOP, individually or collectively, may submit ad-hoc proposals to the Holders' Meeting. Such ad-hoc proposals shall be submitted to the Management Committee at least three (3) days before the Holders' Meeting.

(VII) Holders holding 30% or more of the units of the ESOP, individually or collectively, may propose the convening of an extraordinary Holders' Meeting.

II. Management Committee

(I) The ESOP shall establish an ESOP Management Committee to centrally administer the ESOP on behalf of the Holders, supervise its daily management, and exercise shareholders' rights on behalf of the Holders.

(II) The Management Committee shall consist of 3 members, with one director of the Management Committee. All members of the Management Committee shall be elected by the Holders' Meeting. The director of the Management Committee shall be elected by a majority of all members of the Management Committee. The term of office of the members of the Management Committee shall be the validity period of the ESOP. Where a member of the Management Committee is no longer suitable to continue serving as a member, the Holders' Meeting shall remove such member and elect a new member.

(III) Members of the Management Committee shall abide by laws, administrative regulations and normative documents, and shall bear the following fiduciary obligations towards the ESOP:

1. not to accept bribes or other unlawful gains by using their authority, nor to misappropriate the assets of the ESOP;

2. not to embezzle funds of the ESOP;

3. without the consent of the Holders' Meeting, not to open accounts in their personal name or in the name of any other individual for depositing the assets or funds of the ESOP;

4. without the consent of the Holders' Meeting, not to lend funds of the ESOP to others or provide guarantees for others with the assets of the ESOP;

5. not to abuse their authority to the detriment of the interests of the ESOP. Any member of the Management Committee who violates the fiduciary duties and causes losses to the ESOP shall be liable for compensation;

6. not to disclose business secrets related to the ESOP without authorization;

7. any other duties stipulated by laws, administrative regulations, and departmental rules.

(IV) The Management Committee shall exercise the following duties:

1. to be responsible for convening the Holders' Meeting and implementing the resolutions of the Holders' Meeting;

2. to supervise the daily management of the ESOP on behalf of all Holders;

3. to handle the subscription of units under the ESOP;

4. to exercise shareholders' rights in respect of the shares held under the ESOP on behalf of all Holders, or authorize an asset management institution to exercise such shareholders' rights;

5. to decide whether to engage relevant professional institutions to provide management, advisory, or other services for the daily management of the ESOP;

6. to liaise with professional institutions (if any);

7. to enter into relevant agreements or contracts externally on behalf of the ESOP;

8. to handle the disposal of Holders' interests pursuant to "Chapter 10 — Amendments to and Termination of the ESOP and Disposal of Holders' Interests" of the Draft ESOP;

9. to decide on the ownership of forfeited or recovered units or interests of the ESOP;

10. to manage the distribution of interests of the ESOP, and, upon expiry of the lock-up period, to decide on the disposal and distribution of the Underlying Shares;

11. to handle registration and succession registration of the units under the ESOP;

12. to be responsible for the arrangements for the reduction of shareholdings under the ESOP;

13. other duties authorized by the Holders' Meeting.

(V) The director of the Management Committee shall exercise the following powers:

1. to preside over the Holders' Meeting and convene and preside over the meetings of the Management Committee;

2. to supervise and inspect the implementation of the resolutions of the Holders' Meeting and the Management Committee;

3. to exercise other powers delegated by the Management Committee.

(VI) Procedures for convening meetings of the Management Committee:

1. Meetings of the Management Committee shall be convened on an irregular basis and shall be proposed by the director of the Management Committee, with notice of the meeting given all members of the Management Committee three days prior to the meeting.

2. With the consent of all members of the Management Committee, the above notice period may be waived. In urgent circumstances requiring the immediate convening of an emergency meeting of the Management Committee, a notice of meeting may be given at any time by telephone or other verbal means, provided that the convener shall make an explanation at the meeting.

3. The members of the Management Committee may propose to convene an extraordinary meeting of the Management Committee. The director of the Management Committee shall convene and preside over the meeting of the Management Committee within three days upon receipt of such proposal.

(VII) A meeting of the Management Committee shall only be held when more than half of the members of the Management Committee are present. Resolutions made by the Management Committee shall be adopted by more than half of all members of the Management Committee. Voting on resolutions of the Management Committee shall be conducted on a one person, one vote basis.

(VIII) Resolutions of the Management Committee shall be voted on by open ballot. Meetings of the Management Committee may be held and resolutions may be adopted by means of communication, provided that members of the Management Committee are given full opportunity to express their opinions, and the attending members of the Management Committee shall sign the resolutions.

(IX) Members of the Management Committee shall attend meetings of the Management Committee in person. Where a member of the Management Committee is unable to attend for any reason, he/she may appoint other members of the Management Committee in writing to attend on his/her behalf. The proxy form shall specify the name of the proxy, issues under consideration, scope of authorization and effective period, which will be signed or sealed by the appointing member. The proxy member of the Management Committee present at the meeting shall exercise the rights of a member of the Management Committee within the scope of authorization. Where a member of the Management Committee is unable to attend a meeting of the Management Committee and has not appointed a proxy to attend the meeting on his/her behalf, he/she shall be deemed to have waived his/her right to vote at the meeting.

(X) The Management Committee shall cause minutes to be made in respect of its decisions on the matters discussed at each meeting, which shall be signed by all members of the Management Committee present at such meeting.

(XI) The minutes of meetings of the Management Committee shall include the following:

1. the time and venue of the meeting and the name of the convener;
2. attendance of the members of the Management Committee;
3. agenda of the meeting;
4. key points of speeches of members of the Management Committee;
5. voting method and results of each resolution (in which case, the voting results shall specifically indicate the number of affirmative, negative and abstaining votes).

(XII) The resolutions and minutes of the meetings of the Management Committee shall be filed with the Board of Directors of the Company for record.

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 the interests of the Holders pursuant to “Chapter 10—Amendments to and Termination of the ESOP and Disposal of Holders’ Interests” of the Draft ESOP;

2. To supervise the operation of the ESOP and safeguard the interests of the Holders;

3. Other rights as stipulated by laws, administrative regulations, and the ESOP.

(II) Obligations of the Company

1. To fulfill information disclosure obligations relating to the ESOP in a truthful, accurate, complete, and timely manner;

2. To open and cancel securities trading accounts for the ESOP in accordance with relevant laws and regulations;

3. Other obligations as stipulated by laws, administrative regulations, and the ESOP.

II. Rights and Obligations of the Holders

(I) Rights of the Holders

1. To enjoy the interests of the ESOP in proportion to their units;

2. To enjoy dividends and/or distributions (if any) during the period from the purchase to the disposal of shares under the ESOP, in proportion to their units;

3. To participate in the Holders’ Meeting in accordance with law and enjoy the rights provided under the Administrative Measures for the ESOP;

4. Other rights as stipulated by laws, administrative regulations, and departmental rules.

(II) Obligations of the Holders

1. To make capital contribution for their subscribed units under the ESOP within the agreed period;

2. During the validity period of the ESOP, unless otherwise provided by laws, administrative regulations, or departmental rules, or approved by the Management Committee, the units held by the Holders under the ESOP shall not be transferred or withdrawn (except as otherwise provided in “Chapter 10—Amendments to and Termination of the ESOP and Disposal of Holders’ Interests”), or used for guarantees, repayment of debts, or otherwise disposed of in a similar manner;

3. To bear the risks of the ESOP in proportion to their subscribed units under the ESOP;

4. To bear the statutory taxes and fees of share transactions when the ESOP meets the unlocking conditions and the shares are disposed of, and to independently bear other taxes incurred pursuant to the national and other relevant laws and regulations for participating in the ESOP after the ESOP fulfills the unlocking conditions and the shares are disposed of, in proportion to their units under the ESOP;

5. Not to demand distribution of assets of the ESOP during the validity period of the ESOP;

6. Other obligations as stipulated by laws, administrative regulations, departmental rules, and the Administrative Measures for the ESOP.

CHAPTER IX ASSET COMPOSITION AND DISTRIBUTION OF INTERESTS OF THE ESOP

I. Asset composition of the ESOP

- (I) The interests corresponding to the shares of the Company held under the ESOP.
- (II) Cash deposits and accrued interest.
- (III) Other assets resulting from other investments made by the ESOP.

The assets of the ESOP shall be independent from the Company's inherent property, and the Company shall not entrust the assets of the ESOP to its inherent property. Any property and income derived from the management, use or otherwise of the ESOP shall be included in assets of the ESOP.

II. Distribution of Interests During the Validity Period of the ESOP

(I) During the validity period of the ESOP, unless otherwise provided by laws, administrative regulations, or departmental rules, or approved by the Management Committee, the units held by the Holders under the ESOP shall not be withdrawn, transferred, or used for mortgages, pledges, guarantees, repayment of debts, or otherwise disposed of in a similar manner.

(II) During the lock-up period, Holders shall not request distribution of interests of the ESOP.

(III) During the lock-up period, if the Company converts any capital reserve into share capital, or distributes share dividends, the shares newly acquired under the ESOP shall also be subject to lock-up, and shall not be sold in the secondary market or otherwise transferred. The unlocking period of such shares shall be the same as that of the corresponding shares, and the cash dividends received from holding the shares of the Company shall also comply with the above-mentioned locking and unlocking arrangements.

(IV) After the end of the lock-up period and during the validity period of the ESOP, the Management Committee, pursuant to authorization of the Holders' Meeting, shall dispose of the corresponding Underlying Shares at an appropriate time during the validity period after the unlocking date of the ESOP.

(V) After the end of the lock-up period and during the validity period of the ESOP, the Management Committee, pursuant to authorization of the Holders' Meeting, shall decide whether to distribute the proceeds corresponding to the ESOP. Where distribution

is decided, the Management Committee shall be authorized by the Holders' Meeting to, after deducting relevant taxes and fees in accordance with law, distribute such proceeds to the Holders in proportion to their units.

(VI) During the validity period of the ESOP, upon receipt of cash or other distributable proceeds from disposal of the Underlying Shares held under the ESOP, the ESOP may make distributions in each accounting year, and the Management Committee shall, after deducting relevant taxes, fees, and payables in accordance with law, distribute proceeds to Holders in proportion to their units as a percentage of the total units under the ESOP.

(VII) During the lock-up period, where the Company distributes dividends, the cash dividends obtained under the ESOP due to the holding of the shares of the Company shall be accounted for as monetary assets of the ESOP and shall not be distributed separately. After the end of the lock-up period and during the validity period of the ESOP, the Management Committee shall, pursuant to authorization of the Holders' Meeting, decide whether to distribute such dividends. Where dividends are distributed after the end of the lock-up period and during the validity period of the ESOP, the cash dividends obtained under the ESOP due to holding the shares of the Company shall be accounted for as monetary assets of the ESOP.

(VIII) Upon expiry of the validity period or intended early termination of the ESOP, the Management Committee shall, pursuant to authorization of the Holders' Meeting, complete liquidation within 30 working days from the date of expiry or termination date after deducting relevant taxes and fees in accordance with law, and distribute proceeds to Holders in proportion to their units.

(IX) In case of other circumstances not covered herein, the method of disposal of units of the ESOP held by Holders shall be determined by the Holders' Meeting.

CHAPTER X AMENDMENTS TO AND TERMINATION OF THE ESOP AND DISPOSAL OF HOLDERS' INTERESTS

I. Amendments to the ESOP

Within the validity period of the ESOP, any amendment to the ESOP shall be passed by more than half (excluding the stated number) of the units held by the Holders attending the Holders' Meeting and be submitted to the Board of Directors of the Company for consideration and approval.

II. Termination of the ESOP

(I) The ESOP shall terminate automatically upon the expiration of its validity period if no valid extension is approved.

(II) Upon expiry of the lock-up period of the ESOP, the ESOP may be terminated early when all shares held under the ESOP have been sold.

(III) Within one month prior to the expiration of the validity period of the ESOP, in case that there remains unsold shares of the Company held under the ESOP, the validity period of the ESOP may be extended subject to the approval of the Board of Directors of the Company with the consent of Holders representing more than half (excluding the stated number) of the units present at the Holders' Meeting.

(IV) If, due to suspension of trading of the Company's shares or during sensitive information periods, all shares held under the ESOP cannot be sold before the expiry of the maximum validity period, the validity period of the ESOP may be extended subject to the approval of the Board of Directors of the Company with the consent of Holders representing more than half (excluding the stated number) of the units present at the Holders' Meeting.

III. Disposal of Holders' Interests

(I) During the validity period of the ESOP, unless otherwise provided in the Draft ESOP and relevant documents or approved by the Management Committee, the interests of the Holders under the ESOP shall not be withdrawn, or used for guarantees, repayment of debts or for other similar purposes. Any interests of the Holders under the ESOP shall not be transferred without the consent of the Management Committee, and any unauthorized transfer shall be invalid.

(II) During the validity period of the ESOP, if any of the following circumstances occurs, the Management Committee shall not take action on the unlocked portion; for

the locked portion, the Management Committee has the right to revoke the Holder's eligibility to participate in the ESOP and recover their units under the ESOP, which shall be returned to the individual based on the principle of the lower of the capital contribution plus bank's interest on deposits for the same period, and the proceeds from the disposal of such units. The Management Committee may transfer recovered units under the ESOP to designated transferees who are qualified to participate in the ESOP; if there are no transferees who are qualified to participate in the ESOP, such units shall be collectively held by existing Holders participating in the ESOP or disposed of by the Management Committee at an appropriate time, with remaining funds after the capital contribution is returned (if any) belonging to the Company; or the corresponding Underlying Shares may be otherwise disposed of in any manner permitted by laws and regulations:

1. The Holder serves as independent directors or other positions ineligible for participating in the ESOP;

2. The Holders holds a position in a subsidiary controlled by the Company, where the Company loses control over the subsidiary and the Holder remains in the subsidiary;

3. The Holder passively resigns due to Company layoffs and other reasons without unqualified performance, misconduct, or violation of laws and disciplines;

4. The Holder resigns due to loss of labor capacity as a result of non-work-related injuries;

5. The Holder passes away due to reasons other than performing his/her duties (funds returned to the Holder by the Company shall be received by his/her designated successor or legal successor on his/her behalf).

(III) During the validity period of the ESOP, if any of the following circumstances occurs, the Management Committee shall not take action on the unlocked portion; for the locked portion, the Management Committee has the right to revoke the Holder's eligibility to participate in the ESOP and recover their units under the ESOP, which shall be returned to the individual based on the principle of the lower of the capital contribution and the proceeds from the disposal of such units. The Management Committee may transfer recovered units under the ESOP to designated transferees who are qualified to participate in the ESOP; if there are no transferees who are qualified to participate in the ESOP, such units shall be collectively held by existing

Holders participating in the ESOP or disposed of by the Management Committee at an appropriate time, with remaining funds after the capital contribution is returned (if any) belonging to the Company; or the corresponding Underlying Shares may be otherwise disposed of in any manner permitted by laws and regulations:

1. The labor contract or employment contract of the Holder expires without renewal;
2. The labor contract or employment contract of the Holder is terminated by mutual agreement before expiration;
3. The Holder leaves his/her post without authorization, or resigns voluntarily;
4. The Holder is terminated from or has his/her labor or employment contract cancelled by the Company due to unqualified individual performance assessment (including being dismissed or fired by the Company).

(IV) During the validity period of the ESOP, if a Holder undergoes a change of position due to violations of laws, breach of professional ethics, disclosure of Company secrets, negligence, or misconduct that damages the Company's interests or reputation, or if the Company terminates the Holder's employment or engagement for the above reasons, for the locked portion, the Management Committee has the right to revoke the Holder's eligibility to participate in the ESOP and recover their units under the ESOP, which shall be returned to the individual based on the principle of the lower of the capital contribution and the proceeds from the disposal of such units. The Management Committee may transfer recovered units under the ESOP to designated transferees who are qualified to participate in the ESOP; if there are no transferees who are qualified to participate in the ESOP, such units shall be collectively held by existing Holders participating in the ESOP or disposed of by the Management Committee at an appropriate time, with remaining funds after the capital contribution is returned (if any) belonging to the Company; or the corresponding Underlying Shares may be otherwise disposed of in any manner permitted by laws and regulations. At the same time, the Holder shall return all benefits derived from exercising of interests to the Company, and shall compensate the Company for any losses caused.

(V) During the validity period of the ESOP, if any of the following circumstances occurs, the Management Committee shall not take action on the unlocked portion; for the locked portion, the Management Committee may decide to dispose of interests held by the Holder completely in accordance with the procedures prior to the

occurrence of the circumstance, and his/her individual performance assessment results shall no longer be included in the unlocking conditions; or revoke the Holder's eligibility to participate in the ESOP and recover their units under the ESOP, which shall be returned to the individual based on the principle of the lower of the capital contribution plus bank's interest on deposits for the same period, and the proceeds from the disposal of such units. The Management Committee may transfer recovered units under the ESOP to designated transferees who are qualified to participate in the ESOP; if there are no transferees who are qualified to participate in the ESOP, such units shall be collectively held by existing Holders participating in the ESOP or disposed of by the Management Committee at an appropriate time, with remaining funds after the capital contribution is returned (if any) belonging to the Company; or the corresponding Underlying Shares may be otherwise disposed of in any manner permitted by laws and regulations:

1. The Holder resigns due to retirement;
2. The Holder resigns due to work-related incapacity;
3. The Holder passes away due to performing his/her duties (funds returned to the Holder or units held by him/her shall be held by his/her designated successor or legal successor on his/her behalf).

(VI) During the validity period, if the Holder is re-employed after retirement, the interests held by the Holder shall be disposed of completely in accordance with the procedures prior to the occurrence of the circumstance.

(VII) During the validity period, if a Holder's position changes, but he/she remains employed by the Company or its controlling subsidiaries, the units held by him/her under the ESOP shall still be disposed of in accordance with the procedures stipulated in the ESOP before the position change.

CHAPTER XI METHOD FOR DISPOSAL OF SHARES HELD BY EMPLOYEES UPON EXPIRY OF THE ESOP

I. If all the shares of the Company held under the ESOP are sold, the ESOP may terminate.

II. Within one month prior to the expiration of the validity period of the ESOP, in case that there remains unsold shares of the Company held under the ESOP, the validity period of the ESOP may be extended subject to the approval of the Board of Directors of the Company with the consent of Holders representing more than half (excluding the stated number) of the units present at the Holders' Meeting.

III. Upon early termination or expiration of the validity period of the ESOP, the Management Committee shall be authorized by the Holders' Meeting to conduct liquidation. The liquidation shall be completed within 30 working days from the date of expiry or termination, and after deducting relevant taxes and fees according to law, the Management Committee shall distribute the remaining assets according to the units held by the Holders.

IV. Upon the expiration of the validity period of the ESOP, if the assets held by the ESOP still include Underlying Shares, the Management Committee shall determine the disposal method.

CHAPTER XII ACCOUNTING TREATMENT OF THE ESOP

In accordance with the provisions of “Accounting Standards for Business Enterprises No. 11 – Share-based Payment”, the equity-settled share-based payments in consideration of services rendered by staff that can only be exercised upon the completion of services or attainment of stipulated results in business performance within the vesting period are recognized in relevant cost or expenses and the capital reserve in respect of service obtained for the period at the fair value on the date of grant of the equity instrument based on the best estimate of the volume of exercisable equity instrument at each balance sheet date during the vesting period.

Assuming the Company transfers 10,000,000 Underlying Shares to the ESOP in October 2025, and upon expiry of the lock-up period, the ESOP sells the Underlying Shares held according to the proportion agreed in the preceding paragraph. Based on preliminary estimates, assuming the fair value of a single equity instrument is referenced to the closing price of the Company’s shares on the most recent trading day when the Board of Directors considered the ESOP, which is RMB 14.12 per share, the Company is expected to recognize a total cost of RMB71.00 million. The estimated amortization is as follows:

Unit: RMB ’0,000

Total Cost to be Amortized	2025	2026	2027
7,100	887.50	4,733.33	1,479.17

Note: The ultimate impact on the operating result of the Company will be subject to the annual audit report issued by the accounting firm.

Regardless of the stimulating impact of the ESOP on the Company’s performance, the amortization of the cost of the ESOP will affect the net profit of each year during the Plan’s duration. However, on the positive note, the ESOP will effectively promote the business development of the Company, thereby motivating the management and business teams, improving operating efficiency, and reducing operating costs. The enhanced performance results brought by the ESOP will be significantly greater than the increased cost incurred thereby, and as a result, it will firmly ensure the increase of the Company’s overall value and the interest of all shareholders.

CHAPTER XIII PROCEDURES FOR IMPLEMENTING THE ESOP

I. The Board of Directors and its Remuneration and Appraisal Committee are responsible for preparing the Draft ESOP.

II. Before the Company implements the ESOP, it should fully solicit employee opinions through democratic means such as the employee representatives' meeting.

III. The Remuneration and Appraisal Committee under the Board of Directors shall deliver its opinions on the following matters: whether the ESOP is beneficial to the sustainable development of the Company; whether it will impair the interests of the Company and all the shareholders; whether there is any apportionment, mandatory distribution, etc., to force the employees to participate in the ESOP.

IV. When the Board of Directors considers the ESOP, the Directors who are related to the Plan shall abstain from voting. The Board of Directors shall announce the Board resolution, the draft ESOP and its summary, and the opinions of the Board's Remuneration and Appraisal Committee within 2 trading days after approving the Draft ESOP.

V. The Company shall engage a law firm to issue a legal opinion on whether the ESOP and related matters are legal and compliant, whether the necessary decision-making and approval procedures have been performed, and whether information disclosure obligations have been fulfilled in accordance with laws, regulations, and the relevant rules of the SSE. The legal opinion shall be disclosed before convening the general meeting for consideration of the ESOP.

VI. A general meeting shall be convened to consider and approve the ESOP. The general meeting shall adopt the combination of onsite voting and online voting, and the voting of small and medium-sized investors will be counted separately and disclosed publicly. Relevant shareholders related to the ESOP shall abstain from voting. The ESOP may be implemented after being approved by more than half of the effective voting rights present at the general meeting, and the final approved ESOP shall be disclosed within 2 trading projects after its approval by the general meeting.

VII. The Holders' Meeting of the ESOP shall be convened to elect and appoint members of the Management Committee, and define specific matters in relation to the implementation of the ESOP. Convening and relevant resolutions of the meeting shall be disclosed in a timely fashion.

VIII. The Company shall promptly disclose the date, quantity, proportion, and other details of the acquisition of Underlying Shares or the transfer of Underlying Shares to the ESOP within 2 trading days after completing the purchase or transfer.

IX. Other procedures required by the CSRC and the SSE.

CHAPTER XIV EXPLANATION OF RELATED-PARTY RELATIONSHIP AND ACTING-IN-CONCERT RELATIONSHIP

The ESOP has no related-party relationship with the Company's controlling shareholder, de facto controller, directors, or senior management, and does not constitute an acting-in-concert relationship as specified in the Measures for the Administration of the Acquisition of Listed Companies, specifically as follows:

I. The Company's controlling shareholder and de facto controller have not participated in the ESOP. The ESOP has not entered into an acting-in-concert agreement or arrangement with the Company's controlling shareholder or de facto controller.

II. The Holders of the ESOP include certain directors of the Company (excluding independent directors) and senior management. The aforementioned persons have a related-party relationship with the ESOP. When the Company's general meeting and Board of Directors deliberate on proposals related to the ESOP, the relevant persons will abstain from voting. The ESOP has not entered into an acting-in-concert agreement or arrangement with the Company's directors or senior management.

III. None of the Holders of the ESOP have entered into an acting-in-concert agreement or any related acting-in-concert arrangements. The Holders' Meeting is the supreme authority of the ESOP. The Holders' Meeting elects the Management Committee to oversee the daily management of the ESOP. The units held by the Holders of the ESOP are relatively dispersed, and no single Holder can significantly influence the decisions of the Holders' Meeting or the Management Committee.

CHAPTER XV OTHER IMPORTANT MATTERS

I. The approval of the ESOP by the Board of Directors and at the general meeting of the Company does not imply that the Holders have the rights to continue their services in the Company or its subsidiaries, and such approvals do not constitute any commitment of the Company or its subsidiaries regarding the employees' term of employment. The labor or employment relationships between the Company or its subsidiaries and the employees will remain the same as stipulated in the original labor contracts, service contracts, or employment contracts entered between the Company or its subsidiaries and the Holders.

II. Issues related to finance, accounting treatment, and tax expenses concerning the implementation of the ESOP shall be conducted in accordance with the relevant financial regulations, accounting standards, and tax laws. Any individual income tax payable by employees due to the implementation of the ESOP shall be borne by the individual employees.

III. Implementation of the ESOP is subject to the consideration and approval at the general meeting of the Company.

IV. The Board of Directors reserves the right of interpretation over the ESOP.

V. If the ESOP conflicts with the latest laws and regulations issued by regulatory bodies, the latest laws and regulations shall prevail.

Ming Yang Smart Energy Group Limited

25 September 2025