

# **RULES OF PROCEDURE FOR THE STRATEGY COMMITTEE OF THE BOARD OF DIRECTORS OF SHENZHEN HAN'S CNC TECHNOLOGY CO., LTD.**

## **Chapter 1 General Provisions**

- Article 1** In order to regulate the operations of Shenzhen Han's CNC Technology Co., Ltd. (hereinafter referred to as the “**Company**”), enhance corporate governance of the Company, strengthen the Company's core competitiveness and sustainable development capabilities, refine medium-and long-term development strategies and major investment decision-making procedures, improve the scientific rigor of decision-making, the Company has established the Strategy Committee of the Board and formulated the Rules of Procedure according to the Company Law of the People's Republic of China, the Code of Corporate Governance for Listed Companies, the Administrative Measures for Independent Directors of Listed Companies, the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (hereinafter referred to as the “**Hong Kong Listing Rules**”) and other laws, regulations and normative documents, relevant regulatory rules of the securities regulatory authorities and stock exchanges of the place where the Company's shares are listed (hereinafter collectively referred to as the “**securities regulatory authorities of the place where the Company's shares are listed**”) (hereinafter collectively referred to as the “**securities regulatory rules of the place where the Company's shares are listed**”), as well as the Articles of Association of Shenzhen Han's CNC Technology Co., Ltd. (the “**Articles of Association**”).
- Article 2** The Strategy Committee (the “**Committee**”) is a specialized working body established by the Board, primarily responsible for researching and providing recommendations on the Company's development strategy, major decision-making matters, as well as sustainable development and ESG initiatives.
- Article 3** The Committee is responsible to the Board and performs its duties in accordance with the Articles of Association and the authorization of the Board. The Committee's proposals shall be submitted to the Board for review and decision.

## **Chapter 2 Composition**

- Article 4** The Committee shall consist of three Directors, elected by the Board.
- Article 5** Shareholders representing more than one-tenth of the voting rights, more than one-third of the Directors, or more than one-half of the independent Directors shall have the right to nominate candidates for the Committee. Committee members shall be elected by more than half of the votes of all Directors, and upon approval of the resolution of election of members, the newly elected members shall assume office immediately after the conclusion of the Board meeting.
- Article 6** The Committee shall have one convener, who shall be elected by the Committee.
- Article 7** The term of office of the Committee shall be the same as that of the Company's Directors. Members may be re-elected upon expiration of their term. If a member ceases to serve as a Director of the Company due to resignation or other reasons, their membership will automatically terminate upon ceasing to serve as a Director. The Board shall promptly appoint new members.
- Article 8** A Committee member may submit a resignation to the Board before the expiration of their term. The resignation report must provide necessary explanations regarding the reasons for resignation and any matters requiring the attention of the Company's Board.
- Article 9** The provisions of the Company Law and the Articles of Association regarding the obligations of Directors shall apply to Committee members.

## **Chapter3 Duties and Authorities**

- Article 10** The Committee's responsibilities include:
- (I) Conduct research and provide recommendations on the Company's development strategy and medium-to long-term development plans (including matters related to sustainable development and environmental, social, and governance (ESG) considerations);

- (II) Conduct research and provide recommendations on major capital operations (including new share issuance, share repurchase, asset restructuring, major asset mergers and acquisitions, bond issuance, equity incentives, spin-offs, mergers, major investments, etc.) and asset management projects that require approval by the Shareholders' meeting as stipulated by laws, regulations, normative documents, and the Articles of Association;
- (III) Research and provide recommendations on the Company's expansion into new markets and new business areas;
- (IV) Research and provide recommendations and reports on other significant matters that impact the Company's development strategy;
- (V) Inspect the implementation of the aforementioned matters;
- (VI) Other authorities granted by the Board, as well as other matters stipulated by relevant laws, administrative regulations, departmental rules, and securities regulatory requirements of the stock exchange where the Company's shares are listed.

#### **Chapter 4 Decision-making Procedures**

- Article 11** Any matter within the scope specified in Article 10 of these Rules of Procedure that requires review by the Board must first be reviewed and approved by the Committee before being submitted to the Board for consideration.
- Article 12** No matter that has not been reviewed and approved by the Committee may be submitted to the Company's Board for consideration in any manner.
- Article 13** The results of the Committee meeting discussions shall be communicated to other Board members through the Secretary of the Board of the Company.
- Article 14** When the Committee performs its duties, the relevant departments of the Company shall provide cooperation; if necessary, the Committee may engage an intermediary agency to provide professional advice, and the associated costs shall be borne by the Company.

## **Chapter 5 Rules of Procedure**

**Article 15** The Committee meetings shall be divided into regular meetings and special meetings: regular meetings shall be held at least once annually; special meetings may be proposed by Committee members as needed. The Board of the Company, the convener of the Committee, or two or more members jointly may request the convening of a special meeting; the convener of the Committee shall not, without proper cause, refuse a duly made request for a meeting from the aforesaid Directors and Committee members.

**Article 16** The Committee meetings shall be convened and presided over by the convener, who may designate other Committee members to convene and preside over them on his or her behalf. When the convener neither performs their duties nor designates another Committee member to act on their behalf, the remaining Committee members may consult and elect one member to perform the convener's duties.

**Article 17** If the convener decides to convene a meeting, they shall notify the Secretary of the Board and Securities Department to handle the preparations.

**Article 18** A meeting notice shall be issued by the Committee meeting 3 days prior to the meeting (including the notification date but excluding the meeting date). With the unanimous consent of all Committee members, the aforementioned notice period requirement may be waived.

The Committee meetings can be notified via fax, email, telephone, in-person delivery, or mail, among other methods. When quick notification methods such as telephone or email are used, if no written objection is received within one day from the date the notice is sent, it will be deemed that the recipient has received the meeting notice. The meeting notice shall include at least the following:

- (I) The location and time of the meeting;
- (II) Meeting agenda, discussion items, and related detailed materials;
- (III) Meeting contact person and contact details;
- (IV) The date on which the notice was issued.

**Article 19** The Committee meeting shall be attended by members in person. If a member is unable to attend for any reason, they may authorize another member in writing to attend on their behalf. A member may only accept authorization from one other member at a time to exercise voting rights on their behalf.

**Article 20** If a member fails to attend the Committee meeting or does not authorize a representative to attend, they shall be deemed to have waived their voting rights at that meeting. The member who is an independent Director of the Committee shall attend Committee meetings in person. If unable to attend in person for any reason, they must review the meeting materials in advance and form a clear opinion.

If a member fails to attend the meetings in person or to delegate another member to attend the meetings for two consecutive times, he/she shall be deemed unable to perform his/her duties and the convener shall propose to the Board to remove the member. Members who have appointed a proxy to attend and vote on his behalf shall submit the instrument of proxy to the chairperson of the meeting.

**Article 21** The power of attorney shall at least include the following items:

- (I) Name of appointer;
- (II) Name of proxy;
- (III) Matters to be assigned;
- (IV) Instructions as to how to exercise the voting rights on topics of the meeting (for, against, abstain) and, in the absence of specific instructions, descriptions on if the proxy may vote at his discretion;
- (V) The signature of the appointer and the signing date.

**Article 22** A meeting of the Committee may only be held if it is attended by more than two thirds of the members of the Committee. Each member has one vote; resolutions made at the meeting must be approved by more than two-thirds (inclusive) of all members. Members are responsible for their individual voting decisions.

**Article 23** Committee meetings shall be held on-site, with voting conducted by a show of hands or ballot. Meetings may also be held via remote voting.

- Article 24** If a member or their close relatives, or any other enterprise controlled by the member and their close relatives, has a direct or indirect interest in the topics discussed at the meeting, the member shall promptly disclose the nature and extent of such interest to the Committee. More than half of all Committee members (excluding those with a conflict of interest) shall determine whether recusal is required.
- If a member has a relevant interest but fails to disclose it to the Committee upon verification, that member's vote shall be invalid. If the invalid vote affects the voting outcome, the related issue shall be voted on again. If the new voting result differs from the original result, the original resolution shall be revoked. If the original resolution has been executed, it shall be implemented in accordance with the new voting results.
- If a member fails to disclose a conflict of interest twice in total, they will automatically lose their qualification as a Committee member, and the Board of Directors shall fill the vacancy in accordance with the Articles of Association and the provisions of this system.
- Article 25** If the number of Committee members falls below the quorum required for a meeting after the recusal of interested members, all members (including the interested members) shall resolve procedural matters related to such proposals, while the Company's board shall deliberate on the substantive content of such proposals. The minutes or resolutions of the Committee meetings should indicate the circumstances under which interested members recused themselves from voting.
- Article 26** When the Committee convenes a meeting, it may require relevant directors and senior managers of the Company to attend the meeting, and introducing the specific situation of relevant issues to members.
- Article 27** The Committee's on-site meetings shall be recorded, and the members present shall sign the meeting minutes. Off-site meetings may not require meeting minutes. All documents from the Committee meeting shall be retained by the securities department as company records, with a retention period of no less than ten years. These documents may be accessed for review with the consent of the convener.
- Article 28** Members attending the meeting are obligated to maintain confidentiality regarding the matters discussed and shall not disclose any related information without authorization.

## **Chapter 6 Supplementary Provisions**

- Article 29** Matters not covered in the Rules of Procedure shall be implemented in accordance with relevant national laws and regulations, the securities regulatory rules of the place where the Company's shares are listed and the Articles of Association. If the Rules of Procedure contravene relevant laws and regulations, the provisions of the regulatory authority where the Company's shares are listed, or the requirements of Articles of Association, the laws and regulations, the provisions of the regulatory authority where the Company's shares are listed, and the Articles of Association shall prevail.
- Article 30** The Board of the Company shall be responsible for the interpretation of the Rules of Procedure.
- Article 31** The Rules of Procedure shall come into effect on the date when the H Shares issued by the Company are listed on The Stock Exchange of Hong Kong Limited after being reviewed and approved by the Board.

**Shenzhen Han's CNC Technology Co., Ltd.**