

Chief Executive Officer Variable Performance Incentive Policy

Purpose

The Chief Executive Officer (CEO) is a core member of Guangdong Dongpeng Holdings Co., Ltd. (hereinafter referred to as “Dongpeng Holdings” or “the Company”)’s senior management. This policy is designed to enhance the performance-based remuneration system for senior executives, focusing on operational and risk responsibility metrics. The objective is to maximize motivation, proactiveness, and creativity of the executives, enabling them to effectively undertake managerial responsibilities, improve efficiency, create shareholder value, and support continuous corporate development.

Compensation Structure

The CEO’s total compensation plan includes a monthly fixed salary and annual performance-based bonus (i.e., variable performance incentive), distributed as follows:

1. **Monthly Fixed Salary:** Paid on a monthly basis, in accordance with actual attendance.
2. **Annual Performance-Based Bonus:** The bonus is linked to both the individual performance coefficient and the corporate performance coefficient and is paid 100% by the end of January in the following year, with final adjustments settled after audit completion in June.

The bonus calculation formula is:

$$\text{Actual Annual Bonus} = \text{Bonus Base} \times \text{Individual Performance Coefficient} \times \text{Corporate Performance Coefficient}$$

- Performance Assessment Period: One-year period
 - Individual Performance Coefficient: Determined by the individual's performance rating for the assessment year.
 - Corporate Performance Coefficient: Determined by the Company’s annual sales completion rate and profit completion rate.
3. All income under this policy is calculated on a pre-tax basis and individual income tax is withheld and paid by the Company in accordance with tax laws.

Clawback Provision for Annual Performance Bonus

The Company reserves the right to recover all or part of the performance-based bonus already paid under the following circumstances:

- Financial Restatements: If a restatement of financial results is required due to accounting errors, fraud, or other reasons that result in unmet performance targets or overpaid bonuses.
- Material Misstatements in Financial Reporting: If performance-based pay was affected by intentional or grossly negligent misstatements.

- **Executive Misconduct:** If the CEO or senior executives engage in misconduct (e.g., fraud, willful violation of policies, or ethical breaches) causing financial or reputational damage to the Company.
- **Other Misconduct Leading to Inaccurate Financial Reporting:** Any inappropriate behavior (e.g., concealing risks, manipulating data) resulting in materially inaccurate financial information and affecting CEO compensation.