

ZHEJIANG YONGTAI TECHNOLOGY CO., LTD.

(GDR under the symbol: "YTT")

(a joint stock company established under the laws of the People's Republic of China with limited liability)

2024 Restricted Stock Incentive Plan (Draft)

Special Notes

I. The 2024 Restricted Stock Incentive Plan of Zhejiang Yongtai Technology Co., Ltd. (hereinafter referred to as the "Company", "Yongtai Technology") (hereinafter referred to as the "Incentive Plan") adopts the form of incentive in the form of restricted shares. The source of the shares is the Company's RMBA common shares issued to the incentive recipients.

II. The number of Restricted Shares to be granted to the Incentive Participants under the Incentive Plan is 12,310,000 shares, representing approximately 1.35% of the total share capital of the Company of 913,760,795 shares as at the date of announcement of the Incentive Plan. The grant is a one-off grant with no reserved interests.

As at the date of announcement of the Incentive Plan, the total number of subject Shares involved in all of the Company's share incentive plans in force has not exceeded 10% of the total share capital of the Company in aggregate. The number of shares of the Company granted to any one of the incentive recipients under the Incentive Plan through all of the equity incentive plans in effect has not exceeded 1% of the total share capital of the Company in aggregate.

III. The total number of incentive recipients under the Incentive Plan is 321, including directors, senior management, middle management and core technical (business) personnel serving in the Company (including subsidiaries, hereinafter the same) at the time of the announcement of the Incentive Plan by the Company, excluding independent directors, supervisors, shareholders or de facto controllers of Yongtai Technology who hold, individually or in the aggregate, more than 5% of the shares of the Company, and their spouses, parents and offspring.

Chapter I Purpose of the Incentive Plan

In order to further improve the corporate governance structure of the Company, establish and improve the long-term incentive and restraint mechanism of the Company, attract and retain core personnel, fully mobilize their enthusiasm and creativity, effectively enhance the cohesion of the core team and the core competitiveness of the enterprise, effectively combine the interests of the shareholders, the Company and the core team, so as to enable all parties to pay common attention to the long-term development of the Company and to ensure that the Company's development strategies and business objectives are achieved in the future, and on the premise of fully safeguarding the interests of shareholders and in accordance with the principle of reciprocity between incentives and constraints, and in accordance with the Company Law of the People's Republic of China (hereinafter referred to as the "Company Law"), Securities Law of the People's Republic of China (hereinafter referred to as the "Securities Law"), Measures for the Administration of Equity Incentives for Listed Companies (hereinafter referred to as the "Administration Measures"), Rules for Listing of Stocks on Shenzhen Stock Exchange (hereinafter referred to as the "Listing Rules"), Shenzhen Stock Exchange Self-Regulatory Guidelines for Listed Companies No. 1 - Business Handling (hereinafter referred to as the "Self-Regulatory Guidelines") and other relevant laws, administrative regulations and standardized documents, as well as the Articles of Association of Zhejiang Yongtai Technology Co., Ltd. (hereinafter referred to as the "Articles of Association"), the Company has formulated the Incentive Plan.

Chapter II Basis and scope of determination of incentive targets

I. Basis for determining incentive targets

(I) Legal Basis for Determination of Incentive Targets

The incentive targets of the Incentive Plan are determined in accordance with the Company Law, the Securities Law, the Administrative Measures, the Listing Rules, the Self-Regulatory Guidelines and other relevant laws, administrative regulations, standardized documents and relevant provisions of the Articles of Association of the Company, taking into account the actual situation of the Company.

(ii) Job basis for determination of incentive targets

The incentive targets of the Incentive Plan are directors, senior management, middle management and core technical (business) personnel serving in the Company (including subsidiaries). For those who meet the scope of the incentive targets of the Incentive Plan, the Remuneration and Evaluation Committee shall draw up a list and determine it after verification by the Supervisory Committee of the Company.

The basis for determining the incentive targets is consistent with the purpose of the Incentive Plan and in accordance with relevant laws and regulations and the requirements of the relevant provisions of the Shenzhen (hereinafter referred to as the "Stock Exchange").

II. Scope of Incentive Targets

The Incentive Plan involves a total of 321 incentive recipients, accounting for 8.93% of the Company's total number of 3,593 employees as of 31 December 2023, including:

1. Directors and senior management;
2. Middle management and core technical (business) personnel.

The above incentive recipients do not include independent directors, supervisors, shareholders or de facto controllers of Yongtai Science & Technology who individually or collectively hold more than 5% of the Company's shares, and their spouses, parents and children. Among the incentive recipients under the Incentive Plan, the directors and senior management of the Company must be elected by the shareholders' meeting of the Company or appointed by the Board of Directors of the Company. All incentive recipients must sign labor contracts or employment contracts with the Company or the Company's subsidiaries during the assessment period of the Incentive Plan.

III. Verification of Incentive Targets

- (i) After the Board of Directors of the Company has considered and approved the Incentive Plan, the Company will publicize the names and positions of the incentive targets within the Company through the Company's website or other means for a period of not less than 10 days.
- (ii) The Supervisory Committee of the Company will review the list of incentive targets and fully listen to the opinions of the public announcement. The Company will disclose the Supervisory Committee's explanation on the review of the list of incentive recipients and the public announcement 5 days prior to the shareholders' general meeting to consider the Incentive Plan. The list of incentive targets adjusted by the Board of Directors of the Company shall also be verified by the Supervisory Committee of the Company.

Chapter III Information on the interests to be granted under this Incentive Scheme

I. Form of interests to be granted under the Incentive Plan

The form of incentive to be granted under the Incentive Plan is Restricted Shares.

II. Source and type of underlying shares involved in the interests to be granted under the Incentive Plan

The source of underlying shares involved in the Incentive Plan is the Company's RMB A ordinary shares of the Company issued to the incentive recipients.

III. Number of interests to be granted under the Incentive Plan and percentage of the total number of shares of the Company

of the Company

The number of Restricted Shares to be granted to the incentive recipients under the Incentive Plan is 12,310,000 shares, representing approximately 1.35% of the total share capital of the Company of 913,760,795 shares as at the date of announcement of the Incentive Plan. The grant is a one-off grant with no reserved interests.

As at the date of announcement of the Incentive Plan, the total number of Subject Shares involved in all of the Company's share incentive plans in force has not exceeded 10% of the total share capital of the Company in aggregate. The number of shares of the Company granted to any one of the incentive recipients under the Incentive Plan through all of the share incentive plans in force has not exceeded 1% of the total share capital of the Company in aggregate.

Chapter IV List of Incentive Recipients and Allocation of Interests to be Granted

I. List of Incentive Recipients and Allocation of Interests to be Granted

Name	Position	Number of Restricted Shares Granted (in 10,000 shares)	Percentage of the total number of interests to be granted under the Incentive Plan	Percentage of total share capital as at the date of publication of the Incentive Plan
Chen Lijie	Director, Deputy General Manager, Chief Financial Officer	15.00	1.22%	0.02%
Jin Yizhong	Director, Deputy General Manager	15.00	1.22%	0.02%
Wang Lirong	Director	15.00	1.22%	0.02%
Wei Hegeng	Director, Deputy General Manager	15.00	1.22%	0.02%
Huang Jinfeng	Deputy General Manager	14.00	1.14%	0.02%
Wang Chunhua	Deputy General Manager	14.00	1.14%	0.02%
Wang Zichen	Deputy General Manager	14.00	1.14%	0.02%
Zhang Jiangshan	Deputy General Manager, Secretary of the Board	14.00	1.14%	0.02%
Middle management, core technical (business) personnel (313 persons)		1,115.00	90.58%	1.22%
Total		1,231.00	100.00%	1.35%

Note: Differences between partial totals in the above table and the sum of the breakdowns, if any, are due to rounding.

II. Relevant Notes

The aggregate number of shares of the Company granted to any one of the above incentive recipients through all of the Share Incentive Plans in force does not exceed 1% of the total share capital of the Company. The total number of Subject Shares involved in all the Company's share incentive plans in force does not exceed 10% of the Company's total share capital in aggregate. In the event that an incentive recipient voluntarily forfeits the rights and interests granted to him/her due to personal reasons, the Board of Directors shall adjust the number of grants accordingly, and the share of restricted shares forfeited by the incentive recipient shall be directly reduced or distributed among the incentive recipients. Incentive recipients may reduce the amount of restricted stock subscription accordingly due to insufficient funds at the time of subscription.

Chapter V Effective Period, Grant Date, Selling Restriction Period, Unlocking Arrangement and Restriction Period of the Incentive Plan

I. Effective Period of the Incentive Plan

I. Effective Period of the Incentive Plan

The validity period of the Incentive Plan shall be from the date of grant of the Restricted Shares to the date on which all Restricted Shares granted to the Incentive Participants are released from restricted sale or repurchased and canceled, with a maximum of not more than 48 months.

II. Grant Date of the Incentive Plan

After the Incentive Plan has been considered and approved by the shareholders' meeting of the Company, the Company will convene the Board of Directors to grant interests to the incentive recipients and complete the announcement, registration and other relevant procedures in accordance with the relevant regulations within 60 days (if there are conditions for the granting of the interests, the date shall be counted from the fulfillment of the conditions). If the Company fails to complete the above work within 60 days, it shall promptly disclose the reasons for such failure and announce the termination of the implementation of the Incentive Plan. The period during which the Company is not allowed to grant interests according to the Administrative Measures and Self-Regulatory Guidelines shall not be counted in the 60-day period.

The grant date shall be determined by the Board of Directors of the Company after the Incentive Plan has been considered and approved by the shareholders' general meeting of the Company, and the grant date must be a trading day; if the date determined in accordance with the above principles is a non-trading day, the grant date shall be postponed to the first trading day thereafter, whichever is the later. And no restricted shares may be granted to the incentive recipients during the period in which there are restrictions on the trading of the Company's shares by directors and senior management of listed companies under relevant laws, administrative regulations and departmental rules.

In the event that a director or senior management member of the Company, his/her spouse, parent or child as an incentive recipient reduces his/her shareholding prior to the granting of restricted shares, the granting of restricted shares to him/her shall be deferred for six months from the date of the last reduction in accordance with the provisions of the Securities Law on short-term trading.

During the validity period of the Incentive Plan, if the relevant provisions of the Company Law, the Securities Law and other relevant laws, administrative regulations, regulatory documents and the Articles of Association of the Company in respect of the aforesaid period are changed, the granting of Restricted Shares by the Company to the Incentive Participants shall be in compliance with the provisions of the amended Company Law, the Securities Law and other relevant laws, regulations, regulatory documents and the Articles of Association of the Company.

III. Selling Restriction Period of the Incentive Plan

Restricted shares granted to incentive recipients are subject to different restriction periods, all of which start from the date of completion of registration of the restricted shares granted to the incentive recipients. The interval between the grant date and the date of the first release of restricted shares shall not be less than 12 months.

Restricted Shares granted to the incentive recipients under the Incentive Plan may not be transferred, used for guarantee or repayment of debts during the restriction period. Restricted Shares granted to the incentive recipients shall be entitled to the rights to which their shares are entitled upon registration by China Securities Depository & Clearing Corporation, Shenzhen Branch (hereinafter referred to as the "Depository & Clearing Corporation"), including but not limited to the rights to dividends, allotment of shares, voting rights, etc. During the restricted period, the shares acquired by the incentive staff as a result of capitalization of capital surplus, distribution of stock dividends, share allotment, and shares allotted to the original shareholders in the additional issue shall be restricted for sale and shall not be sold in the secondary market or transferred by any other means, and the expiration date of the restricted period of the shares shall be the same as that of the restricted shares.

When the Company makes cash dividends, the cash dividends to be received by the incentive recipients in respect of the restricted shares granted to them shall be enjoyed by the incentive recipients after withholding and paying individual income tax, and in principle, shall be collected by the Company on behalf of the incentive recipients and returned to the incentive recipients upon the release of such part of the restricted shares from restricted sale; in the event that such part of the restricted shares fails to be released from restricted sale, the corresponding cash dividends shall be withdrawn by the Company and the accounting treatment shall be made accordingly.

IV. Unlocking Arrangement and Restriction Period of the Incentive Plan

The arrangements for the release of restricted shares are shown in the table below:

	Proportion of
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Resale restriction period	Release of Restricted Shares	Proportion of Restricted Shares
1 st Resale restriction period	From the first trading day after 12 months from the grant date of restricted shares to the last trading day within 24 months from the grant date of restricted shares	40%
2 nd Resale restriction period	From the first trading day after 24 months from the date of grant of restricted shares to the last trading day within 36 months from the date of grant of restricted shares.	30%
3 rd Resale restriction period	From the first trading day after 36 months from the date of grant of restricted shares to the last trading day within 48 months from the date of grant of the restricted shares.	30%

Restricted shares whose conditions for release of restricted shares have not been fulfilled within the above agreed period shall not be released from restricted shares or deferred to the next period for release of restricted shares, and shall be repurchased and canceled by the Company in accordance with the principles stipulated in the Incentive Plan.

After the fulfillment of the conditions for the release of restricted shares from restricted sale, the Company will uniformly handle the release of restricted shares from restricted sale if the conditions for the release of restricted shares are fulfilled.

V. Lock-up period of the Incentive Plan

The provisions on lock-up of the Company's shares granted to the incentive recipients through the Incentive Plan shall be implemented in accordance with the Company Law, the Securities Law and other relevant laws, administrative regulations, normative documents and the Articles of Association, as follows:

- (i) Where the incentive recipients are directors and senior management of the Company, the shares transferred by them during their tenure of office shall not exceed 25% of the total number of shares of the Company held by them each year; and the shares of the Company held by them shall not be transferred within half a year after their departure from office.
- (ii) Where an incentive recipient is a director or senior management member of the Company and his/her spouse, parent or offspring, if he/she sells the Company's shares held by him/her within six months of the purchase or buys them again within six months of the sale, the proceeds therefrom shall be owned by the Company and the Board of Directors of the Company shall recover the proceeds therefrom.
- (iii) In the event that there are changes in the relevant laws, administrative regulations, regulatory documents and the Articles of Association of the Company regarding the transfer of shares held by the Company's directors and senior management during the validity period of the Incentive Plan, the transfer of the Company's shares held by such incentive recipients shall be made in compliance with the amended Company Law, Securities Law and other relevant laws and regulations at the time of the transfer, normative documents and the provisions of the Articles of Association.

Chapter VI Grant Price and Method of Determination of Restricted Shares

I. Grant Price of Restricted Shares

The grant price of the Restricted Shares under the Incentive Plan is RMB 4.30 per share.

II. Method of determining the grant price of restricted shares

The grant price of Restricted Shares under the Incentive Plan shall not be less than the par value of the Shares and shall not be less than the higher of the following prices:

- (i) 50% of the average trading price of the Company's stock on the 1 trading day prior to the announcement of the Incentive Plan, which is RMB 3.96 per share;
- (ii) 50% of the average trading price of the Company's stock for the 20 trading days preceding the announcement of the Incentive Plan, which is RMB 4.30 per share.

Chapter VII Grant and Release Conditions of Restricted Shares

I. Conditions for granting restricted shares

The Company may grant Restricted Shares to the Incentive Participants only if the following conditions are simultaneously met; conversely, Restricted Shares may not be granted to the Incentive Participants if any of the following grant conditions are not met.

(I) The Company has not occurred any of the following circumstances:

1. The financial accounting report for the latest fiscal year is issued a negative opinion or an audit report that cannot express an opinion by a certified public accountant;
2. The internal control over financial reporting for the most recent fiscal year has been issued a negative opinion or an audit report that cannot express an opinion by a certified public accountant;
3. In the last 36 months after listing, there have been cases in which profit distribution has not been made in accordance with laws and regulations, the Articles of Association, and public commitments;
4. Laws and regulations prohibit the implementation of equity incentives;
5. China Securities Regulatory Commission (hereinafter referred to as "CSRC") recognized other circumstances.

(II) The incentive targets have not occurred in any of the following circumstances:

1. Being recognized as an unsuitable candidate by the Stock Exchange within the last 12 months;
2. Being recognized as an unsuitable candidate by the CSRC and its dispatched agencies within the recent 12 months;
3. Being administratively penalized or subject to a market ban by the CSRC and its dispatched agencies within the last 12 months for major violations of laws and regulations;
4. Having the circumstances stipulated in the Company Law that he/she shall not be a director or senior management of the Company;
5. shall not participate in equity incentives of listed companies as stipulated by laws and regulations;
6. Other circumstances as determined by the CSRC.

II. Conditions for release of restricted shares from restricted sale

Restricted shares granted to the incentive recipients may be released from restricted sale only if the following conditions are simultaneously met during the period of release from restricted sale:

(i) None of the following circumstances has occurred in the Company:

1. The financial accounting report for the latest fiscal year is issued by a certified public accountant with a negative opinion or an audit report that cannot express an opinion;
2. The internal control over financial reporting for the most recent fiscal year has been issued an adverse opinion or an audit report with an inability to express an opinion by a certified public accountant;
3. In the last 36 months after listing, there have been cases in which profit distribution has not been made in accordance with laws and regulations, the Articles of Association, and public commitments;
4. Laws and regulations prohibit the implementation of equity incentives;
5. Other circumstances as determined by the CSRC.

In the event that one of the circumstances set forth in Article (1) above occurs in the Company, the restricted shares granted to the incentive recipients under the Incentive Plan but not yet released from restricted sale shall be repurchased and canceled by the Company at the grant price.

(ii) None of the following circumstances has occurred in respect of the incentive recipients:

1. Being recognized as an unsuitable candidate by the stock exchange within the last 12 months;
2. Being recognized as an unsuitable candidate by the CSRC and its dispatched agencies within the recent 12 months;

3. Being administratively penalized or subject to a market ban by the CSRC and its dispatched agencies within the last 12 months for major violations of laws and regulations;
4. Having the circumstances stipulated in the Company Law that he/she shall not be a director or senior management of the Company;
5. Shall not participate in equity incentives of listed companies as stipulated by laws and regulations;
6. Other circumstances as determined by the CSRC.

In the event that an incentive recipient is subject to one of the circumstances set forth in Article (2) above, the Company shall terminate his/her right to participate in the Incentive Plan, and the restricted shares granted but not yet released from restriction under the Incentive Plan shall be repurchased and canceled by the Company at the grant price.

(iii) Performance Appraisal requirements at the Company level:

The Incentive Plan assesses the Company's performance targets in annual installments during the fiscal years 2024-2026, with the achievement of the performance Appraisal targets as one of the conditions for the release of restricted shares for the incentive recipients in the current year. The performance Appraisal targets at the Company level for the restricted shares granted under the Incentive Plan are set out in the table below:

Resale restriction period	Corresponding Appraisal year	Revenues (A)	
		Target amount (Am)	Trigger amount (An)
1 st Resale restriction period	2024	4.747billion	4.541 billion
2 nd Resale restriction period	2025	5.459 billion	4.995 billion
3 rd Resale restriction period	2026	6.278 billion	5.494 billion

Note: The above "Revenues" refers to the audited business revenue of listed companies.

In accordance with the above performance appraisal objectives, the percentage of release of restricted shares at the Company level for each period is linked to the degree of achievement of the performance for the appraisal period, and the specific arrangements for the percentage of release of restricted shares are set out below:

Index	Achievement of performance	Percentage of restricted sales lifted at company level (X)
Revenues (A)	$A \geq A_m$	$X=100\%$
	$A_n \leq A < A_m$	$X=A/A_m \times 100\%$
	$A < A_n$	$X=0\%$

During the period of release of restricted shares, the Company handles the release of restricted shares for incentive recipients who fulfill the conditions for release of restricted shares. The proportion of restricted shares to be released from restricted sale at the Company level is recognized based on the completion of performance at the Company level (X). If the restricted shares of the incentive recipients that are scheduled to be released from restricted sale in the current period cannot be released from restricted sale due to performance Appraisal at the Company level or cannot be completely released from restricted sale, such part of the restricted shares will be repurchased by the Company at the grant price for cancellation.

(iv) Performance appraisal requirements at the individual level for incentive recipients:

The Appraisal of the individual level of incentive recipients shall be implemented in accordance with the Company's internal performance appraisal system. The results of individual Appraisal of incentive targets are categorized into two grades of "qualified" and "unqualified", and the corresponding percentage of individual level of release of sales restriction is as follows:

Appraisal level	Qualified	Unqualified
Individual level release of restriction ratio (Y)	100%	0%

The number of restricted shares actually released from restricted sale in the year of the incentive recipient = the number of restricted shares planned to be released from restricted sale in the year of the individual \times the percentage of release from restricted sale at the Company level (X) \times the percentage of release from restricted sale at the individual level (Y).

Restricted shares that cannot be released from restricted sale in the year of the incentive recipient's Appraisal for reasons of performance evaluation at the individual level will be repurchased and canceled by the Company at the grant price.

The specific assessment of the Incentive Plan is based on the "Management Measures for the Implementation and Assessment of the 2024 Restricted Stock Incentive Plan of Zhejiang Yongtai Technology Co., Ltd." (hereinafter referred to as the "Company's Assessment Management Measures").

III. Explanation on the scientific and reasonable nature of the Company's performance appraisal index setting

In order to realize the Company's strategic planning, business objectives and maintain comprehensive competitiveness, the Incentive Plan has decided to select the audited operating income of listed companies as the performance assessment indicators at the Company level, which can directly reflect the Company's main business operations.

The setting of the performance indicators is a combination of the Company's current situation, future strategic planning and the development of the industry and other factors for comprehensive consideration, set the assessment indicators for the future development of a certain degree of challenge, the indicators on the one hand, help to enhance the Company's competitiveness and mobilize the enthusiasm of the staff, on the other hand, can focus on the strategic direction of the Company's future development, and stabilize the achievement of business objectives.

In addition to the performance assessment at the Company level, the Company has also set up a strict performance assessment system for individuals, which can make a more comprehensive and accurate evaluation of the performance of the incentive recipients. The Company will determine whether the individual incentive recipients will fulfill the conditions for the release of the sales restriction based on the performance appraisal results of the assessment year corresponding to the release of the sales restriction of the incentive recipients.

In summary, the assessment system of the Incentive Scheme is comprehensive, integrated and operable, and the assessment indexes are set with good scientific and rationality, and at the same time, it has a certain binding effect on the incentive targets, which is able to achieve the assessment purpose of the Incentive Scheme.

Chapter VIII Methods and Procedures for Adjustment of the Incentive Plan

I. Method of adjusting the number of restricted shares

If during the period from the date of announcement of the Incentive Plan to the completion of registration of grant of Restricted Shares to be granted to the Incentive Participants, the Company has any matters such as capitalization of capital stock, distribution of stock dividends, stock splitting, share reduction or share allotment, the number of Restricted Shares shall be adjusted accordingly. The adjustment methods are as follows:

(i) Capitalization of capital surplus, distribution of stock dividends, stock splits

$$Q=Q_0\times(1+n)$$

Where: Q_0 is the number of restricted shares before adjustment; n is the ratio of capitalization of capital surplus to share capital, distribution of stock dividends and stock split per share (i.e., the number of shares per share increased by the conversion, distribution or stock split); and Q is the number of restricted shares after adjustment.

(ii) Reduction of shares

$$Q=Q_0\times n$$

Where: Q_0 is the number of restricted shares before adjustment; n is the ratio of downsizing (i.e., 1 share of Yongtai Science and Technology stock is downsized to n shares of stock); Q is the number of restricted shares after adjustment.

(iii) Allotment of shares

(iii) Allotment of shares

$$Q = Q_0 \times P_1 \times (1 + n) / (P_1 + P_2 \times n)$$

Where: Q_0 is the number of restricted shares before adjustment; P_1 is the closing price on the day of the share registration date; P_2 is the price of allotment; n is the ratio of allotment (i.e., the ratio of the number of shares allotted to the total share capital of the Company before allotment); and Q is the number of restricted shares after adjustment.

(iv) Additional Issue

The number of restricted shares granted will not be adjusted in the event that the Company incurs an additional issue of new shares.

II. Method of adjusting the grant price of restricted shares

If during the period from the date of announcement of the Incentive Plan to the completion of the registration of grant of Restricted Shares to be granted to the Incentive Participants, the Company has any matters such as capitalization of capital stock, distribution of stock dividends, stock split, reduction of shares, share allotment or dividend payment, the Restricted Shares grant price shall be adjusted accordingly. The adjustment methods are as follows:

(i) Capitalization of capital surplus, distribution of stock dividends, stock splits

$$P = P_0 \div (1 + n)$$

Where: P_0 is the grant price before adjustment; n is the ratio of capitalization of capital surplus to share capital, distribution of stock dividends and stock split per share (i.e., the number of shares per share increased by conversion, stock dividend or stock split); P is the grant price after adjustment.

(ii) Share reduction

$$P = P_0 \div n$$

Where: P_0 is the grant price before adjustment; n is the ratio of downsizing (i.e., 1 share of Yongtai Science & Technology stock is downsized to n shares); P is the grant price after adjustment.

(iii) Allotment of shares

$$P = P_0 \times (P_1 + P_2 \times n) / [P_1 \times (1 + n)]$$

Where: P_0 is the grant price before adjustment; P_1 is the closing price on the day of the share registration date; P_2 is the allotment price; n is the ratio of allotment (i.e., the ratio of the number of shares to be allotted to the total share capital of the Company before allotment); and P is the grant price after adjustment.

(iv) Dividend payout

$$P = P_0 - V$$

Where: P_0 is the grant price before adjustment; V is the dividend payout per share; P is the adjusted grant price. After adjustment for dividend payout, P must still be greater than the par value of the Company's stock.

(V) Additional Issue

The grant price of restricted shares will not be adjusted in the event of additional new shares issued by the Company.

III. Procedures for Adjustment of the Incentive Plan

The general meeting of the Company shall authorize the Board of Directors of the Company to adjust the number of restricted share grants and the grant price in accordance with the reasons set out in the Incentive Plan. After the Board of Directors adjusts the number of restricted share grants and the grant price in accordance with the above provisions, it shall make a timely announcement and notify the incentive recipients. The Company shall engage a law firm to issue a professional opinion as to whether the aforesaid adjustments are in compliance with the provisions of the Administrative Measures, the Articles of Association and the Incentive Plan.

Chapter IX Accounting for Restricted Shares

In accordance with the relevant provisions of the Ministry of Finance's "Accounting Standard for Business Enterprises No. 11 - Share-based Payment" and "Accounting Standard for Business Enterprises No. 22 - Recognition and Measurement of Financial Instruments", the Company will revise the estimated number of restricted shares to be released from restricted sale at each balance sheet date during the period of restricted sale in accordance with the latest obtained changes in the number of restricted shares, achievement of performance targets and other subsequent information, the Company will revise the number of restricted shares expected to be released from restricted sale and recognize the services acquired during the period in the relevant costs or expenses and capital surplus based on the fair value on the date of grant of the restricted shares.

I. Accounting treatment

(i) Date of grant

The Company recognizes "share capital" and "capital surplus - share premium" based on the issuance of shares to the incentive recipients; at the same time, a liability is recognized for the repurchase obligation (treated as acquisition of treasury stock).

(ii) Each balance sheet date during the sales restriction period

In accordance with accounting standards, at each balance sheet date during the restricted period, based on the best estimate of the number of equity instruments that can be exercised, services provided by employees are expensed based on the fair value of the equity instruments at the date of grant and the proportion of restricted shares to be released from restricted shares in each period, and "capital surplus - other capital surplus" is recognized in owners' equity, with no subsequent recognition of any liability. "No subsequent changes in fair value are recognized.

(iii) Date of release from sales restriction

On the date of release of restricted shares, if the conditions for release of restricted shares are met, the restricted shares may be released and the "capital surplus - other capital surplus" recognized on each balance sheet date prior to the date of release of restricted shares will be carried forward; if all or some of the shares are not released from the restriction on sale and become invalid or obsolete, they will be repurchased by the Company for write-off, and will be handled in accordance with accounting standards and relevant regulations as appropriate. related regulations.

(iv) Method of determining the fair value of restricted shares

According to the relevant provisions of ASBE No. 11 - Share-based Payment and ASBE No. 22 - Recognition and Measurement of Financial Instruments, unit cost of restricted shares = fair value of restricted shares - grant price, where the fair value of restricted shares is the closing price on the grant date.

II. Expected impact of the implementation of restricted shares on the operating results of each period

The Company granted 12,310,000 restricted shares to the incentive recipients. According to the closing data of the trading day before the announcement of the draft projected fair value of restricted shares, it is expected that the total equity expenses of this grant will be 43.3312 million, which will be recognized in installments according to the proportion of the release of restricted shares in the course of the implementation of the Incentive Plan and will be expensed in the profit and loss from operations. In accordance with accounting standards, the specific amount should be based on the fair value of the shares calculated on the "actual grant date". Assuming that the Company grants the shares in July 2024 and all the incentive recipients meet the conditions for the release of restricted shares under the Incentive Plan and all of them will be released from restricted shares during the release period, the amortization of restricted share cost from 2024 to 2027 is as follows:

Unit: 0'000

Total cost	2024	2025	2026	2027
4,333.12	1,173.55	2,094.34	812.46	252.77

Note: (i) The above expenses are projected costs, and the actual costs are related to the actual grant price, the grant date, the closing price on the grant date, the number of grants and the best estimate of the number of equity instruments available for release from restricted sales;

(ii) Share-based payment is driven by the possible dilution effect of share-based payment.

- (ii) Shareholders' attention is drawn to the possible dilutive effect of the above share-based payment expenses;
- (iii) The final impact of the above amortization expense forecast on the Company's operating results is subject to the audit report issued by the accountants;
- (iv) Any difference between the sum of the total and the breakdown in the above table is due to rounding.

The cost of the Incentive Plan will be charged to cost expenses. The Company estimates, based on current information, that the amortization of the cost of the Incentive Plan will have an impact on net income for each year of the term of the Incentive Plan, without taking into account the positive effect of the Incentive Plan on the Company's performance. Considering the positive effect of the Incentive Plan on the Company's business development, which will stimulate the motivation of core employees, improve operational efficiency and reduce operating costs, the Incentive Plan will play a positive role in the Company's long-term performance improvement.

Chapter X Procedures for the Implementation, Grant, Release of Restricted Sales and Changes and Termination of the Incentive Plan

I. Procedures for the implementation of the Incentive Plan

- (I) The Remuneration and Evaluation Committee shall be responsible for the preparation of the Incentive Plan and the Measures for the Administration of the Company's Evaluation.
- (ii) The Board of Directors shall consider the Incentive Plan and the Measures for the Administration of the Company's Assessment prepared by the Remuneration and Assessment Committee. When the Board of Directors considers the Incentive Plan, the connected directors shall recuse themselves from voting.
- (iii) The Supervisory Committee shall express a clear opinion on whether the Incentive Plan is conducive to the sustainable development of the Company and whether there are circumstances that are obviously detrimental to the interests of the Company and all shareholders.
- (iv) The Company shall engage an independent financial adviser to express a professional opinion on the feasibility of the Incentive Plan, whether it is conducive to the sustainable development of the Company, and whether there are circumstances that are obviously detrimental to the interests of the Company and all shareholders. The law firm engaged by the Company shall issue a legal opinion on the Incentive Scheme.
- (v) Within 2 trading days after the Board of Directors' consideration and approval of the Incentive Plan, the Company shall announce the announcement of the Board of Directors' resolution, the Incentive Plan and its summary, and the opinion of the Supervisory Committee.
- (vi) The Company conducts self-inspection on the trading of the Company's shares by insider information knowers and incentive recipients within 6 months prior to the announcement of the Incentive Plan.
- (vii) The Company shall publicize the names and positions of the incentive recipients within the Company through the Company's website or other means for a period of not less than 10 days prior to the general meeting of shareholders. The Supervisory Committee will review the list of incentive recipients and fully listen to the opinions of the public announcement. The Company will disclose the Supervisory Committee's explanation on the review of the list of incentive targets and the public announcement 5 days before the shareholders' general meeting to consider the Incentive Plan.
- (viii) When the Company's shareholders' general meeting considers the Incentive Scheme and related motions by special resolution, connected shareholders shall abstain from voting.
- (ix) The Company shall disclose the announcement of the resolution of the Shareholders' General Meeting, the Share Incentive Scheme considered and approved by the Shareholders' General Meeting, the self-inspection report on the trading of the Company's shares by the persons who have knowledge of the insider information and the incentive recipients, and the legal opinion of the Shareholders' General Meeting.
- (x) After the Incentive Plan has been considered and approved by the Company's shareholders' general meeting, the Board of Directors of the Company shall, in accordance with the authorization of the shareholders' general meeting, grant the rights and interests and complete the relevant procedures, such as announcement and registration, within 60 days from the date of the shareholders' general meeting's consideration and approval of the Incentive Plan (if there are conditions for the granting of the rights and interests, the period shall commence from the time of the conditions' fulfillment). The Board of Directors shall

handle specific matters such as the release of restricted shares, repurchase and cancellation of restricted shares in accordance with the authorization of the shareholders' general meeting.

II. Procedures for granting restricted shares

- (i) Within 60 days from the date of consideration and approval of the Incentive Plan by the shareholders' general meeting of the Company, the Company shall convene the Board of Directors to make grants to the incentive recipients.
 - (ii) Before the Company grants the interests to the incentive recipients, the Board of Directors shall consider and announce whether the conditions set out in the Incentive Plan for the granting of interests to the incentive recipients have been fulfilled. The Remuneration and Evaluation Committee and the Supervisory Committee shall express their clear opinions. The Law Firm shall issue a legal opinion as to whether the conditions for the granting of interests to the incentive recipients have been fulfilled. The Supervisory Committee of the Company shall verify the list of incentive recipients on the date of grant of restricted shares and issue opinions.
- In the event that the granting of interests by the Company to the incentive recipients differs from the arrangements under the Incentive Plan, the Remuneration and Evaluation Committee, the Supervisory Committee (when there is a change in the incentive recipients), the Law Firm, and the Independent Financial Adviser shall express their clear opinions at the same time.
- (iii) The Company and the incentive recipients shall enter into the Restricted Share Grant Agreement, agreeing on the rights and obligations of both parties.
 - (iv) The Company shall issue a restricted stock grant notice to the incentive recipients on the grant date.
 - (v) Within the period specified by the Company, the incentive recipients shall pay the funds for subscription of restricted shares to the designated account of the Company in accordance with the requirements of the Company and confirmed by a certified public accountant, and any overdue payment shall be deemed as a waiver of the incentive recipients' subscription for the restricted shares granted.
 - (vi) The Company shall create a roster for the administration of the Incentive Plan based on the signing of the agreement and subscription by the incentive recipients, recording the names of the incentive recipients, the number of shares granted, the date of grant, the amount of payment, and the number of the Restricted Stock Grant Agreement.
 - (vii) The Company shall submit to the Stock Exchange an application for granting restricted shares to the incentive recipients, and after confirmation by the Stock Exchange, the Company shall apply to the Registrar and Settlement Company for registration and settlement. The Board of Directors of the Company shall, upon completion of the registration of the restricted shares granted, promptly disclose the announcement of the relevant implementation status. If the Company fails to complete the aforesaid work within 60 days, the implementation of the Incentive Plan shall be terminated, and the Board of Directors shall promptly disclose the reasons for the failure and shall not reconsider the Equity Incentive Plan for a period of 3 months (the period during which no restricted shares may be granted shall not be counted as part of the 60 days).

III. Procedures for the release of restricted shares from restricted sale

- (i) Prior to the release of restricted shares, the Company shall confirm whether the conditions for the release of restricted shares are fulfilled by the incentive recipients. The Board of Directors shall deliberate on whether the conditions for the release of restricted shares set out in the Incentive Plan have been fulfilled, the Remuneration and Evaluation Committee and the Supervisory Committee shall express their clear opinions, and the Law Firm shall issue a legal opinion on whether the conditions for the release of restricted shares of the incentive recipients have been fulfilled.
 - (ii) For the incentive recipients who fulfill the conditions for lifting the restriction on sale, the Company shall uniformly submit an application for lifting the restriction on sale to the Stock Exchange, and after confirmation by the Stock Exchange, the Company shall apply for registration and settlement with the Registration and Settlement Company. For the incentive recipients who do not meet the conditions for the release of restricted shares, the Company shall repurchase and cancel the restricted shares held by them corresponding to the release of restricted shares. The Company shall disclose the relevant implementation announcement in a timely manner.
- (III) The incentive recipients may transfer the restricted shares released from restricted sale, but the transfer of shares held by the directors and senior management of the Company shall be in compliance with the relevant laws, administrative regulations and regulatory documents.

IV. Procedures for Change and Termination of the Incentive Plan

(I) Procedures for the change of the Incentive Plan

1. If the Company makes changes to the Incentive Plan before it has been considered and approved by the shareholders' general meeting, the Remuneration and Evaluation Committee shall make a recommendation to the Board of Directors of the Company and the changes shall be considered and approved by the Board of Directors. If the Company makes changes to the Incentive Plan which has been considered by the shareholders' general meeting, the Remuneration and Evaluation Committee shall make a recommendation to the Board of Directors of the Company, and the change proposal shall be submitted to the shareholders' general meeting for consideration and shall not include circumstances leading to the early release of the restricted sales and the reduction of the grant price.
2. The Company shall promptly disclose the reasons for the change and the content of the change, and the Remuneration and Evaluation Committee and the Supervisory Committee shall express a clear opinion as to whether the changed plan is conducive to the sustainable development of the Company, and whether there are any circumstances that are obviously detrimental to the interests of the Company and all shareholders. The Law Firm shall issue a professional opinion on whether the changed plan complies with the provisions of the Administrative Measures and relevant laws and regulations, and whether there are circumstances that are obviously detrimental to the interests of the Company and all shareholders.

(II) Procedures for termination of the incentive program

1. If the Company intends to terminate this Incentive Scheme before the shareholders' general meeting, the Board of Directors shall consider and approve the termination and disclose the termination. If the Company terminates the Incentive Plan after the Shareholders' General Meeting has considered and approved the Incentive Plan, it shall submit the Incentive Plan to the Board of Directors and the Shareholders' General Meeting for consideration and disclosure.
2. The Company shall disclose the announcement of the resolution of the shareholders' meeting or the announcement of the resolution of the Board of Directors in a timely manner. The Law Firm shall issue a professional opinion on whether the termination of the implementation of the Incentive Plan by the Company is in compliance with the provisions of the Administrative Measures and relevant laws and regulations, and whether there are circumstances that are obviously detrimental to the interests of the Company and all shareholders.
3. In the event of termination of the implementation of the Incentive Plan, the Company shall, after fulfilling the corresponding deliberation procedures, timely apply to the Registrar and Settlement Company for the procedures of repurchase and cancellation of the granted restricted shares.

Chapter 11 Repurchase and Cancellation of Restricted Shares

I. Principles of repurchase and cancellation of restricted shares

After the completion of the registration of the grant of restricted shares granted to the incentive recipients, if the Company incurs any matters such as capitalization of capital stock, distribution of stock dividends, stock split, stock placement, stock reduction or dividend payment, the Company shall repurchase the restricted shares granted to the incentive recipients but not yet released from restriction, and the Company's shares acquired based on such part of the restricted shares, in accordance with the adjusted quantity. If the repurchase price and the number of shares to be repurchased need to be adjusted in accordance with the Incentive Plan, the corresponding adjustments shall be made in accordance with the following method.

II. Adjustment method for the number of shares to be repurchased

(I) Capitalization of capital surplus, distribution of stock dividends, stock split

$$Q = Q_0 \times (1 + n)$$

Where: Q_0 is the number of restricted shares before adjustment; n is the ratio of capitalization of capital surplus to share capital, distribution of stock dividends and stock split per share (i.e., the number of shares per share increased by the conversion, distribution or stock split); and Q is the number of restricted shares after adjustment.

(ii) Reduction of shares

$$Q = Q_0 \times n$$

Where: Q_0 is the number of restricted shares before adjustment; n is the ratio of downsizing (i.e., 1 share of Yongtai Science and Technology stock is downsized to n shares of stock); Q is the number of restricted shares after adjustment.

(iii) Allotment of shares

$$Q = Q_0 \times (1 + n)$$

Where: Q_0 is the number of restricted shares before adjustment n is the ratio of share allotment (i.e., the ratio of the number of shares allotted to the total share capital of the Company before allotment); Q is the number of restricted shares after adjustment.

III. Adjustment method of repurchase price

(i) Capitalization of capital surplus, distribution of stock dividends, stock splits

$$P = P_0 \div (1 + n)$$

Where: P_0 is the grant price before adjustment; n is the ratio of capitalization of capital surplus to share capital, distribution of stock dividends, stock split (i.e., the number of shares per share increased by conversion, stock dividend or stock split); P is the adjusted repurchase price.

(ii) Share reduction

$$P = P_0 \div n$$

Where P_0 is the grant price before adjustment; n is the ratio of stock reduction; and P is the adjusted repurchase price.

(iii) Dividend payout

$$P = P_0 - V$$

Where P_0 is the grant price before adjustment; V is the dividend payout per share; and P is the repurchase price after adjustment. If the cash dividends received by the incentive recipients as a result of the restricted shares granted are collected by the Company on their behalf, they shall be paid to the incentive recipients as dividends payable upon the release of the restricted shares from restricted sale, and the repurchase price of the restricted shares that have not yet been released from restricted sale shall not be adjusted.

(iv) Allotment of shares

$$P = (P_0 + P_1 \times n) / (1 + n)$$

Where: P_0 is the grant price before adjustment; P_1 is the allotment price; n is the ratio of allotment (i.e., the ratio of the number of shares allotted to the total share capital of the Company before allotment); and P is the repurchase price after adjustment.

IV. Procedures for adjustment of repurchase quantity or repurchase price

The Board of Directors of the Company shall convene a meeting of the Board of Directors in a timely manner under the authorization of the general meeting of shareholders of the Company to formulate a plan for adjusting the repurchase in accordance with the reasons already listed above, and the Board of Directors shall make an announcement in a timely manner after it has adjusted the number of shares to be repurchased or the price of the repurchase in accordance with the above. If the number of restricted shares repurchased or the repurchase price needs to be adjusted for other reasons, a resolution shall be made by the Board of Directors and considered and approved by the shareholders' general meeting.

V. Procedures for Repurchase and Cancellation

When the Company implements the repurchase in accordance with the provisions of the Incentive Plan, it shall apply to the Stock Exchange for the repurchase of such Restricted Shares, and after confirmation by the Stock Exchange, the Registration and Settlement Company shall handle the registration and settlement matters. The Company shall pay the repurchase amount to the incentive recipients and complete the transfer procedures of the corresponding shares by the registration and settlement company; within a reasonable period of time after the completion of the transfer, the Company shall cancel such part of the shares.

The Board of Directors

Zhejiang Yongtai Technology Co., Ltd.

28 June 2024

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