

## Announcement of Accrual and Allocation Scheme of Performance Incentive Fund in 2024

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 3<sup>rd</sup> 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"), and the Proposal on Administration Measures for the Second Performance Incentive Fund (hereinafter referred to as "the Administration Measures for Second Performance Incentive Fund") reviewed and adopted by the 9<sup>th</sup> Session of the Eighth Board of Directors and the Third Interim General Meeting of Shareholders 2024, the accrual condition of the Performance Incentive Fund in 2024 has been satisfied. On March 27, 2025, the Proposal on Accrual and Allocation Scheme of Performance Incentive Fund in 2024 was reviewed and adopted by the 14<sup>th</sup> Session of the Eighth Board of Directors, the Company plans to accrue totally CNY49,049,010 incentive funds, that is CNY22,800,474 incentive funds under *the Administration Measures for Performance Incentive Fund* and CNY26,248,536 incentive funds under *the Administration Measures for Second Performance Incentive Fund* and distribute to eligible reward employees. Details are as follows:

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

#### 1. the Administration Measures for Performance Incentive Fund

(1) 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 2023. This proposal has also been approved by the 3<sup>rd</sup> Session of the Compensation and Appraisal Committee of Board of Directors in 2023 and the 3<sup>rd</sup> Session of the Eighth Board of Directors.

For details, please refer to the Announcement of Resolutions of the 3<sup>rd</sup> 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).

(2) On March 29, 2024, the 7<sup>th</sup> Session of the Eighth Board of Directors and the 7<sup>th</sup> Session of the Eighth Board of Supervisors reviewed and adopted the Proposal on Accrual and Allocation Scheme of

Performance Incentive Fund in 2023. According to the Administration Measures for the Performance Incentive Fund, the accrual condition of the Performance Incentive Fund in 2023 is satisfied, the Company plans to accrue CNY22,903,379 incentive funds and distribute to 285 eligible reward employees.

For details, please refer to the Announcement of Accrual and Allocation Scheme of Performance Incentive Fund in 2023 disclosed in Securities Times, China Securities Journal, Securities Daily and cninfo.com.cn dated March 30, 2024 (Announcement No.:2024-020).

## **2. the Administration Measures for Second Performance Incentive Fund**

(1) On September 20, 2024, the Proposal on Administration Measures for the Second Performance Incentive Fund was reviewed and adopted by the Third Interim General Meeting of Shareholders 2024. This proposal has also been approved by the 3<sup>rd</sup> Session of the Compensation and Appraisal Committee of Board of Directors in 2024 the Company and the 9<sup>th</sup> Session of the Eighth Board of Directors.

For details, please refer to the Announcement of Resolutions of the 9<sup>th</sup> Session of the Eighth Board of Directors, Announcement on Resolutions of the Third Interim General Meeting of Shareholders 2024 disclosed in Securities Times, China Securities Journal, Securities Daily and cninfo.com.cn dated August 30, 2024 and September 21, 2024 (Announcement No.: 2024-041 and 2024-046).

## **II. Conditions for the accrual of the Annual Performance Incentive Fund and the eligibility of reward employees**

### **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 previous performance of the Company, both *the Administration Measures for Performance Incentive Fund* and *the Administration Measures for Second Performance Incentive Fund* use return on net assets as the threshold for accruing the incentive fund. The accrual ratios and methods for the assessment years under the two Measures are as follows:

- i. the Administration Measures for Performance Incentive Fund
  - a) If the return on net assets for the assessment year is lower than 22%, no incentive fund will be accrued.
  - b) 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.
- ii. the Administration Measures for Second Performance Incentive Fund

- a) If the return on net assets for the assessment year is lower than 26%, no incentive fund will be accrued.
- b) If the return on net assets for the assessment year reaches 26%, 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.

Notes: the assessment years for *the Administration Measures for Performance Incentive Fund* is 2023 and 2024; and the assessment years for *the Administration Measures for Second Performance Incentive Fund* is 2024 and 2025.

### **(2) Requirements for business unit performance assessment**

Under both Measures, the Company needs to assess the performances of the business unit served by a reward employee. One of the prerequisites for the reward employee 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 employee 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 employees in accordance with the Measures.

### **(3) Requirements for individual performance assessment**

Under both Measures, the Company needs to conduct performance assessments on reward employees on a yearly basis. One of the prerequisites for reward employees 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 employees in that assessment year is below the qualified level, the Company will not distribute the corresponding amount to the reward employees 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 employee in the assessment year are met at the same time, the reward employee 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 employees 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 two Measures are shown in the table below:

Corresponding measures	Distribution arrangement	Year of assessment	Distribution Time
the Administration Measures for Performance Incentive Fund	First distribution period	2023	Starting from 24 months after the Measure is reviewed and approved by the General Meeting of Shareholders, and up to 36 months thereafter, the Company will distribute

Corresponding measures	Distribution arrangement	Year of assessment	Distribution Time
			accordingly.
	Second distribution period	2024	Starting from 36 months after the Measure is reviewed and approved by the General Meeting of Shareholders, and up to 48 months thereafter, the Company will distribute accordingly.
the Administration Measures for Second Performance Incentive Fund	First distribution period	2024	Starting from 24 months after the Measure is reviewed and approved by the General Meeting of Shareholders, and up to 36 months thereafter, the Company will distribute accordingly.
	Second distribution period	2025	Starting from 36 months after the Measure is 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 in 2024

According to the accrual standards and requirements mentioned above, the assessment results for 2024 fiscal year are as follows:

(1) According to the Audit Report 2024 issued by KPMG Certified Public Accountants (special general partnership), the return on net assets of the Company in 2024 is 37.27%, the incentive fund can be accrued, with an upper limit of no more than 3% of the net profit in corresponding assessment year. 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 employees serve reach basic target and above.

(3) All reward employees are assessed as qualified.

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

In conclusion, both the Company and the reward employees have met the accrual conditions, the conditions for the accrual and allocation of the Performance Incentive Fund and the Second Performance Incentive Fund in 2024 have been met.

## III. Description of the Amount Accrued and Allocation of the Performance Incentive Fund for 2024 Fiscal Year

### 1. The amount accrued for the incentive fund

Since the accrual conditions of both Performance Incentive Funds are satisfied, according to Article 16 in the Administration Measures for Performance Incentive Fund: If the return on net assets for the assessment year reaches 22%, the incentive fund can be accrued; and according to Article 16 in the Administration Measures for Second Performance Incentive Fund: If the return on net assets for the assessment year reaches 26%, the incentive fund can be accrued, with an upper limit of no more than 3% of the net profit in the corresponding assessment year.

In accordance with the Company's operating results for 2024 fiscal year, the Administration Measures

for Performance Incentive Fund and the Administration Measures for Second Performance Incentive Fund, the Company will accrue totally CNY49,049,010 incentive funds, that is CNY22,800,474 incentive funds under *the Administration Measures for Performance Incentive Fund* and CNY26,248,536 incentive funds under *the Administration Measures for Second Performance Incentive Fund*, and the individual income tax is withheld and paid by the Company.

## **2. Allocation for the incentive fund for 2024 fiscal year**

In accordance with the relevant provisions of the two Measures regarding the reward employees 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 2024 fiscal year is that: under the Performance Incentive Fund, the Company intends to grant performance incentive funds with total amount of CNY22,800,474 (before tax) to 280 eligible reward employees; under the Second Performance Incentive Fund, the Company intends to grant performance incentive funds with total amount of CNY26,248,536 (before tax) to 286 eligible reward employees.

## **3. Distribution for the incentive fund for 2024 fiscal year**

The distribution of the incentive fund for 2024 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 2024 fiscal year has been accrued in the Company's audited annual financial statements for 2024 fiscal year, and the accrual and allocation will not have a material impact on the Company's financial condition and operating results for 2024 fiscal year and thereafter.

# **V. Opinion of the Compensation and Appraisal Committee on the Accrual and Allocation Scheme of Performance Incentive Fund in 2024**

After reviewing the Company's Annual Audit Report for the 2024 Fiscal Year and the relevant provisions of the Administration Measures for Performance Incentive Fund and the Administration Measures for Second Performance Incentive Fund, the Compensation and Appraisal Committee has issued the following opinions:

The conditions for the accrual of the Performance Incentive Fund for the 2024 fiscal year have been fulfilled and the reward employees are in compliance with the relevant provisions of the Administration Measures for Performance Incentive Fund and the Administration Measures for Second Performance Incentive Fund. The proposed accrual of the Performance Incentive Fund in 2024 of totally CNY49,049,010 incentive funds, that is CNY22,800,474 incentive funds under *the Administration Measures for Performance Incentive Fund* and CNY26,248,536 incentive funds under *the Administration Measures for Second Performance Incentive Fund* is in line with the relevant provisions of the Administration Measures for Performance Incentive Fund and the Administration Measures for Second Performance Incentive Fund, and the specific allocation amount has taken into account various factors such as the reward employees' 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 personnel 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 28, 2025