

Stock code: 002032

Short form: Supor

Announcement No.:2022-008

## **Announcement of Completion of Registration for Grant of Restricted Stock of 2021**

This Company and all members of the Board of Directors hereby warrant that all information disclosed here are true, accurate and complete, and contain no fictitious statement, misleading information or significant omission.

Zhejiang Supor Co., Ltd. (hereinafter referred to as “Company”, “the Company” or “Supor”) has completed the registration work for the grant of Restricted Stock involved in the Restricted Stock Incentive Plan 2021(Draft) according to the Proposal on Grant of Restricted Stock to Incentive Objects reviewed and adopted at the 11th Session of the Seventh Board of Directors on January 6th, 2022 and regulations issued by Shenzhen Stock Exchange and Shenzhen Branch of China Securities Depository and Clearing Corporation Limited, with the detailed contents disclosed as follows:

### **I. The Approval Procedures of the Restricted Stock Incentive Plan already Completed**

1. On December 10, 2021, the 10<sup>th</sup> Session of the Seventh Board of Directors and 9<sup>th</sup> Session of the Seventh Board of Supervisors reviewed and adopted the 2021 Restricted Stock Incentive Plan (Draft) of Zhejiang Supor Co., Ltd. Independent Directors have addressed independent opinions on the 2021 Restricted Stock Incentive Plan (Draft).
2. On December 25, 2021, the Company disclosed Verification Opinions on List of Incentive Objects for 2021 Restricted Stock Incentive Plan. The Board of Supervisors has verified the Incentive Objects of 2021 Restricted Stock Incentive Plan and concluded that the subjective qualifications of the Incentive Objects involved in this plan are legal and valid.
3. On December 30, 2021, the Third Interim General Meeting of Shareholders 2021 reviewed and adopted the Proposal on 2021 Restricted Stock Incentive Plan (Draft) and its Abstract, Proposal on Assessment Measures for the Implementation of the 2021 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.

4. On December 31, 2021, the Company disclosed Self-verification on Buying or Selling the Company's Shares by Insiders of 2021 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.
5. On January 6 2022, the 11<sup>th</sup> Session of the Seventh Board of Directors and 9<sup>th</sup> Session of the Seventh Board of Supervisors reviewed and adopted the Proposal on Grant of Restricted Stock to Incentive Objects. Independent Directors have addressed independent opinions on above Proposals.

## II. The Granting Arrangement of Restricted Stock Incentive Plan

1. The Grant Date on which the Restricted Stock shall be granted is January 6, 2022.
2. The Grant Price of the Restricted Stock is 1 yuan per share.
3. The source of the Restricted Stock is Company's stock repurchased from secondary market.
4. The Incentive Objects and amount of Restricted Stock

The Company plans to grant 1,209,500 shares of Restricted Stock to totally 293 Incentive Objects. The restricted stock will be distributed among the Incentive Objects according to the following table:

Name	Position	Granted Restricted Stock (shares)	Portion in Granted Restricted Stock	Portion in Current Total Capital Stock
Cheung Kwok Wah	General Manger	60,000	4.96%	0.007%
Xu Bo	Chief Financial Officer	45,000	3.72%	0.006%
Ye Jide	Deputy General Manger & Board Secretary	20,000	1.65%	0.003%
Other Incentive Objects		1,084,500	89.67%	0.134%

Total	1,209,500	100%	0.150%
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5. The consistency of Incentive Objects and amount of Restricted Stock between actually granted and previously disclosed

The Restricted Stock Incentive Plan under implementation is in line with the plan that approved by the Third Interim General Meeting of Shareholders 2021.

The Incentive Objects and Restricted Stock granted this time are consistent with the List and amount approved by the 11<sup>th</sup> Session of Seventh Board of Directors.

6. The locking period of incentive plan and unlocking arrangement

The Restricted Stock granted by this Incentive Plan is restricted to 24 months and 36 months from the date of completion of the registration. During this period, the Company deals with unlocking matters for the Incentive Objects that satisfy the unlocking conditions.

Restricted Stock shall be lifted separately in two phases 24 months after the completion of grant registration. The time schedule for lifting the restrictions in each phase is shown in the table below:

Arrangement for lifting the restriction	Time for lifting the restriction	Proportion of lifting the restriction
First releasing period	From the first transaction date within 24 months after the completion of registration of the restricted stock to the last transaction date within 36 months after the completion of the registration of the restricted stock	50%
Second releasing period	From the first transaction date within 36 months after the completion of registration of the restricted stock to the last transaction date within 48 months after the completion of the registration of the restricted stock	50%

7. The unlocking appraisal indicators of incentive plan

(1) Requirements for company performance assessment

Under this Restricted Stock Incentive Plan, the performance of the Company will be assessed in two fiscal years from 2022 to 2023 annually, so as to achieve the objective of performance assessment as one of the preconditions for the incentive object to lift the restriction in the phase wholly or partially. The annual objectives of performance assessment are shown in the table below:

Releasing period	Year of assessment	Conditions of company-level performance assessment
First releasing period	2022	Net profit attributable to shareholders of the parent company in 2022 shall not be less than 105% of that in 2021.
Second releasing period	2023	Net profit attributable to shareholders of the parent company in 2023 shall not be less than 105% of that in 2022.

Notes: The above indicators are subject to the data of the Company's consolidated statements contained in the annual audit report. The impact on profit or loss from merger, restructuring and disposal of significant assets in the period shall be excluded.

If any of the above conditions of company-level performance assessment are not met, the Company will cancel the restricted stock repurchase of the incentive goal that can be released from the restricted sale during the year in accordance with the provisions of the Plan.

(2) Requirements for business unit performance assessment

Under this Incentive Plan, the Company is required to assess the performance of the business unit where the incentive object serves. It is one of the preconditions that the incentive object can lift the restriction in the phase wholly or partially if the relevant performance of the foregoing business unit reaches the basic goals or above; and if the relevant performance of the business unit fails to reach the basic goal, the Company will cancel the restricted stock repurchase that can be cancelled for the incentive goal in the current period in accordance with the provisions of the Plan.

(3) Requirements for individual performance assessment

Under this Incentive Plan, the Company is required to conduct individual performance assessment on the incentive object by year. The assessment result of the incentive object in the year should be qualified or above, which is one of the preconditions to lift the restriction in the phase wholly or partially; and if the individual performance assessment of the incentive object in the assessment year fails to achieve qualified, the Company will cancel the restricted stock repurchase of the incentive goal that can be cancelled in the current period in accordance with the provisions of the Plan.

In case that the three preconditions of (1) achieving company performance; (2) achieving basic goals and above in relevant performance of the business unit; and (3) achieving qualified and above in individual performance assessment for the incentive object in the assessment year are met at the same time, the incentive object can determine the specific proportion of restricted stock that can be lifted in the current period in accordance with the achievement of the performance of the business unit; and if any of the above preconditions are not met, the Company will repurchase and cancel the restricted stock that can be released from the restricted sale during the current period in accordance with the provisions of the Plan.

### **III. The Capital Verification of Subscribed Fund of Restricted Stock Incentive Plan**

According to the Capital Verification Report No. 17(2022) issued on January 12, 2022, by Zhejiang Pan-China Certified Public Accountants (special general partnership), they have verified the subscribed fund paid by totally 293 Incentive Objects and concluded that the Company received all the fund of RMB 1,209,500 yuan. The difference between actual cost of stock repurchased, amounting to RMB 76.15 million yuan and subscribed fund paid by Incentive Objects, amounting to RMB 1,209,500 yuan will be recorded into capital reserve (share premium), amounting to RMB 74.94 million yuan.

**IV. Listing Date of Restricted Stock**

The Grant Date for Restricted Stock granted is January 6, 2022. The listing date for Restricted Stock granted is January 27, 2022.

**V. The Selling and Buying shares by Directors, Supervisors and Top Management Six Months before Listing Date**

There is no director, supervisor and top management selling and buying Company's shares six months before Listing Date.

**VI. Change of Capital Structure**

Category of Shares	Before change		Increase/decrease	After change	
	Total shares (share)	Share proportion (%)		Total shares (share)	Share proportion (%)
Circulation stock with sales restrictions	670,323	0.08%	1,209,500	1,879,823	0.23%
Circulation stocks without sales restrictions	808,008,153	99.92%	-1,209,500	806,798,653	99.77%
Total capital stocks	808,678,476	100%	0	808,678,476	100%

The total capital stock will not be changed due to this stock repurchase plan. After completion of the grant of Restricted Stock, the distribution of stock rights of the Company still fulfills the listing requirements. The holding shares of the actual controller SEB S.A. and the controlling status remain unchanged.

**VII. The Repurchased Shares used to Implement Incentive Plan**

The Company disclosed the Announcement on Completion of Public Shares Repurchase Plan on December 21, 2021. Till December 21, 2021, the Public Repurchase Plan has been completed, totally 1,209,500 shares were repurchased. The amount of repurchased shares has reached the required amount. Totally 1,209,500 shares have been repurchased during December 15, to December 21, 2021, amounting to 0.150% of the total capital stock using cash of CNY 76.15 million (transaction fees excluded), in specific, the highest price is CNY65.00 per share, the lowest price is CNY61.38 yuan per share and average repurchase price is 62.961 yuan per share.

All stocks of 1,209,500 shares used to implement incentive plan this time are repurchased from secondary stock market and the grant price is 1 yuan per share which is different from the average repurchase price.

According to Article No.22 of *Accounting Standards for Business Enterprises No.37-Presentation of Financial Instruments*: If a financial instrument or its components are equity instruments, the issuer shall treat them as changes in equity when they are issued (including refinancing), repurchased, sold or cancelled. Besides, in accordance with regulations of repurchased shares used for employee option incentives in *Accounting Standards for Business Enterprises No. 11- share-based payment Payments*, it is stipulated that an enterprise shall, upon receipt of subscribed fund paid by employee when they exercise their right to purchase the Company's stock, reverse the cost of treasury shares delivered to the employee and the accumulated amount of capital surplus (other capital surplus) during the waiting period, and at the same time, adjust the capital surplus according to the difference (share capital premium).

Board of Directors of Zhejiang Supor Co., Ltd.

January 28, 2022