

# China Shengmu Management Stock Holding Management System

## Chapter 1: General Provisions

### Article 1

To strengthen the declaration, disclosure, supervision, and management of the stock holding behaviors of shareholders, directors, and senior management personnel of China Shengmu Organic Dairy Co., Ltd. (hereinafter referred to as "the Company"), and to further clarify management procedures, this system is formulated based on the "Company Law of the People's Republic of China" (hereinafter referred to as the "Company Law"), the "Securities Law of the People's Republic of China" (hereinafter referred to as the "Securities Law"), the "Regulations on the Management of Shares Held by Directors, Supervisors, and Senior Management of Listed Companies and Their Changes" (CSRC Company [2017] No. 56), and relevant provisions of the Company's Articles of Association, in light of the Company's actual situation.

### Article 2

This system applies to the Company's controlling shareholders and shareholders holding more than 5% of the Company's shares (hereinafter collectively referred to as "major shareholders"), shareholders other than major shareholders holding shares before the Company's initial public offering or non-public issued shares (hereinafter collectively referred to as "specific shareholders"), directors, senior management personnel, and the board secretary.

### Article 3

Senior management personnel referred to in this system are those appointed by the Company's Board of Directors as defined by the Company's Articles of Association and other senior management personnel specified in the Articles of Association.

### Article 4

The shares of the Company held by major shareholders, specific shareholders, directors, and senior management personnel refer to all shares of the Company registered in their names.

## Chapter 2: Holding and Reporting Requirements

### Article 5

The Company's major shareholders, specific shareholders, directors, senior management personnel, and the board secretary shall ensure the authenticity, accuracy, timeliness, and completeness of the data reported to the stock exchange, agree to the timely publication of relevant personnel's shareholding status by the stock exchange, and bear the legal responsibilities arising therefrom.

**Article 6**

The Company's directors, senior management personnel, and the board secretary shall, within the specified time, entrust the Company to report their personal and their relatives' (including spouses, parents, children, siblings, etc.) identity information (including names, positions held, ID numbers, etc.) to the stock exchange. The Company shall confirm the shareholding-related information of directors, senior management personnel, and the board secretary and their relatives as required and provide timely feedback on the confirmation results.

**Article 7**

In cases where the Company publicly or non-publicly issues shares or implements equity incentive plans, and imposes additional transfer prices, performance assessment conditions, and lock-up periods on the transfer of shares held by directors, senior management personnel, and the board secretary, the Company shall apply to the stock exchange to register the relevant shares held by these personnel as shares with transfer restrictions during the change of shares or exercise procedures. The Company requires the CEO to hold shares equivalent to at least one time their annual basic salary.

**Article 8**

The Company's directors, senior management personnel, and the board secretary who have multiple securities accounts shall merge them into one account as required by the stock exchange; before merging accounts, the stock exchange shall handle each account separately for lock-in, unlock, and other related treatments.

**Chapter 3: Behavior Disclosure****Article 9**

The board secretary of the Company is responsible for managing the online declaration of information by the Company's directors and senior management personnel and regularly checks their disclosure of buying and selling the Company's stocks.

**Article 10**

The Company's directors, senior management personnel, and the board secretary shall announce their stock and derivative transactions within two trading days through the Company's Board of Directors on the designated website of the stock exchange.

**Article 11**

The Company shall disclose in its periodic reports the stock transactions of directors, supervisors, and senior management personnel during the reporting period, including:

1. The number of shares held at the beginning of the reporting period;

2. The number, amount, and average price of shares bought and sold during the reporting period;
3. The number of shares held at the end of the reporting period;
4. The Board of Directors' statement on whether there were any illegal or irregular stock transactions by directors and senior management personnel during the reporting period and the measures taken;
5. Other matters required to be disclosed by the stock exchange.

#### **Article 12**

When the shareholding or changes of the Company's directors and senior management personnel reach the proportion stipulated in the "Administrative Measures for the Acquisition of Listed Companies," they shall fulfill reporting and disclosure obligations as required by the "Administrative Measures for the Acquisition of Listed Companies" and other relevant laws, administrative regulations, departmental rules, and business rules.

#### Chapter 4: Penalties

#### **Article 13**

If the Company's major shareholders, directors, and senior management personnel violate this system, the Board of Directors shall recover the gains obtained. In serious cases, the Company will impose penalties or refer the responsible persons to relevant departments for punishment.

#### Chapter 5: Supplementary Provisions

#### **Article 14**

Matters not covered by this system shall be handled in accordance with the Company's regulations.

#### **Article 15**

The right to interpret this system belongs to the Board of Directors of the Company.