

# Smooore International Holdings Limited

## Clawbacks & Malus Policy

### Article 1 Purpose of the Policy

This policy is formulated to improve the Company's governance system, standardize the remuneration management mechanism, ensure that the remuneration of senior management and core employees is aligned with the Company's interests, compliance requirements and individual performance in performing duties, and prevent risks arising from improper behaviors.

### Article 2 Core Definitions

**Malus:** Refers to the act of adjusting (such as reducing the vesting percentage) or canceling unvested incentive equity such as stocks and options.

**Clawbacks:** Refers to the act of recovering economic benefits (such as proceeds from sales) generated from vested incentive equity such as stocks and options.

**Incentive equity:** Includes financial rights such as stocks and options granted by the Company, covering rights related to short-term incentives and long-term incentives.

### **Article 3 Scope of Application**

This policy applies to senior management, key management personnel and other core employees who have obtained incentive equity (hereinafter collectively referred to as "applicable personnel") of the Group.

### **Article 4 Applicable Circumstances for Clawbacks & Malus**

When granting long-term incentives, the Company will sign relevant incentive scheme with employees. The scheme includes restrictive clauses covering aspects such as anti-fraud, negative behavior management, and performance appraisal linkage. If an employee violates or fails to meet the conditions listed in the restrictive clauses, the Company has the right to take measures such as deduction or recovery of their long-term incentive rights and interests (such as stocks, options, etc.) in accordance with the incentive scheme, so as to maintain the fairness and effectiveness of the incentive mechanism.

### **Article 5 Operational Procedures**

- 1. Investigation and verification:** After receiving clues that the applicable personnel have the circumstances listed in Article 4 of this policy, the relevant departments of the Company shall promptly investigate and verify the specific situation.
- 2. Deliberation and suggestion:** The investigation results shall be

submitted to the internal Remuneration Committee for deliberation. Based on the investigation results, the internal Remuneration Committee shall put forward suggestions on specific measures for clawbacks or malus (such as the scope of equity whose vesting is to be canceled, the amount to be clawed back, etc.).

3. **Decision and implementation:** The suggestions of the internal Remuneration Committee shall be submitted to the chairman for approval. After the chairman makes the final decision, the Human Resources Department, Internal Audit Department, Finance Department and other departments shall collaborate to implement:
  - For malus of unvested equity, timely update the equity vesting records and stop the subsequent vesting process of relevant equity;
  - For clawing back the generated economic benefits, issue a written notice to the applicable personnel, specifying the clawbacks amount and payment deadline, and if necessary, legal means can be adopted for enforcement.
4. **Objection handling:** If the applicable person has objections to the deduction or recovery decision, they may submit a written appeal and relevant evidence to the Internal Compensation Committee within the specified working days after receiving the notice.

## **Article 6 Policy Effectiveness and Revision**

1. This policy shall come into effect on the date of approval by the Company, and shall apply to all incentive equity granted after the effective date, as well as the incentive equity granted before the effective date but not yet vested.
2. The Company shall review this policy regularly, and put forward revision suggestions and arrange for updates according to changes in laws and regulations, the Company's governance needs and actual implementation.

## **Article 7 Information Disclosure and Notification**

1. This policy will be published on the Company's official website to ensure that applicable personnel can review it at any time.