

Stock code: 002032

Short form: Supor

Announcement No.:2023-011

Announcement of Grant of Postponed Portion 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.

The granting conditions of the postponed portion of Restricted Stock stipulated in the 2022 Restricted Stock Incentive Plan (Draft) (hereinafter referred to as “the Incentive Plan” or “this Incentive Plan”) of Zhejiang Supor Co., Ltd. (hereinafter referred to as “Company”, “the Company” or “Supor”) are satisfied. The *Proposal on Grant of Postponed Portion of Restricted Stock to Incentive Objects* was reviewed and adopted at the 18th Session of the Seventh Board of Directors on January 31, 2023. The Board of Directors agreed to grant 79,000 shares of Restricted Stock to 2 Incentive Objects on February 1, 2023, 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

The Incentive Plan was reviewed and adopted at the First Interim General Meetings of Shareholders 2022, details are as follows:

1.Mode of the Incentive Plan

The execution mode of this Incentive Plan is Restricted Stock.

2.Source of the Incentive Plan

The source of the stock under this Incentive Plan is the Company's stock repurchased by the Company from secondary market.

3.Grant price, quantity and number of incentive objectives under the Incentive Plan

The Grant Price of the Restricted Stock is 1.00 yuan per share. There are totally 290 incentive objects involved in Grant of this Incentive 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 the Incentive Plan and unlocking arrangement

The restricted stock granted by the 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 the Incentive Plan

(1) Requirements for company-level performance assessment

Under this 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 objects 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 Incentive 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 Incentive 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-level 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 August 30, 2022, the 14th Session of the Seventh Board of Directors and the 13th Session of the Seventh Board of Supervisors reviewed and adopted the *Proposal on 2022 Restricted Stock Incentive Plan (Draft) and its Abstract*. Independent Directors have addressed independent opinions on the Incentive Plan. The Board of Supervisors have conducted preliminary verifications on the List of Incentive Objects.

2. On September 16, 2022, the Company disclosed *Verification Opinions on List of Incentive Objects for 2022 Restricted Stock Incentive Plan*. The Board of Supervisors has verified the Incentive Objects of 2022 Restricted Stock Incentive Plan and concluded that the subjective qualifications of the Incentive Objects involved in this plan are legal and valid.

3. On September 21, 2022, the First Interim General Meeting of Shareholders 2022 reviewed and adopted the *Proposal on 2022 Restricted Stock Incentive Plan (Draft) and its Abstract, Proposal on*

Assessment Measures for the Implementation of the 2022 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 September 22, 2022, the Company disclosed *Self-verification on Buying or Selling the Company's Shares by Insiders and Incentive Objects of 2022 Restricted Stock Incentive Plan*. The Company's insiders did not trade the Company's shares or involved in insider trading during the process of planning. In addition, the Company's insiders and Incentive Objects did not trade the Company's shares or involved in insider trading within six months before the publication of the Incentive Plan.

5. On October 12 2022, the 15th Session of the Seventh Board of Directors and the 14th Session of the Seventh Board of Supervisors reviewed and adopted the *Proposal on Grant of Restricted Stock to Incentive Objects*, agreeing to grant 1,253,500 shares of Restricted Stock to totally 288 Incentive Objects on October 12, 2022. Independent Directors have addressed independent opinions on the above Proposal.

6. On November 11, 2022, the Company disclosed Announcement of Completion of Registration for Grant of Restricted Stock. The Restricted Stock has been registered under the name of all incentive objects on November 10, 2022.

7. On January 31, 2023, the 18th Session of the Seventh Board of Directors and the 17th Session of the Seventh Board of Supervisors reviewed and adopted the *Proposal on Grant of Postponed Portion of Restricted Stock to Incentive Objects*, agreeing to grant 79,000 shares of Restricted Stock to 2 Incentive Objects on February 1, 2023. Independent Directors have addressed independent opinions on the above Proposal.

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.

The Company and all Incentive Objects have not or are not involved in one of above circumstances, and the granting conditions of the Restricted Stock are satisfied. In accordance with the rules stipulated in the Incentive Plan, Incentive Objects can be granted with Restricted Stock.

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

The First Interim General Meeting of Shareholders 2022 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.

Incentive Objects Mr. Xu Bo and Mr. Ye Jide reduced their shares of the Company on July 28, 2022. The Company has followed the regulations regarding short-swing trading stated in *the Securities Law* to postpone the grant of Restricted Stock. The restricted period of Mr. Xu Bo and Mr. Ye Jide has reached six months up to now. In accordance with *the Measures for the Administration of the Equity Incentives of Listed Companies* and rules stipulated in the 2022 Restricted Stock Incentive Plan, and according to

authorization of the First Interim General Meeting of Shareholders 2022, the Board of Directors decided that the granting conditions of the postponed portion of Restricted Stock are satisfied, above 2 Incentive Objects will be granted with 79,000 shares of Restricted Stock on February 1, 2023.

Except for the aforesaid circumstances, the Incentive Plan under implementation is in line with the plan that approved by the First Interim General Meeting of Shareholders 2022.

IV. The Granting Arrangement of Restricted Stock Incentive Plan

1. The Grant Date of the Restricted Stock is February 1, 2023.
2. The Grant Price of the Restricted Stock is 1 yuan per share.
3. The Incentive Objects and amount of Restricted Stock

This Incentive Plan includes the granting of 1,332,500 shares of Restricted Stock to totally 290 Incentive Objects, and the Company plans to grant 79,000 shares of Restricted Stock to 2 Incentive Objects on February 1, 2023. 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	Restricted Stock Granted (shares)	Portion in Current Total Capital Stock
Cheung Kwok Wah	Chief Executive Officer	82,000	6.15%	Already granted	0.010%
Xu Bo	Chief Financial Officer	58,000	4.35%	58,000	0.007%
Ye Jide	Vice General Manger & Board Secretary	21,000	1.58%	21,000	0.003%
Other Incentive Objects		1,171,500	87.92%	Already granted	0.145%
Total		1,332,500	100%	79,000	0.165%

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. Given that the Grant Date is February 1, 2023, the cost allocation of Restricted Stock from 2023 to 2024 is as follows:

Fair value of restricted stocks (RMB Million)	2023	2024
4.1199	3.6726	0.4473

Note 1: The final accounting cost shall not be represented by results above. The actual accounting cost is not only related to the actual 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 and Top Management Six Months before the Grant Date

Through verification, no directors and top management involved in the postponed portion of this plan have bought or sold the Company's shares within six months prior to the 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 Incentive Objects on February 1, 2023. Independent directors have given following independent opinions:

1. The restricted trading period of Incentive Objects Mr. Xu Bo and Mr. Ye Jide has reached six months. The First Interim General Meeting of Shareholders 2022 has authorized the Board of Directors to grant restricted stock to incentive objects when incentive objects complying 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 the postponed portion of Restricted Stock to two Incentive Objects on February 1, 2023. This Grant Date is strictly in line with the regulations stipulated in the Administration Measures and 2022 Restricted Stock Incentive Plan (Draft).
2. Incentive Objects Mr. Xu Bo and Mr. Ye Jide have met the requirements stipulated in the Administration Measures and the scope in 2022 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 the Incentive Objects have not or are not involved in one of the circumstances that the Restricted Stock is not to be granted, the granting conditions of Restricted Stock are satisfied.

We agree with the decision to grant 79,000 shares of Restricted Stock to Mr. Xu Bo and Mr. Ye Jide on February 1, 2023.

IX. Verifying Opinions of the Board of Supervisors

The Board of Supervisors of the Company has verified the granting conditions of the postponed portion of 2022 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.

Incentive Objects CFO Mr. Xu Bo and Vice General Manager & Board Secretary Mr. Ye Jide reduced their shares of the Company on July 28, 2022. The restricted period of Mr. Xu Bo and Mr. Ye Jide has reached six months ending on this meeting date. Above incentive objects have already met the conditions as incentive objects stipulated in the *Measures for the Administration of the Equity Incentives of Listed Companies* and are in line with the scope of incentive objects stipulated in the Incentive Plan. The subjective qualifications of above Incentive Objects involved in this plan are legal and valid.

In conclusion, the Board of Supervisors agrees to grant 79,000 shares of Restricted Stock to totally 2 Incentive Objects on February 1, 2023.

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 Administration Measures and the Incentive Plan*. The granting conditions of Restricted Stock regulated in the Incentive Plan are satisfied, the Company shall continue with relevant procedures such as information disclosure, registration and public announcements regarding implementation of the Incentive Plan.

XI. Verifying Opinions of Independent Financial Consultant

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, Grant Price, Incentive Objects and amount of Restricted Stock granted are in compliance with *the Company Law, the Securities Law, the Administration Measures, the Rules Governing the Listing of Stocks on Shenzhen Stock Exchange, Shenzhen Stock Exchange Self-Regulatory Guidance for Listed Companies No.1- Business Handling* and other relevant laws, regulations and regulatory documents. The Company has 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.

February 2, 2023