

Announcement of Accrual and Allocation Scheme of Performance Incentive Fund in 2023

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.

In accordance with the Proposal on Administration Measures for the Performance Incentive Fund (hereinafter referred to as "the Administration Measures for Performance Incentive Fund ") reviewed and adopted by the 3rd Session of the Eighth Board of Directors and the Second Interim General Meeting of Shareholders 2023 of Zhejiang Supor Co., Ltd. (hereinafter referred to as "the Company", "this Company" or "Supor"), the accrual condition of the Performance Incentive Fund has been satisfied. On March 29, 2024, the Proposal on Accrual and Allocation Scheme of Performance Incentive Fund in 2023 was reviewed and adopted by the 7th Session of the Eighth Board of Directors, the Company plans to accrue CNY22,903,379 incentive funds and distribute to eligible reward objects. Details are as follows:

I. Approval Procedures of the Administration Measures for Performance Incentive Fund

1. On September 27, 2023, the Proposal on Administration Measures for the Performance Incentive Fund was reviewed and adopted by the 3rd Session of the Eighth Board of Directors. This proposal has also been approved by the Compensation and Appraisal Committee of the Board of Directors of the Company.

2. On October 19, 2023, the Proposal on Administration Measures for the Performance Incentive Fund was reviewed and adopted by the Second Interim General Meeting of Shareholders.

For details, please refer to the Announcement of Resolutions of the 3rd Session of the Eighth Board of Directors, Announcement on Resolutions of the Second Interim General Meeting of Shareholders 2023 disclosed in Securities Times, China Securities Journal, Securities Daily and cninfo.com.cn dated September 28, 2023 and October 20, 2023 (Announcement No.: 2023-066 and 2023-073).

II. Conditions for the accrual of the Annual Performance Incentive Fund and the eligibility of reward objects

1. Accrual and Distribution of Incentive Fund

The Company adopts a complete fiscal year as an assessment period, namely, from January 1 to December 31 of each year. The incentive fund is also accrued on an annual basis. The accrual of the incentive fund each year is based on whether the audited return on net assets for the corresponding assessment year meets the standard, with an upper limit of no more than 3% of the net profit in the corresponding assessment year.

Notes: The "return on net assets" herein is the weighted average return on net assets, and the "net profit" is calculated based

on the net profit attributable to shareholders of the listed company and excluding share-based payment expenses

(1) Company-level annual accrual standards and methods

Based on the industry characteristics and past performance of the Company, a return on net assets of 22% is set as the threshold for accruing the incentive fund. The accrual ratios and methods for the assessment years (2023 and 2024) are as follows:

- i. If the return on net assets for the assessment year is lower than 22%, no incentive fund will be accrued.
- ii. If the return on net assets for the assessment year reaches 22%, the incentive fund can be accrued, with an upper limit of no more than 3% of the net profit in the corresponding assessment year. The actual accrual amount within the above range will be proposed by the performance appraisal working group.

(2) Requirements for business unit performance assessment

Under the Measures, the Company needs to assess the performances of the business unit served by a reward object. One of the prerequisites for the reward object to fully or partially obtain the incentive fund in the current period is the relevant performance of his/her business unit reaching a basic target and above. The specific amount of incentive fund that an individual can receive will be determined based on the performance of the business unit where the reward object is located. If the relevant performance of the business unit does not meet the basic target, the Company will not distribute the corresponding amount to the reward objects in accordance with the Measures.

(3) Requirements for individual performance assessment

Under the Measures, the Company needs to conduct performance assessments on reward objects on a yearly basis. One of the prerequisites for reward objects to fully or partially obtain incentive fund in the current period is that their individual performances in the assessment year being qualified and above. If the individual performance assessment result for the reward objects in that assessment year is below the qualified level, the Company will not distribute the corresponding amount to the reward objects in accordance with the Measures.

In case that the three preconditions of (1) achieving company performance; (2) achieving basic target and above in relevant performance of the business unit; and (3) achieving qualified and above in individual performance assessment for the reward object in the assessment year are met at the same time, the reward object can determine the individual specific amount of incentive fund in the current period in accordance with the achievement of the performance of the business unit; if any of the above prerequisites is not met, the Company will not distribute the corresponding amount to the reward objects in accordance with the Measures.

(4) Distribution arrangement for the incentive fund

The distribution periods and specific distribution schedules of the incentive fund accrued under the Measures are shown in the table below:

Distribution arrangement	Year of assessment	Distribution Time
First distribution period	2023	Starting from 24 months after the Measures are reviewed and approved by the General Meeting of Shareholders, and up to 36 months thereafter, the Company will distribute accordingly.

Distribution arrangement	Year of assessment	Distribution Time
Second distribution period	2024	Starting from 36 months after the Measures are reviewed and approved by the General Meeting of Shareholders, and up to 48 months thereafter, the Company will distribute accordingly.

2. Explanation on Satisfaction of the Conditions for the Grants of the Annual Performance Incentive Fund

According to the accrual standards and requirements mentioned above, the assessment results for 2023 Fiscal year are as follows:

(1) According to the Audit Report 2023 issued by KPMG Certified Public Accountants (special general partnership), the return on net assets of the Company in 2023 is 34.62%, the incentive fund can be accrued, with an upper limit of no more than 3% of the net profit in 2023. The actual accrual amount within the above range will be proposed by the performance appraisal working group.

(2) The overall performance assessment of the business units where reward objects serve reach basic target and above.

(3) In 2023, all reward objects are assessed as qualified.

(4) None of the circumstances stipulated in Article 13 of the Measure where the reward objects are unqualified has happened to them.

In conclusion, both the Company and the reward objects have met the accrual conditions, the conditions for the accrual and allocation of the Company's Performance Incentive Fund in 2023 have been met.

III. Description of the Amount Accrued and Allocation of the Performance Incentive Fund for 2023 Fiscal Year

1. The amount accrued for the incentive fund

Since the accrual conditions of the Performance Incentive Fund are satisfied, according to Article 16 in the Measures: If the return on net assets for the assessment year reaches 22%, the incentive fund can be accrued, with an upper limit of no more than 3% of the net profit in the corresponding assessment year.

According to the Company's operating results for 2023, the actual amount accrued from the incentive funds is CNY22,903,343 for 2023 Fiscal Year, and the individual income tax is withheld and paid by the Company.

2. Allocation for the incentive fund for 2023 Fiscal Year

In accordance with the relevant provisions of the Incentive Fund Administration Measures regarding the reward objects and allocation of the fund, as proposed by the appraisal working group and reviewed by the Compensation and Appraisal Committee of the Board of Directors, the specific allocation plan of the Performance Incentive Fund for the 2023 Fiscal Year is that the Company intends to grant performance incentive funds with total amount of CNY22,903,379 (before tax) to 285 eligible reward objects.

3. Distribution for the incentive fund for 2023 Fiscal Year

The distribution of the incentive fund for 2023 Fiscal Year will be arranged by the appraisal working group, and will be further reviewed and approved by the Board of Directors separately.

IV. The impact of the implementation of this annual performance incentive fund scheme on the Company's financial position and operating results

The Performance Incentive Fund for Fiscal Year 2023 has been accrued in the Company's audited annual financial statements for Fiscal Year 2023, and the accrual and allocation will not have a material impact on the Company's financial condition and operating results for Fiscal Years 2023 and thereafter.

V. Opinion of the Compensation and Appraisal Committee on the Accrual and Allocation Scheme of Performance Incentive Fund in 2023

After reviewing the Company's Annual Audit Report for the Fiscal Year 2023 and the relevant provisions of the Performance Incentive Fund Administration Measures, the Compensation and Appraisal Committee has issued the following opinions:

The conditions for the accrual of the Performance Incentive Fund for the fiscal year 2023 have been fulfilled and the award objects are in compliance with the relevant provisions of the Administration Measures for Performance Incentive Fund. The proposed accrual of the Performance Incentive Fund in 2023 of CNY22,903,379 is in line with the relevant provisions of the Administration Measures for Performance Incentive Fund, and the specific allocation amount has taken into account various factors such as the award objects' positions, length of services, performance contribution, and performance appraisal results. The accrual and allocation scheme of the performance incentive fund is in line with the interests of the Company and all its shareholders, and is conducive to fully mobilize the enthusiasm of the Company's top management, core business and technical personnel, and realizing the effective combination of the interests of the shareholders, the Company and the management team; it is also conducive to the Company's long-term sustainable development, and there is no damage to the interests of the Company and its shareholders, especially the minority shareholders, and it will not have any impact on the Company's independence.

Board of Directors of Zhejiang Supor Co., Ltd.

March 30, 2024