

**Ad hoc announcement pursuant to Art. 53 LR**

**Ningbo Shanshan Co., Ltd.**

**Announcement on Adjusting Part of the Performance**

**Appraisal Targets**

**under the Company's 2022 Stock Option and Restricted Share Incentive Plan and Amendment to Related Documents**

Ningbo Shanshan Co., Ltd. (the "Company" or "Shanshan") held the Thirty-third Meeting of the Tenth Session of the Board of Directors and the Twenty-first Meeting of the Tenth Session of the Supervisory Committee on 11 August 2022, and considered and passed the Proposal on Adjusting Part of the Performance Appraisal Targets under the Company's 2022 Stock Option and Restricted Share Incentive Plan and Amendment to Related Documents. The Proposal has yet to be submitted to the general meeting of the Company for consideration and approval, and is announced as follows:

**I. Decision-making Procedures and Information Disclosure Performed by the Company's 2022 Stock Option and Restricted Share Incentive Plan**

1. On 23 February 2022, the Company held the Twenty-fifth Meeting of the Tenth Session of the Board of Directors and the Sixteenth Meeting of the Tenth Session of the Supervisory Committee, and considered and passed the Proposal on the 2022 Stock Option and Restricted Share Incentive Plan (Draft) of Ningbo Shanshan Co. Ltd. and Its Summary, the Proposal on the Measures for Management of Appraisal for the Implementation of the 2022 Stock Option and Restricted Share Incentive Plan of Ningbo Shanshan Co. Ltd. and other related proposals. The independent directors of the Company expressed their written consent to the Company's 2022 Stock Option and Restricted Share Incentive Plan (the "Incentive Plan" or "Share Incentive Plan") and other related proposals, Beijing Tian Yuan Law Firm issued a legal opinion and Huatai United Securities Co., Ltd. issued an independent financial advisory opinion on the aforesaid matter.

2. From 24 February to 5 March 2022, the Company publicized the names and

positions of the proposed Incentive Recipients of this Incentive Plan in the internal office system, and the Supervisory Committee of the Company did not receive any objection related to the Incentive Recipients of this Incentive Plan during the public period. On 7 March 2022, the Supervisory Committee of the Company published the Explanation of the Supervisory Committee of Ningbo Shanshan Co., Ltd. on the Review and Publication Response Regarding the List of Incentive Recipients of the 2022 Stock Option and Restricted Share Incentive Plan.

3. On 14 March 2022, the Company held the First Extraordinary General Meeting of 2022 and considered and passed the Proposal on the 2022 Stock Option and Restricted Share Incentive Plan (Draft) of Ningbo Shanshan Co. Ltd. and Its Summary, the Proposal on the Measures for Management of Appraisal for the Implementation of the 2022 Stock Option and Restricted Share Incentive Plan of Ningbo Shanshan Co. Ltd. and other related proposals. Beijing Tian Yuan Law Firm attended and witnessed this general meeting.

4. On 18 March 2022, the Company held the Twenty-sixth Meeting of the Tenth Session of the Board of Directors and the Seventeenth Meeting of the Tenth Session of the Supervisory Committee, and considered and passed the Proposal on Adjusting the List of Incentive Recipients of the Company's 2022 Stock Option and Restricted Share Incentive Plan and the Proposal on the First Grant of Stock Options to Incentive Recipients under the Company's 2022 Stock Option and Restricted Share Incentive Plan. Beijing Tian Yuan Law Firm issued a legal opinion on the matter and Huatai United Securities Co., Ltd. issued an independent financial advisory opinion on matters related to the first grant of stock options.

5. On 5 May 2022, the Company completed the registration procedures for the first grant of stock options under the 2022 Stock Option and Restricted Share Incentive Plan at the China Securities Depository and Clearing Corporation Limited Shanghai Branch. The actual amount of Incentive Recipients for the first grant of stock options was 435, the number of grants was 45.01 million, the exercise price was RMB28.18/share, and the registration completion date was 5 May 2022.

6. On 26 May 2022, the Company held the Thirtieth Meeting of the Tenth Session of the Board of Directors and the Twentieth Meeting of the Tenth Session of the Supervisory Committee, and considered and passed the Proposal on Adjusting the Exercise Price of Stock Options and Canceling Some Stock Options under the Company's 2022 Stock Option and Restricted Share Incentive Plan, the Proposal on

Adjusting the List of Incentive Recipients, Grant Price and Grant Amount of Restricted Shares under the Company's 2022 Stock Option and Restricted Share Incentive Plan and other related proposals. The independent directors of the Company issued a written consent opinion in this regard, the Supervisory Committee issued an audit opinion on the above matters, Beijing Tian Yuan Law Firm issued a legal opinion on the above matters and Huatai United Securities Co., Ltd. issued an independent financial adviser opinion on matters related to the first grant of restricted shares.

7. On 6 June 2022, the Company completed the registration procedures for the first grant of restricted shares under the 2022 Stock Option and Restricted Share Incentive Plan at the China Securities Depository and Clearing Corporation Limited Shanghai Branch. The actual amount of Incentive Recipients for the first grant of stock options was 417, the number of grants was 18,334,100, the grant price was RMB13.76/share, and the registration completion date was 6 June 2022.

8. On 11 August 2022, the Company held the Thirty-third Meeting of the Tenth Session of the Board of Directors and the Twenty-first Meeting of the Tenth Session of the Supervisory Committee, and considered and passed the Proposal on Adjusting Part of the Performance Appraisal Targets under the Company's 2022 Stock Option and Restricted Share Incentive Plan and Amendment to Related Documents, agreeing that the Company adjusts part of the performance appraisal targets under the 2022 Stock Option and Restricted Share Incentive Plan in conjunction with the actual situation. The independent directors of the Company issued a written consent opinion in this regard, the Supervisory Committee issued an audit opinion on the above matters, Beijing Tian Yuan Law Firm issued a legal opinion on the above matters and Huatai United Securities Co., Ltd. issued an independent financial adviser opinion on the above matters.

## **II. Reasons for Adjusting Part of the Performance Appraisal Targets**

When setting the departmental performance appraisal index of this Incentive Plan, the Company has not considered the impact of the share-based payment related expenses on the departmental performance appraisal index - net profit.

As the anode materials and polarizer business departments served by the Recipients under the Incentive Plan are subsidiaries of the Company, and according to the Accounting Standards for Business Enterprises and its relevant regulations, the share-

based payment related expenses shall be undertaken by the enterprises receiving relevant services. Therefore, the Company intends to include the share-based payment related expenses under the Incentive Plan into the relevant subsidiaries, which will in turn affect the performance of the anode materials and polarizer business departments.

The charging of the above share incentive expenses will affect the net profit of anode materials and polarizer business departments in the implementation period of this Incentive Plan. In order to make the assessment more consistent with the actual business situation and to take into account the principles of fairness, reasonableness and operability, the Company intends to exclude the influence of the share-based payment related expenses arising from the implementation of the share incentive plan when accounting for the net profit index of the departmental performance appraisal index of this Incentive Plan.

### III. Details for Adjusting Part of the Performance Appraisal Targets

The details before and after the adjustment of the expected growth rate of departmental performance for each year corresponding to "I. Stock Option Incentive Plan -- (VII) Grant and exercise of stock options -- 2. Conditions for exercising stock options -- (4) Departmental performance reaches departmental performance appraisal targets" and "II. Restricted Share Incentive Plan -- (VII) Conditions for grant and unlocking of restricted shares -- 2. Conditions for unlocking restricted shares -- (4) Departmental performance reaches departmental performance appraisal targets" in "Chapter V. Contents of the Share Incentive Plan" of the Company's 2022 Stock Option and Restricted Share Incentive Plan (Draft) are as follows:

#### Before adjustment:

Exercise/unlocking period	Expected growth rate of appraisal index of the polarizer business department		Expected growth rate of appraisal index of the anode materials business department	
	The first exercise/unlocking	Operating income	Based on the operating income of polarizer business in 2021, the expected	Operating income

period		growth rate of the operating income of polarizer business in 2022 is 17%		growth rate of the operating income of anode materials business in 2022 is 80%
	Net profit	Based on the net profit of polarizer business in 2021, the expected growth rate of the net profit of polarizer business in 2022 is 14%	Net profit	Based on the net profit of anode materials in 2021, the expected growth rate of the net profit of anode materials in 2022 is 65%
The second exercise/unlocking period	Operating income	Based on the operating income of polarizer business in 2021, the expected growth rate of the operating income of polarizer business in 2023 is 44%	Operating income	Based on the operating income of anode materials business in 2021, the expected growth rate of the operating income of anode materials business in 2023 is 170%
	Net profit	Based on the net profit of polarizer business in 2021, the expected growth rate of the net profit of polarizer business in 2023 is 30%	Net profit	Based on the net profit of anode materials in 2021, the expected growth rate of the net profit of anode materials in 2023 is 165%
The third exercise/unlocking period	Operating income	Based on the operating income of polarizer business in 2021, the expected growth rate of the operating income of polarizer business in 2024 is 72%	Operating income	Based on the operating income of anode materials business in 2021, the expected growth rate of the operating income of anode materials business in 2024 is 300%
	Net profit	Based on the net profit of polarizer business in 2021, the expected growth rate of the net profit of polarizer business in 2024 is 50%	Net profit	Based on the net profit of anode materials in 2021, the expected growth rate of the net profit of anode materials in 2024 is 300%
The fourth exercise/unlocking period	Operating income	Based on the operating income of polarizer business in 2021, the expected growth rate of the operating income of	Operating income	Based on the operating income of anode materials business in 2021, the expected growth rate of the operating income of

period		polarizer business in 2025 is 84%		anode materials business in 2025 is 390%
	Net profit	Based on the net profit of polarizer business in 2021, the expected growth rate of the net profit of polarizer business in 2025 is 67%	Net profit	Based on the net profit of anode materials in 2021, the expected growth rate of the net profit of anode materials in 2025 is 450%

Note 1: The aforesaid "operating income of polarizer business", "net profit of polarizer business", "operating income of anode materials business" and "net profit of anode materials business" refer to the relevant financial information in the segment reports of the audited financial reports of the listed company

**After adjustment:**

The contents of the table remain unchanged and the note at the bottom of the table is amended to:

"Note 1: The aforesaid "operating income of polarizer business", "net profit of polarizer business", "operating income of anode materials business" and "net profit of anode materials business" refer to the relevant financial information in the segment reports of the audited financial reports of the listed company. **When the net profit indicator is assessed, the impact of share-based payment related expenses amortized by the corresponding business segment during the corresponding appraisal period shall be excluded"**

Except for the above amendments, the other performance conditions and other contents of this Incentive Plan remain unchanged.

**IV. Impact of Adjusting Part of the Performance Appraisal Targets on the Company**

The adjusted performance appraisal targets of the Company are more in line with the realities of the Company, which is conducive to fully mobilizing the enthusiasm and creativity of the Incentive Recipients and giving full play to the incentive role of this Incentive Plan, while taking into account the principles of fairness, reasonableness and operability. The adjusted performance appraisal targets also combine the interests of

shareholders, the Company and core personnel for the three to jointly promote the long-term development of the Company, which is in line with the interests of the Company and its shareholders. This revision of the Company's 2022 Stock Option and Restricted Share Incentive Plan (Draft) will not have a material impact on the financial position and results of operations of the Company.

## **V. Procedures Performed for Adjusting Part of the Performance Appraisal Targets**

### **1. Deliberation by the Board**

On 11 August 2022, the Company held the Thirty-third Meeting of the Tenth Session of the Board of Directors, and considered and passed the Proposal on Adjusting Part of the Performance Appraisal Targets under the Company's 2022 Stock Option and Restricted Share Incentive Plan and Amendment to Related Documents. Ms. Li Fengfeng, the related director, refrained from voting, while the other non-related directors agreed unanimously. The Board of the Company agreed to the adjustment of part of the performance appraisal targets and submitted the matter to the Company's Third Extraordinary General Meeting of 2022 for consideration.

### **2. Deliberation by the Supervisory Committee**

On 11 August 2022, the Company held the Twenty-first Meeting of the Tenth Session of the Supervisory Committee, and considered and passed the Proposal on Adjusting Part of the Performance Appraisal Targets under the Company's 2022 Stock Option and Restricted Share Incentive Plan and Amendment to Related Documents. The Supervisory Committee held that: When the Board of the Company considered the adjustment, the related directors had recused themselves from voting and the independent directors had expressed their independent opinion in agreement; the adjustment was in line with the realities of the Company, conducive to its sustainable development, without prejudice to the interests of the Company and all shareholders and in compliance with the relevant laws and regulations such as the Measures for the Administration of Equity Incentives of Listed Companies. The Supervisory Committee

agreed to the adjustment.

### 3. Independent opinion of independent directors

The independent directors were of the opinion that the adjustment of part of the performance appraisal targets under the 2022 Stock Option and Restricted Share Incentive Plan is an effective measure to cope with the current realities of the Company, and this adjustment can combine the interests of the employees, the Company and the shareholders more effectively and continue to bring into play the incentive role of this Incentive Plan, which is conducive to the sustainable, stable and healthy development of the Company, and there are no circumstances that are detrimental to the interests of the Company and its shareholders, especially the minority shareholders.

The voting procedures and process of adjusting part of the performance appraisal targets under the 2022 Stock Option and Restricted Share Incentive Plan are legitimate and in compliance with the relevant laws and regulations such as the Measures for the Administration of Equity Incentives of Listed Companies and the provisions of the Company's 2022 Stock Option and Restricted Share Incentive Plan (Draft). We agreed to the Proposal on Adjusting Part of the Performance Appraisal Targets under the Company's 2022 Stock Option and Restricted Share Incentive Plan and Amendment to Related Documents and submitted it to the Company's general meeting for consideration.

## **VI. Opinions of Intermediary Agencies on the Adjustment Matter**

### 1. Concluding opinion of the independent financial adviser's report

Huatai United Securities Co., Ltd. held that: as of the date of the report, the matters related to the adjustment of the Incentive Plan of Shanshan have obtained the necessary authorization and approval at this stage. The adjustment is in compliance with the provisions of the relevant laws, regulations, and normative documents such as the Company Law, the Securities Law, the Measures for the Administration of Equity Incentives of Listed Companies, and the Rules for Stock Listing of Shanghai Stock Exchange, and there are no circumstances that are detrimental to the interests of the



listed company and all shareholders.

## 2. Concluding opinion of the legal opinion

In the opinion of lawyers of Beijing Tian Yuan Law Firm, as of the date of this legal opinion, the amendments of the Incentive Plan have obtained the necessary approval and authorization, and are in compliance with the provisions of the Measures for the Administration of Equity Incentives of Listed Companies and the 2022 Stock Option and Restricted Share Incentive Plan of Ningbo Shanshan Co., Ltd. (Draft). The amendments of the Incentive Plan is to be considered and approved by the general meeting of the Company; the amendments of the Incentive Plan does not lead to accelerated exercise or early unlocking of restricted sales, nor does it lower the exercise price or grant price, which is in compliance with the relevant provisions of the Measures for the Administration of Equity Incentives of Listed Companies and the 2022 Stock Option and Restricted Share Incentive Plan of Ningbo Shanshan Co., Ltd. (Draft), and there are no circumstances that are detrimental to the interests of the listed company and all shareholders.

This announcement is hereby made.

Board of Directors of Ningbo Shanshan Co., Ltd.

11 August 2022