

Stock code: 002032

Short form: Supor

Announcement No.:2022-005

Announcement of Grant of Restricted Stock to Incentive Objects

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”) reviewing and adopting the Proposal on Grant of Restricted Stock to Incentive Objects at the 11th Session of the Seventh Board of Directors on January 6, 2022, agreeing to grant 1,209,500 shares of Restricted Stock to totally 293 Incentive Objects on January 6, 2022, with the detailed contents disclosed as follows:

I. Brief of the Restricted Stock Incentive Plan and Relevant Approval Procedures already completed

(I) Brief of the Incentive Plan

1.Mode of incentive plan

The execution mode of the incentive plan is Restricted Stock.

2.Source of incentive plan

The source of the stock under incentive plan is the Company's stock repurchased by the Company from secondary market.

3.Grant price, quantity and number of incentive objectives under incentive plan

The Grant Price of the Restricted Stock is 1.00 yuan per share. There are totally 293 incentive objects involved in Grant of this Plan, including middle and senior management personnel, core technical (business) personnel and other employees identified by the Board of Directors to be motivated.

4. 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%

5. 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.

(II) Relevant Approval Procedures

1. On December 10, 2021, the 10th Session of the Seventh Board of Directors and 9th 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 11th Session of the Seventh Board of Directors and 9th 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. Satisfactions of Granting Conditions of Restricted Stock Incentive Plan

Incentive Objects will be entitled to be granted the Restricted Stock, if the following conditions are met.

1. The Company has not or is not involved in one of the following circumstances:

(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.

(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.

(3) The Company was involved in 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.

(4) The law or regulation prohibits to implementing the equity incentive.

(5) The other circumstances recognized by CSRC.

2. The Incentive Object has not or is not involved in one of the following circumstances:

(1) The incentive object was recognized as the inappropriate candidate by the stock exchange in recent 12 months.

(2) The incentive object was recognized by CSRC or its agency as the inappropriate candidate in recent 12 months.

(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.

(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*.

(5) The incentive object who is not allowed to participate in the equity incentive according to laws or regulations.

(6) The other circumstances recognized by CSRC.

After verification, the Company and all Incentive Objects have not or are not involved in one of above circumstances, and the granting conditions of Restricted Stock are satisfied. Therefore, the Incentive Objects will be allowed to be granted of the Restricted Stock.

III. Discrepancy between the Incentive Plan under Implementation and the Plan already Disclosed

The Third Interim General Meeting of Shareholders 2021 reviewed and adopted the 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. The Board of Directors has been authorized to grant restricted stock to incentive objects when incentive objects comply with the given conditions and deal with all issues required by the grant of restricted stock of the Restricted Stock Incentive Plan.

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

IV. The Granting Arrangement of Restricted Stock Incentive Plan

1. The Grant Date on which the Restricted Stock shall be first granted is January 6, 2022.

2. The Grant Price of the Restricted Stock is 1 yuan per share.

3. 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%

V. Impact on the Company Financial Conditions

According to the relevant provisions of *Accounting Standards for Business Enterprises No.11 - Share-based Payment*, the Company shall determine the fair value of the restricted stocks on the base date

of grant and finally confirm the stock payment fee of the incentive plan. The incentive cost = market price on grant date - grant price.

The incentive costs of the Company's equity incentive plan are the total expenses, which will be confirmed at different stages according to the proportion of releasing conditions during the implementation of the incentive plan, and will be charged to the operating profit and loss. Since the Grant Date is January 6, 2022, the cost allocation of Restricted Stock between 2022 and 2024 is as follows:

Fair value of restricted stocks (RMB Million)	2022	2023	2024
7,157.82	2,982.43	2,982.43	1,192.97

Note 1: The final accounting cost shall not be represented by results above. The actual accounting cost is not only related to the grant date, grant price and grant quantity, but also related to the quantity of actual valid and invalid restricted stocks.

Note 2: Please noted the dilution influence caused by the share-based payment.

Note 3: The final result of the above-mentioned impact on the Company's operating results will be subject to the audit report issued by the accounting firm.

The performance of relevant accounting periods is influenced by the share-based payment costs generated by the incentive plan, but the degree of such influence is controllable. In addition, the implementation of this incentive plan will effectively unlock the passion of the core team, upgrade operating efficiency and reduce operating costs. Therefore, although certain costs has been generated in implementation of this incentive plan, it has effectively promoted the continuing operation capacity of the Company.

VI. The Selling and Buying shares by Directors, Supervisors and Top Management Six Months before Grant Date

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

VII. The Individual Income Tax Payment of Incentive Objects

The capital source for subscribing the Restricted Stock and individual income tax shall be self-raised by the Incentive Objects. The Company warrants it does not provide loan and financial aid in any form for the Incentive Objects to acquire the Restricted Stocks as per the Plan, including providing guarantee for their loan

VIII. Independent Directors' Opinions

After verification, the Board of Directors decided to grant the Restricted Stock to all Incentive Objects on January 6, 2022. Independent directors have given following independent opinions:

1. The Third Interim General Meeting of Shareholders 2021 has authorized the Board of Directors to grant restricted stock to incentive objects when incentive objects comply with the given conditions and deal with all issues required by the grant of restricted stock of the Restricted Stock Incentive Plan. The Board of Directors plans to grant first restricted stock to incentive objects on January 6, 2022. This Grant Date is strictly in line with the regulations stipulated in *the Measures for Equity Incentive*
2. The Incentive Objects all meet the requirements stipulated in *the Measures for Equity Incentive* and the scope in 2021 Restricted Stock Incentive Plan (Draft), and their subjective qualifications of the Incentive Objects involved in this plan are legal and valid.
3. The Company and all Incentive Objects have not or are not involved in one of the circumstances which the restricted stock are not to be granted, the granting conditions of Restricted Stock are satisfied.

We agree to grant all Incentive Objects the Restricted Stock.

IX. Verifying Opinions of the Board of Supervisors

The Board of Supervisors of the Company has verified the granting conditions of 2021 Restricted Stock Incentive Plan and concluded that:

The Incentive Object has not or is not involved in one of the following circumstances: 1) The incentive object was recognized as the inappropriate candidate by the stock exchange in recent 12 months. 2) The incentive object was recognized by CSRC or its agency as the inappropriate candidate in recent 12 months. 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. 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*. 5) The incentive object who is not allowed to participate in the equity incentive according to laws or regulations. 6) The other circumstances recognized by CSRC.

The Incentive Objects involved in are all employees of the Company including top management and core staff. The Incentive Objects involved in this Incentive Plan do not include any independent director, supervisor or shareholder who holds 5% or more shares of the listed company independently or jointly or actual controller and their spouses, parents and children. The subjective qualifications of the Incentive Objects involved in this plan are legal and valid.

X. Legal Statement of Grandall Legal Group (Hangzhou)

Attorneys from Grandall Legal Group (Hangzhou) conclude following conclusive opinions: the Company has obtained authorization and approval related to granting matters of Incentive Plan. The decision-making process of Grant Date of Restricted Stock granted are in compliance with *the Measures for the Administration of the Equity Incentives of Listed Companies and 2021 Restricted Stock Incentive Plan (Draft)*. The granting conditions of Restricted Stock regulated in the Incentive Plan are satisfied.

XI. Verifying Opinions of Independent Financial Consultant

CICC the Independent Financial Consultant concludes following conclusive opinions: the Company has obtained imperative authorization and approval related to granting matters of Incentive Plan. The approval procedures already completed are strictly in line with the Incentive Plan. The decision-making process of Grant Date, Incentive Objects and amount of Restricted Stock granted are in compliance with *the Company Laws, the Securities Laws, the Measures for the Administration of the Equity Incentives of Listed Companies and 2021 Restricted Stock Incentive Plan (Draft)*. The Company and Incentive Objects have not or are not involved in one of those circumstances which Restricted Stock is prohibited to be granted.

Board of Directors of Zhejiang Supor Co., Ltd.

January 7, 2022