

Stock Code: 002032

Short Form: Supor

Announcement No: 2021-034

## **Announcement of Public Shares Repurchase Plan**

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.

### **Important Notes:**

1. The Company plans to repurchase a part of social public shares from the secondary market through concentrated competitive bidding to reduce registered capital fund. The maximum price for repurchasing shares shall not exceed CNY77.80 per share. The top limitation of shares to be repurchased will not exceed 8,168,466 shares and the bottom limitation of shares will not lower than 4,084,233 shares. The specific amount of shares will be subject to actual shares amount repurchased upon the expiration of duration of shares repurchase plan. The implementation period of share repurchase plan will not exceed 12 months as of the general meeting of shareholders adopts the plan.
2. Risks disclosure
  - (1) The shares repurchase plan shall be submitted to general meeting of shareholders for approval as special resolution according to the regulations of Articles of Association and other laws. This shares repurchase plan shall not be implemented if it is not adopted by the general meeting of shareholders.
  - (2) The shares repurchase plan shall not be implemented if the stock price is continually higher than the maximum price for repurchasing shares
  - (3) Since the purposes of this shares repurchase plan are to reduce registered capital fund of the Company, the shares repurchase plan will not be implemented successfully if the Company fails to pay off the debts or afford certain guarantee of creditors of the Company.
3. The shares repurchase plan will not have significant impacts on the operation, finance, R&D, debt paying ability and future development and the status as a listed company will not be changed after shares repurchased.

Zhejiang Supor Co., Ltd. (hereinafter referred to as “Company”, “the Company” or “Supor”) plans to reduce part of registered capital fund of the Company by repurchasing and canceling public shares from secondary market by means of collective trading by bidding in accordance with *the Measures for the*

*Administration of Listed Companies Repurchase Public Shares(trial), Implementation Rules of Shenzhen Securities Exchange for Repurchasing Public Shares by Listed Companies* and Articles of Association of the Company. This shares repurchase plan has been reviewed and approved by the 6<sup>th</sup> Session of Seventh Board of Directors, and shall be submitted to First Interim General Meeting of Shareholders 2021 for review. Details are states as follows:

### **I. Purpose and use of repurchased shares**

The purpose is to reduce registered capital fund.

### **II. Way of repurchasing shares**

Repurchase social public shares from the secondary market through concentrated competitive bidding

### **III. Precondition for shares repurchase plan**

This shares repurchase plan is in conformity with the Article X regulated in *Implementation Rules of Shenzhen Securities Exchange for Repurchasing Public Shares by Listed Companies*:

1. Listed in the Shenzhen Stock Exchange more than one year.
2. The Company shall be able to pay off all the debts and the daily business will not be affected after shares repurchased.
3. The status as a listed company of the Company will not be changed after shares repurchased.
4. Other conditions required by CSRC.

### **IV. Price and pricing principle of repurchased shares**

The maximum price of public shares repurchased this time will not be higher than CNY77.80 per share.

Where the Company carries out ex-right and ex-dividend matters such as dividend payout, conversion of capital reserves to capital shares, share compressing, allotment of shares, etc. from the date of resolution made by board of directors and prior to the completion of this repurchase, the Company shall adjust the upper limit of stock repurchase price as of the ex-right and ex-dividend date according to the relevant requirements of China Securities Regulatory Commission and Shenzhen Stock Exchange.

The maximum price of public shares repurchased this time does not exceed 150% of the average closing price 30 transaction days early before the Board of Directors adopts the repurchasing plan resolution.

### **V. Type, Quantity of Stock Repurchase and their proportion in total capital stocks**

The type of the share to be repurchased will be the Share A public shares issued by the Company. The top limitation of shares to be repurchased by the Company will not exceed 1% of the total capital stock of the Company and the bottom limitation of shares to be repurchased by the Company will not lower than 0.5%

of the total capital stock of the Company. According to the arrangement of the Annual General Meeting of Shareholders for 2020 Fiscal Year and the Board meeting, respectively 26,000 shares of Restricted Stock granted to incentive objects who have resigned from the Company will be repurchased and canceled and repurchased shares amounting to 4,211,199 shares in Public Shares Repurchase Plan will be canceled. After above shares canceled, the capital stock of the Company will be changed from 821,083,860 shares to 816,846,661 shares. After calculated based on the new capital stock, the top limitation of shares to be repurchased by the Company will not exceed 8,168,466 shares and the bottom limitation of shares to be repurchased by the Company will not lower than 4,084,233 shares.

The specific amount of shares will be subject to actual shares amount repurchased upon the expiration of duration of shares repurchase plan.

#### **VI. Total Amount and Source of Capital Used for Stock Repurchase**

If the maximum price for repurchasing shares does not exceed CNY77.80 per share, the maximum fund for repurchasing shares shall not exceed CNY635.51 million and the minimum fund shall not lower than CNY317.75 million. The fund source will be the self-owned fund (excessive fund) of the Company.

The specific repurchasing fund will be subject to actual fund amount used upon the expiration of duration of shares repurchase plan.

#### **VII. Implementation period and validity of resolution of share repurchase plan**

The duration of public shares repurchase plan shall be within 12 months after the general meeting of shareholders approved the Resolution on Public Shares Repurchase Plan. The Company is forbidden to repurchase public shares within the following time periods: (1) 10 days before the financial report or performance report brief is announced; (2) within 2 business days as of the date the significant event that may cause great influence on the transaction price of the Company's shares or the date the decision-making process starts, till the date the disclosure is made legally; (3) The other periods recognized by CSRC and Shenzhen Securities Exchange.

1. If the quantity of public shares repurchased reaches the top limitation during the period above, the repurchase scheme will be completed immediately. The duration of shares repurchase plan will expire in advance by this date.

2. If the Board of Directors decided to terminate the repurchase plan, the duration of shares repurchase plan will expire in advance by this date.

This share purchase plan shall take effective as of the date it is adopted by the First Interim General

Meeting of Shareholders 2021.

### VIII. Expected equity change after shares repurchased

If 4,084,233 shares at the bottom limitation have been repurchased for cancelation successfully, the equity change is stated as below:

Category of Shares	Prior to this Repurchase		After this Repurchase	
	Total shares (share)	(%)	Total shares (share)	(%)
Circulation stock with sales restrictions	212,690,469	26.04%	212,690,469	26.17%
Circulation stocks without sales restrictions	604,156,192	73.96%	600,071,959	73.83%
Total capital stocks	816,846,661	100%	812,762,428	100%

If 8,168,466 shares at the top limitation have been repurchased for cancelation successfully, the equity change is stated as below:

Category of Shares	Prior to this Repurchase		After this Repurchase	
	Total shares (share)	(%)	Total shares (share)	(%)
Circulation stock with sales restrictions	212,690,469	26.04%	212,690,469	26.30%
Circulation stocks without sales restrictions	604,156,192	73.96%	595,987,726	73.70%
Total capital stocks	816,846,661	100%	808,678,195	100%

### IX. Analysis of the management on this repurchase on the Company's operation, finance, R&D, debt paying ability, future development and the status as a listed company

By December 31, 2020, the Company's total assets were CNY12.292 billion, the monetary capital was CNY1.720 billion, net assets belonging to the shareholders of listed company were CNY7.201 billion, and the Company's asset-liability ratio was 41.13% and the net profit belonging to the shareholders of listed company was CNY1.846 billion. Supposing that 8,168,466 shares of public shares will be repurchased at the highest price, the repurchase amount approximately accounts for 5.17% of the Company's total assets

and 8.83% of the net assets belonging to the shareholders of the listed companies, if calculation is made according to the financial data audited on December 31, 2020. The Company believes that the shares repurchase plan will not have significant impacts on its operation, finance and debt paying ability considering the stable financial situations of the Company.

By December 31, 2020, the R&D expenses were CNY 0.442 billion. The monetary capital is enough to guarantee the whole year's R&D based on the statistics of last year. The Company believes that the shares repurchase plan will not have significant impacts on its R&D of the Company.

The Company's equity distribution still meets its listing conditions. Therefore, the Company's status as a listed company will not be changed after shares repurchased.

**X. Instructions of controlling shareholders, actual controller, Directors, Supervisors and Top Management on buying or selling the Company's shares within six months prior to the resolution of share repurchase was made, insider trading and market manipulation after getting information of this share repurchase plan in advance**

Director Mr. Su Xianze sold respectively 45,600 shares, 26,000 shares and 90,446 shares on January 27, 28 and 29, 2021 with average share price at 80.332 yuan/per share, 78.41 yuan/per share and 78.614 yuan/per share. CFO Mr. Xu Bo sold respectively 20,000 shares, 26,913 shares and 11,000 shares on February 1, 5 and 8, 2021 with average share price at 80 yuan/per share, 79.698 yuan/per share and 81.60 yuan/per share. Vice General Manager and Board Secretary sold totally 17,397 shares on January 26, 2021 with average share price at 80.003 yuan/per share.

Except for the above, the Company's director, supervisor, top management, controlling shareholder and actual controller did not trade the Company's shares or involve in insider trading and market manipulation either individually or together with others within six months before the Resolution on Repurchasing Public Shares was made by the Board of Directors.

The Company's director, supervisor, top management, controlling shareholder and actual controller do not have any Reduction Scheme on Shares except the regulatory part of shares could be reduced each year at this stage and will strictly disclose Pre-disclosure of Reduction Scheme on Shares before implementation in future.

**XI. Arrangements after shares repurchase and measures to avoid violating the interests of creditors**

The purpose of part of shares repurchased this time is to reduce registered capital, the Company will inform all creditors according to the *Company Law*.

**XII. Opinions of Independent Directors**

After verification of the Repurchase Preplan, independent directors have given following independent opinions:

1. This Repurchase Preplan is formulated in accordance with *the Company Law, the Securities Law, Measures for the Administration of Listed Companies Repurchase Public Shares (trial)* and the *Implementation Rules of Shenzhen Securities Exchange for Repurchasing Public Shares by Listed Companies*, and *the Articles of Association* of the Company.

2. The purpose of repurchasing the public shares is to reduce the registered capital which will be helpful to protect the interests of the investors and strengthen their confidence in the investment value of the Company.

3. The fund used for repurchasing the public shares is Company's self-owned fund. The Company enjoys favorable cash flow, and the expense will not affect the cash operation demand of the Company.

We approve unanimously the repurchase preplan is legal and will not harm the interests of the Company and all shareholders, especially the interests of minority shareholders.

**XIII. Risks disclosure**

1. The shares repurchase plan shall be submitted to general meeting of shareholders for approval as special resolution according to the regulations of Articles of Association and other laws. This shares repurchase plan shall not be implemented if it is not adopted by the general meeting of shareholders.

2. The shares repurchase plan shall not be implemented if the stock price is continually higher than the maximum price for repurchasing shares

3. Since the purposes of this shares repurchase plan are to reduce registered capital of the Company, the shares repurchase plan will not be implemented successfully if the Company fails to pay off the debts or afford certain guarantee of creditors of the Company.

Board of Directors of Zhejiang Supor Co., Ltd.

April 23, 2021