

## **Suggestive Announcement on Listing of Restricted Stock Unlockable during the First Unlock Period of 2017 Restricted Stock Incentive Plan**

This Company and all members of the Board of Directors hereby warrant that all information announced here are true, accurate and complete, and shall undertake responsibilities for any fictitious statement, misleading information or significant omission of the Announcement.

### **Special Notes:**

1. The number of Incentive Objects applying for unlocking is 181 and totally 387,400 shares of Restricted Stock will be unlocked, accounting for 0.0472% of the total capital stock of the Company.
2. The date of circulation of the Restricted Stock unlockable during the first unlock period is January 3, 2019.
3. The Restricted Stock Incentive Plan implemented is in line with that of previous disclosure.

The 6<sup>th</sup> Session of the Sixth Board of Directors of Zhejiang Supor Co., Ltd. (hereinafter referred to as “Company”, “the Company” or “Supor”) reviewed and adopted the Proposal on Unlocking of Restricted Stock within the First Unlock Period of 2017 Restricted Stock Incentive Plan and the Board of Directors concluded that the unlocking conditions for the Restricted Stock during the first unlock period of 2017 Restricted Stock Incentive Plan (Revised Draft, hereinafter referred to as 2017 Restricted Stock Incentive Plan) had been satisfied. In accordance with the provisions of 2017 Restricted Stock Incentive Plan and the authorization of the Second Interim General Meeting of Shareholders 2017, the Board of Directors has managed the work of unlocking the Restricted Stock during the first unlocking period. The number of Incentive Objects applying for unlocking is 181 and totally 387,400 shares of Restricted Stock will be unlocked, accounting for 0.0472% of the total capital stock of the Company. The date of circulation of the Restricted Stock unlockable during the first unlock period is January 3, 2019. Related information is announced as follows:

**I. Brief of the Restricted Stock Incentive Plan**

1. On August 29, 2017, the 2<sup>nd</sup> Session of the Sixth Board of Directors and 2<sup>nd</sup> Session of the Sixth Board of Supervisors reviewed and adopted the 2017 Restricted Stock Incentive Plan (Draft) of Zhejiang Supor Co., Ltd. Independent Directors have addressed independent opinions on the 2017 Restricted Stock Incentive Plan (Draft) and the Board of Supervisors has verified the List of Incentive Objects preliminarily.

2. On October 18, 2017, the 3<sup>rd</sup> Session of the Sixth Board of Directors and 3<sup>rd</sup> Session of the Sixth Board of Supervisors reviewed and adopted the Proposal on Adjusting the 2017 Restricted Stock Incentive Plan and the 2017 Restricted Stock Incentive Plan (Revised Draft) of Zhejiang Supor Co., Ltd. Independent Directors have addressed independent opinions on the 2017 Restricted Stock Incentive Plan (Revised Draft) and the Board of Supervisors has verified the List of Incentive Objects again.

3. On November 11, 2017, the Company disclosed Verification Opinions on List of Incentive Objects for 2017 Restricted Stock Incentive Plan (Revised Version). The Board of Supervisors has verified the Incentive Objects of 2017 Restricted Stock Incentive Plan and concluded that the subjective qualifications of the Incentive Objects involved in this plan are legal and valid.

4. On November 16, 2017, the Second Interim General Meeting of Shareholders 2017 reviewed and adopted the Proposal on 2017 Restricted Stock Incentive Plan (Revised Draft) and its Abstract, Proposal on Assessment Measures for the Implementation of the 2017 Restricted Stock Incentive Plan and Proposal on Requesting the General Meeting of Shareholders to Authorize the Board of Directors to Deal with Issues Related to the Company's Restricted Stock Incentive Plan.

5. On November 17, 2017, the Company disclosed Self-verification on Buying or Selling the Company's Shares by Insiders of 2017 Restricted Stock Incentive Plan; the Company's insiders did not trade the Company's shares or involved in insider trading within six months before the publication of the Incentive Plan and the process of planning as well.

6. On December 4, 2017, the 4<sup>th</sup> Session of the Sixth Board of Directors and 4<sup>th</sup> Session of the Sixth Board of Supervisors reviewed and adopted the Proposal on Adjusting the 2017 Restricted Stock Incentive Plan and the Proposal on First Grant of Restricted Stock to Incentive Objects, agreeing to grant 3,874,000 shares of Restricted Stock to totally 181 incentive objects on December 4, 2017. The listing date the Restricted Stock first granted is December 29, 2017. Independent Directors have addressed independent opinions on above Proposals and the Board of Supervisors has verified the List of Incentive Objects.

7. On March 29, 2018, the 6<sup>th</sup> Session of the Sixth Board of Directors and the 6<sup>th</sup> Session of the Sixth Board of Supervisors reviewed and adopted the Proposal on Unlocking of Restricted Stock within the First Unlock Period of 2017 Restricted Stock Incentive Plan, agreeing to unlock the Restricted Stock for 181 qualified Incentive Objects in the first unlock period. The number of restricted stock unlocked is 387,400, accounting for 0.0472% of the total capital stock of the Company.

8. On March 29, 2018, the 6<sup>th</sup> Session of the Sixth Board of Directors and 6<sup>th</sup> Session of the Sixth Board of Supervisors reviewed and approved the Proposal on Repurchasing and Canceling a Part of Restricted Stock. For disqualification of three Incentive Objects due to their resignation, the Company has decided to repurchase and cancel 43,650 shares of Restricted Stock at the price of 1 yuan per share.

9. On August 29, 2018, the 8<sup>th</sup> Session of the Sixth Board of Directors and 8<sup>th</sup> Session of the Sixth Board of Supervisors reviewed and adopted the Proposal on Grant of Reserved Restricted Stock to Incentive Objects, agreeing to grant 426,000 shares of Reserved Restricted Stock to totally 50 Incentive Objects on August 30, 2018. The listing date of the Reserved Restricted Stock granted is November 14, 2018. Independent Directors have addressed independent opinions on the above Proposal and the Board of Supervisors has verified the List of Incentive Objects.

**II. Attainment of Unlocking conditions of Restricted Stock during the First Unlock Period as defined in 2017 Restricted Stock Incentive Plan**

1. The expiration of locking period

According to the 2017 Restricted Stock Incentive Plan, The unlockable time of the Restricted Stock first granted and time of each schedule are shown in the following table:

Unlockable Schedule	Unlockable Time	Proportion of Unlockable Quantities in the Restricted Stock First Granted
1 <sup>st</sup> schedule	From the 1 <sup>st</sup> trading day after expiration of 12 months from the first Grant Date, till the last trading day of the 24 months from the first Grant Date	10%
2 <sup>nd</sup> schedule	From the 1 <sup>st</sup> trading day after expiration of 24 months from the first Grant Date, till the last trading day of the 36 months from the first Grant Date	20%

Unlockable Schedule	Unlockable Time	Proportion of Unlockable Quantities in the Restricted Stock First Granted
3 <sup>rd</sup> schedule	From the 1 <sup>st</sup> trading day after expiration of 36 months from the first Grant Date, till the last trading day of the 48 months from the first Grant Date	30%
4 <sup>th</sup> schedule	From the 1 <sup>st</sup> trading day after expiration of 48 months from the first Grant Date, till the last trading day of the 60 months from the first Grant Date	40%

The grant date of the Restricted Stock first granted on December 4, 2017 and the listing date is December 29, 2017, so the first locking period will expire on December 29, 2018.

2. Accomplishment of unlocking conditions

No.	Unlocking conditions of Restricted Stock during the First Unlock Period as defined in Restricted Stock Incentive Plan	Information on whether to satisfy the unlocking conditions
1	<p>a. None of the following circumstances has occurred in the Company:</p> <p>① The financial and accounting report of the mostly recent accounting year was given the adverse opinion or was presented the audit report with the disclaimer of opinion by the certified public accountant.</p> <p>② The internal control of the financial report of the mostly recent accounting year was given the adverse opinion or was presented the audit report with the disclaimer of opinion by the certified public accountant.</p> <p>③ The company occurred the circumstance in which the profit was distributed without abiding by the laws, regulations, articles of association and public commitment within the recent 36 months after being listed.</p> <p>④ The law or regulation prohibits executing the equity incentive.</p> <p>⑤ The other circumstances recognized by CSRC (China Securities Regulatory Commission).</p>	Therefore, the Company satisfies the unlocking conditions.

<p>2</p>	<p>b. None of the following circumstances has happened to the Incentive Objects:</p> <p>① The incentive object was recognized as the inappropriate candidate by the stock exchange in recent 12 months.</p> <p>② The incentive object was recognized by CSRC or its agency as the inappropriate candidate in recent 12 months.</p> <p>③ The incentive object was given the administrative punishment or was not given the market access permit by CSRC or its agency due to his/her significant default behavior or illegal behavior in recent 12 months.</p> <p>④ The incentive object was involved in the circumstance in which he/she is not suitable for acting as the director or the senior management of the Company in accordance with the regulations of the Company Law.</p> <p>⑤ The incentive object who is not allowed to participate in the equity incentive according to laws or regulations.</p> <p>⑥ The other circumstances recognized by CSRC (China Securities Regulatory Commission).</p>	<p>Therefore, the Incentive Objects satisfy the unlocking conditions.</p>
<p>3</p>	<p>Return on net assets of the Company for 2017 is not less than 18%. "Return on net assets" refers to the Company's weighted average return on net assets. If the Company is involved in any refinancing activities in the appraisal period, the calculation for the year when the refinancing happened and for following years shall be based on the net assets deducted by the part financed.</p>	<p>The Company's weighted average return on net assets in 2017 was 26.87%, which satisfies the performance target for 2017 (not less than 18%), and the Company did not conduct any refinancing activity in the appraisal period. Therefore, the Company satisfies the unlocking conditions.</p>

4	Determine the unlockable number of Restricted Stock within each unlock period for Incentive Objects when domestic sales of 2017 exceeds 9,237 million yuan and domestic operating profits exceeds 950 million yuan.	The domestic sales of the Company in 2017 was 10,212.33 million yuan and domestic operating profit was 1,124.07 million yuan. According to Chapter IV of Restricted Stock Incentive Plan (Revised Draft) about Description of Equity Incentive Plan, the achieving rate of appraisal indicators was 100%. Therefore, the number of Restricted Stock unlocked during this Unlock period for Incentive Objects was 387,400 shares, accounting for 10% of the total granted Restricted Stock.
5	According to the Assessment Measures for the Implementation of the 2017 Restricted Stock Incentive Plan, incentive objects satisfied the performance appraisal for the year of 2017.	In 2017, 181 incentive objects passed the performance appraisal and satisfied the unlocking conditions.

In conclusion, the Board of Directors believes that unlocking conditions of Restricted Stock during the first unlock period as defined in 2017 Restricted Stock Incentive Plan have been satisfied and that the Restricted Stock Incentive Plan implemented this time is consistent with that of previous disclosure.

**III. Verification Opinions of the Compensation and Appraisal Committee of the Board of Directors on Unlocking of Restricted Stock during the First Unlock Period**

The Compensation and Appraisal Committee of the Board of Directors has verified the 2017 Restricted Stock Incentive Plan, satisfaction of unlocking conditions and list of Incentive Objects, and concluded that all Incentive Objects involved satisfied the qualification requirements of *Measures for the Administration of the Equity Incentives of Listed Companies*, *Memorandum On Information Disclosure Operations of Small and Medium-sized Enterprises Board-No.4: Equity Incentive*, and *2017 Restricted Stock Incentive Plan (Revised Draft)*, they all passed appraisals of the year, and satisfied all unlocking conditions such as performance indicators; the subjective qualifications of the Incentive Objects were legal and effective.

**IV. Independent Opinions of Independent Directors on Unlocking of Restricted Stock during the First Unlock Period**

We have given following independent opinions about the unlocking issue of Restricted Stock in the first unlock period of 2017 Restricted Stock Incentive Plan: after verification of the 2017 Restricted Stock Incentive Plan, the fulfillment of unlocking conditions in the first unlock period, and the list of Incentive Objects, we conclude that the decision made by the Board of Directors to approve unlocking of 387,400 shares of Restricted Stock in the first unlock period for 181 Incentive Objects satisfies the requirements of *Measures for the Administration of the Equity Incentives of Listed Companies, Memorandum On Information Disclosure Operations of Small and Medium-sized Enterprises Board-No.4: Equity Incentive* and *2017 Restricted Stock Incentive Plan (Revised Draft)*. Incentive Objects involved satisfy all unlocking conditions, whose qualifications are legal and effective.

**V. Verification Opinions of the Board of Supervisors on the List of Incentive Objects with Restricted Stock during the First Unlock Period**

After verification of the List of Incentive Objects, the Board of Supervisors concluded the subjective qualifications of the 181 Incentive Objects were legal and effective, and all Incentive Objects satisfied the unlocking conditions of Restricted Stock during the first unlock period. The Board of Supervisors agrees with the Company to manage unlocking procedures for Incentive Objects.

**VI. Legal Statement of Grandall Legal Group (Hangzhou) about Issues related to the First Unlock Period of Restricted Stock**

Attorneys from Grandall Legal Group Hangzhou Office concluded that the unlocking conditions of Restricted Stock during the first unlock period as defined in the Incentive Plan were satisfied; the unlocking issues should be proceeded with after the approval of the Board of Directors for the unlocking applications submitted by Incentive Objects.

**VII. Circulation of Restricted Stock unlocked during the First Unlock Period**

1. The date of circulation of the Restricted Stock unlockable during the first unlock period is January 3, 2019.

2. Totally 387,400 shares of Restricted Stock will be unlocked, accounting for 10% of the total Restricted Stock first granted and 0.0472% of the total capital stock of the Company.

3. The number of Incentive Objects applying for unlocking is 181.

4. Circulation conditions of Restricted Stock unlocked are as follows:

No.	Name	Position	Restricted Stock granted (share)	Unlockable Restricted Stock in the first unlocking period (share)	Restricted Stock remaining locked (share)
1	Su Ming-Jui	General Manager	260,000	26,000	234,000
2	Xu Bo	Chief Financial Officer	160,000	16,000	144,000
3	Ye Jide	Vice General Manager, Secretary of Board	70,000	7,000	63,000
4	Other incentive objects		3,340,350	338,400	3,001,950
5	Total		3,830,350	387,400	3,442,950

Note: The shares of Restricted Stock repurchased and canceled which had been granted to resigned Incentive Objects formerly but not meeting the unlock conditions have been deducted in the number of Restricted Stock granted.

Among these Incentive Objects, Mr. Su Ming-Jui, Mr. Xu Bo and Mr. Ye Jide are top managements of the Company. Pursuant to the *Rules on Shareholding of Directors, Supervisors and Top Management Staffs and Relevant Changes* and other pertinent laws, regulations and provisions of Incentive Plan, the percentage of shares to be tradable in the market each year after unlocking their Restricted Stock granted shall not exceed 25% of the total shares held by them.

**VIII. Change of Capital Structure after unlocking Restricted Stock during the first unlock period**

Category of Shares	Before change		Increase/ decrease	After change	
	Total shares (share)	Share proportion (%)		Total shares (share)	Share proportion (%)
Circulation stock with sales restrictions	277,007,426	33.73%	-387,400	276,620,026	33.68%
Circulation stocks without sales restrictions	544,236,534	66.27%	+387,400	544,623,934	66.32%



Total capital stocks	821,243,960	100%	0	821,243,960	100%
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Note: The data in the form is preliminarily calculated by the Company and the detailed data shall refer to the capital structure statement of the list company issued by the Shenzhen Branch of China Securities Depository and Clearing Corporation Limited.

Board of Directors of Zhejiang Supor Co., Ltd.

December 27, 2018