Ningbo Shanshan Co., Ltd.
Announcement on Outbound Investment

Important Notes:

- Investment target name: The lithium ion battery anode material integration base project with the annual output of 100,000 tons in Finland

- Investment amount: The total planned investment amount for this project is not more than €1.28 billion (subject to the actual investment amount)

- Relevant Risk Alert: (1) Owing to the large number of the total planned investment amount, this project is exposed to a certain financial pressure and the risk of failure to raise sufficient funds in a timely manner. (2) There is uncertainty regarding the project’s scale and construction progress as the investment in this project requires the approval from the general meeting of Ningbo Shanshan Co., Ltd. (“Company”) and competent government authorities (e.g. the National Development and Reform Commission, Ministry of Commerce, and State Administration of Foreign Exchange) or filing with such competent government authorities; there are risks regarding construction progress, time for reaching designed production output is not meeting expectation and excess of actual investment amount over planned investment amount owing to multiple constraints on construction investment and long construction period. (3) Fluctuations in raw material prices and supply-demand changes may affect the stable supply of raw materials to and production costs of the Company. Also, as the current market competition for anode materials is intense, there may be risks of capacity digestion and price fluctuations after the project starts production, which could impact the project’s operational efficiency. (4) The growth of
overseas market demand may fall short of expectations, leading to more difficult operations of the project and extended payback period. (5) There may be operational management risks and exchange rate risks.

- This project of outbound investment shall be subject to submission to the general meeting of the Company for consideration.

I. Overview of the Outbound Investment

As green industries develop abroad, especially in Europe, overseas new energy vehicles and energy storage industries have maintained the rapid development trend, brought about continuous demand growth of the overseas lithium battery market and encouraged global lithium battery companies to actively expand their lithium battery production capacity in overseas markets, including Europe. To further implement the Company’s development strategy, expand the business scale in overseas markets, and satisfy the needs of downstream customers for local sourcing, the Company has agreed to establish a project company in Finland through its subsidiary Shanghai Shanshan Lithium Battery Material Technology Co., Ltd. and invest in the construction of a lithium ion battery anode material integration base with the annual output of 100,000 tons, with a total planned investment amount of not more than €1.28 billion (subject to the actual investment amount). The project will be constructed in two phases, with a planned annual production capacity of 50,000 tons each phase, and an estimated construction period of 24 months each phase.

On 27 September 2023, at the Fourth Meeting of the Eleventh Session of the Board of Directors of the Company, the Proposal on the Subsidiary’s Proposed Investment in the Construction of a Lithium Ion Battery Anode Material Integration Base Project was considered and approved with the voting result: 11 votes in favor, 0
vote against, 0 vote abstained and 0 avoid. The Board of Directors of the Company requested the general meeting to authorize the management to deal with the specific matters related to this outbound investment, including but not limited to the establishment of the project company, arranging capital increase (if necessary) as required by the project progress, and signing agreements and documents related to this investment (if any).

This project of outbound investment shall be subject to submission to the general meeting of the Company for consideration, and must not be implemented until approved by or filed with competent government authorities.

This outbound investment does not constitute a connected transaction and a material asset reorganization.

II. Information on Investing Entity

Shanghai Shanshan Lithium Battery Material Technology Co., Ltd.: Established on 4 December 2014; with a registered capital of RMB1.182 billion; Li Fengfeng as the legal representative; address at 536 Laolu Road, Lingang New Zone, China (Shanghai) Pilot Free Trade Zone; business scope including technology development, technology transfer, technology consulting, technology services in lithium battery materials, business information consulting, corporate management services, marketing planning, and import and export of goods and technologies. The Company indirectly holds 87.077% of its shares, making it a holding subsidiary of the Company. The financial data for the latest year and period is as follows (on a consolidated basis):

<table>
<thead>
<tr>
<th>Period</th>
<th>Total Assets</th>
<th>Total Liabilities</th>
<th>Net Assets</th>
<th>Operating Revenue</th>
<th>Net Profits</th>
<th>Asset-liability Ratio</th>
</tr>
</thead>
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Unit: RMB100 million
<table>
<thead>
<tr>
<th>Year</th>
<th>2022</th>
<th>2023</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>170.27</td>
<td>196.74</td>
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<tr>
<td></td>
<td>94.21</td>
<td>116.45</td>
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<td></td>
<td>76.06</td>
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<td></td>
<td>82.01</td>
<td>31.64</td>
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<tr>
<td></td>
<td>9.20</td>
<td>4.31</td>
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<tr>
<td>Percentage</td>
<td>55.33%</td>
<td>59.19%</td>
</tr>
</tbody>
</table>

Explanation: Data for 2022 is audited while data for 2023 is unaudited.

**III. Information on Investment Target**

To smoothly implement this project, Shanghai Shanshan Lithium Battery Material Technology Co., Ltd. plans to establish a project company in Finland with cash contribution. The relevant registration information of the project company is to be approved by or filed with the competent government authorities, subject to the final approval of the relevant authorities at that time. The basic information of the project to be invested by the project company is as follows:

(I) Project name: The lithium ion battery anode material integration base project with the annual output of 100,000 tons in Finland

(II) Construction site: Finland (specific location subject to final approval)

(III) Investment amount and source of funds: The total planned investment amount for this project is not more than €1.28 billion (subject to the actual investment amount). Source of funds includes own funds and financing (including but not limited to bank project loans, introduction of strategic investors, etc.)

(IV) Construction works and scale: 100,000 tons lithium ion battery anode material production base, including office buildings, production facilities, and auxiliary workshops. It is planned to achieve an annual production capacity of 50,000 tons for the first phase and for the second phase respectively.

(V) Construction period: This project will be constructed in two phases, with an estimated construction period of 24 months for each phase (subject to actual
IV. Impact of Outbound Investment on the Listed Company

This project aligns with the Company’s strategic development plan. Upon completion, this project will help the Company optimize its overseas production layout, effectively meet the needs of downstream customers for related products and the needs of the Company for overseas market expansion. It will also contribute to the Company’s expansion in the international market, continuous improvement in global market share, and further consolidation of its industry-leading position.

This project is an integrated production line of anode materials. The pertinent process route has been validated by existing production bases and optimized based on feedback from high-quality domestic and international customers. Upon completion, the project will strengthen the Company’s advantage of globally integrated capacity scale.

Electricity in Northern Europe is primarily made from green energy such as hydropower and biomass, with relatively low prices. It can be transported by waterways to major battery customers in Western Europe and Central Europe. The selection of Finland as the project site allows the Company to leverage local low-cost clean energy and strategic regional advantages, actively expand European market customers, and respond to their demands.

V. Risk Analysis for the Outbound Investment

(I) Risk of fundraising

The total planned investment amount for this project is not more than €1.28 billion and the source of funds is own funds and financing (Including but not limited to bank project loans, introduction of strategic investors, etc.) Owing to the large
number of the total planned investment amount, this project is exposed to a certain financial pressure and the risk of failure to raise sufficient funds in a timely manner.

(II) Risk of project approval and advancement falling short of expectations

There is uncertainty regarding the project’s scale and construction progress as the investment in this project requires the approval from the general meeting of the Company and competent government authorities (e.g. the National Development and Reform Commission, Ministry of Commerce, and State Administration of Foreign Exchange) or filing with such competent government authorities. As the project will be constructed in phases based on future market conditions, there are risks regarding construction progress, time for reaching designed production output is not meeting expectation and excess of actual investment amount over planned investment amount owing to multiple constraints on construction investment and long construction period.

(III) Risk of raw material supply, capacity digestion, and price fluctuations

The main raw materials for the production of anode materials of the Company include petroleum coke and needle coke. Fluctuations in such raw material prices and supply-demand changes may affect the stable supply of raw materials to and production costs of the Company. Also, as the current market competition for anode materials is intense, there may be risks of capacity digestion and price fluctuations after the project starts production, which could impact the project’s operational efficiency.

(IV) Risk of market demand falling short of expectations

The lithium battery market is expected to maintain rapid growth, but there is a possibility that the growth of overseas market demand for power and energy storage
batteries may fall short of expectations, leading to more difficult operations of the project and extended payback period.

(V) Operational management risks

Owing to the differences between Europe and China in terms of legal systems, policy frameworks, business environments, and cultural customs, this project may be exposed to operational management risks such as competition, team building, and internal control management in overseas markets.

(VI) Exchange rate risks

As this project is an overseas investment, the foreign currencies may be used for construction works and financial accounting, posing a certain risk of exchange rate fluctuations.

It is hereby announced.

Board of Directors of Ningbo Shanshan Co., Ltd.

27 September 2023