

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

## **Ningbo Shanshan Co., Ltd.**

# **Announcement on the Company's 2022 Share Options and Restricted Share Incentive Plan of Cancellation of Certain Share Options and Repurchase and Cancellation of Certain Restricted Shares**

### **Important Notice:**

- **Number of Share Option Cancellations: 10,491,670**
- **Number of Restricted Share Repurchase: 4,381,555 Shares**

On 24 April 2024, Ningbo Shanshan Co., Ltd. (the "Company") convened the 8th meeting of the 11th session of the Board of Directors and the 7th meeting of the 11th session of the Board of Supervisors, and the Proposal on the Company's 2022 Share Option and Restricted Share Incentive Plan of Cancellation of Certain Share Options and Repurchase and Cancellation of Certain Restricted Shares of the Company was considered and approved. According to the authorization of the First Extraordinary General Meeting of the Company in 2022, this proposal does not need to be submitted to the Company's General Meeting for review. The relevant matters are explained as follows:

### **1. Decision-making Procedures and Information Disclosure Performed by the 2022 Share Options and Restricted Shares 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 Share Options 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 Share Options 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 Share Options 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 2 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 Share Options 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 Share Options 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 Share Options 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 Incen(h)5(a)-1(r)-2(e)-1 t t ons

United Securities Co., Ltd. issued an independent financial advisory opinion on matters related to the first grant of share options.

(5) On 5 May 2022, the Company completed the registration procedures for the first grant of share options under the 2022 Share Options and Restricted Share Incentive Plan at the China Securities Depository and Clearing Corporation Limited Shanghai Branch (the “CSDC Shanghai Branch”). The actual amount of Incentive Recipients for the first grant of share 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 Share Options and Canceling Certain Share Options under the Company’s 2022 Share Options and Restricted Share Incentive Plan, the Proposal on 3 Adjusting the List of Incentive Recipients, Grant Price and Grant Amount of Restricted Shares under the Company's 2022 Share Options 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.

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persons for the first grant of share options in the Company's equity Incentive Plan were adjusted from 435 to 430, The number of share options granted for the first time but not yet exercised has been adjusted from 45,010,000 to 44,520,000, and the exercise price has been adjusted to RMB27.85 per share.

(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 Share Options and Restricted Share Incentive Plan and Amendment to Related Documents, agreeing that the Company adjusts part of the performance appraisal targets under the 2022 Share Options 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.

On August 29, 2022, the Company held the Third Extraordinary General Meeting of shareholders in 2022, which reviewed and passed the Proposal on Adjusting Part of the Performance Appraisal Targets under the Company's 2022 Share Options and Restricted Share Incentive Plan and Amendment to Related Documents. Beijing Tianyuan Law Firm attended and witnessed the General Meeting.

(9) On March 15, 2023, the Company disclosed the Announcement on the Invalidation of Reserved Rights and Interests in the 2022 Share Options and Restricted Shares Incentive Plan. The 3.92 million share options and 1.68 million restricted shares reserved in the 2022 Share Options and Restricted Shares Incentive Plan of the Company were not specified about incentive persons within 12 months after the incentive plan was reviewed and approved at the First Extraordinary General Meeting of the Company in 2022, and the reserved options/restricted shares were invalid.

(10) On 2 August, 2023, the Company held the second meeting of the 11th Board of Directors and the second meeting of the 11th Board of Supervisors, reviewed and passed the Proposal on Adjusting the Relevant Equity Price, Cancelling Certain Share

Options and Repurchasing and Cancelling Certain Restricted Shares in the Company's 2022 Share Options and Restricted Shares Incentive Plan. The independent directors of the Company have expressed written agreement on this matter, and the Board of Supervisors has issued an audit opinion on the above matter. Beijing Tianyuan Law Firm has issued a legal opinion on the above matter.

(11) On September 11, 2023, the Company completed the relevant registration procedures for adjusting the exercise price of share options and canceling certain share options in this incentive plan at the CSDC Shanghai Branch. After this change, the incentive persons for the share options in the Company's equity Incentive Plan were adjusted from 430 to 410. The number of share options granted but not yet exercised has been adjusted from 44,520,000 to 32,083,800, and the exercise price has been adjusted to RMB27.55 per share.

On October 16, 2023, the Company completed the relevant registration procedures for repurchase and cancellation of certain restricted shares in this incentive plan at the CSDC Shanghai Branch. After this change, the incentive persons for the restricted shares in the Company's equity Incentive Plan were adjusted from 417 to 403. The number of restricted shares granted but not yet released has been adjusted from 18,334,100 to 13,353,375, and the repurchase price is adjusted to RMB13.46 per share or RMB13.46 per share plus the sum of bank deposit interest over the same period.

(12) On October 30, 2023, the Company held the Fifth Meeting of the Eleventh Session of Board of Directors and the Fifth Meeting of the Eleventh Session of Board of Supervisors, considered and passed the Proposal on the Company's 2022 Share Options and Restricted Share Incentive Plan of Cancellation of Certain Share Options and Repurchase and Cancellation of Certain Restricted Shares, and agreed to cancel (repurchase) share options and restricted shares held by the incentive persons due to resignation or retirement. The independent directors of the Company issued written consent. The Board of Supervisors of the Company issued an audit opinion on the above matters, and Beijing Tianyuan Law Firm issued a legal opinion on the above matters.

(13) On December 14, 2023, the Company completed the relevant registration procedures for cancellation of certain share options in this incentive plan at the CSDC Shanghai Branch. After this change, the incentive persons for the share options in the Company's equity Incentive Plan were adjusted from 410 to 380. The number of share options granted but not yet exercised has been adjusted from 32,083,800 to 30,114,210.

On December 26, 2023, the Company completed the relevant registration

procedures for repurchase and cancellation of certain restricted shares in this incentive plan at the CSDC Shanghai Branch. After this change, the incentive persons for the restricted shares in the Company's equity Incentive Plan were adjusted from 403 to 374. The number of restricted shares granted but not yet released has been adjusted from 13,353,375 to 12,583,965.

(14) On April 24, 2024, the Company held the Eighth Meeting of the Eleventh Session of Board of Directors and the Seventh Meeting of the Eleventh Session of Board of Supervisors, considered and passed the Proposal on the Company's 2022 Share Options and Restricted Share Incentive Plan of Cancellation of Certain Share Options and Repurchase and Cancellation of Certain Restricted Shares, and agreed to cancel (repurchase) the share options and restricted shares corresponding to the incentive objects who fail to achieve the performance assessment indicators for the exercise/release of second restricted sales period and the disqualification of the incentive objects due to resignation or retirement. The Remuneration and Assessment Committee of the Board of Directors of the Company issued a written consent on this matter, the Board of Supervisors of the Company issued an audit opinion on the above matters, and Beijing Tianyuan Law Firm issued a legal opinion on the above matters.

## **2. Reasons, Basis and Quantity for Canceling Certain Share Options and Repurchasing and Canceling Certain Restricted Shares**

In accordance with the *Administrative Measures for Equity Incentive of Listed Companies* and the *Share Options and Restricted Share Incentive Plan of Ningbo Shanshan Co., Ltd. for the Year 2022 (Revised Draft)* and the authorization of the First Extraordinary General Meeting of shareholders in 2022, the BOD of the Company agreed to cancel or repurchase and cancel the total 10,491,670 share options and 4,381,555 restricted shares corresponding to the failure to achieve the performance assessment indicators in the second exercise/release of restricted sales period and the fact that the incentive targets no longer qualify as the incentive targets due to resignation or retirement. The specific details are as follows:

(1) Failure to achieve performance assessment indicators in the second exercise/release of restricted sales period

According to relevant data in 2023 audit report of the Company issued by BDO China Shu Lun Pan Certified Public Accountants LLP, the Company's performance assessment indicators for the second exercise/release of restricted sales period did not meet the exercise/release of restricted sales conditions, mainly due to the impact of

industry changes, product prices have declined year-on-year, resulting in lower-than-expected revenue growth for the Company. Therefore, the Company proposes to cancel all share options/restricted shares in the second exercise/release of restricted sales period of all incentive targets that have been granted but have not yet been exercised/released of restricted sales. The repurchase price of restricted shares will be the sum of the price of RMB 13.46/share and the bank deposit interest in the same period.

(2) The incentive targets' resignation or retirement

1) Among the incentive targets of the share options granted according to the Incentive Plan, 17 persons have resigned, 1 person has retired, and they no longer qualify as incentive targets. It is planned to cancel all share options granted but not yet exercised;

2) Among the incentive targets of the restricted shares granted according to the Incentive Plan, 16 persons have resigned, 1 person has retired, and they no longer qualify as incentive targets. It is planned to repurchase and cancel all restricted shares granted but not yet released of restricted sales; The repurchase price of restricted shares for the resigned persons is RMB 13.46/share, and that of the retired persons will be the sum of price of RMB 13.46/share and the bank deposit interest in the same period.

If the company has completed the 2023 annual equity distribution plan before the actual repurchase, the repurchase price per share of restricted shares will be correspondingly reduced by the amount of cash dividends per share already implemented.

In summary, the total number of share options to be cancelled this time is 10,491,670, among which the numbers of share options to be cancelled in the no.2, no.3 and no.4

adjusted from 374 to 357, and the number of the restricted shares granted but not yet released of restricted sales will be adjusted from 12,583,965 to 8,202,410 correspondingly. The Company plans to pay a total of RMB58,975,730.30 for the repurchase of the restricted shares (plus the bank deposit interest payable for the same period as required), and the source of funds is the Company's own funds.

### 3. Table of Expected Changes in the Company's Equity Structure Before and After this Repurchase and Cancellation of Restricted Shares

| Category                                             | Before Changes<br>(Shares) | Changing Number<br>of Shares | After Changes<br>(Shares) |
|------------------------------------------------------|----------------------------|------------------------------|---------------------------|
| Outstanding shares with limited conditions of sale   | 500,986,731                | -4,381,555                   | 496,605,176               |
| Outstanding shares with unlimited conditions of sale | 1,757,236,492              | -                            | 1,757,236,492             |
| Total                                                | 2,258,223,223              | -4,381,555                   | 2,253,841,668             |

Note: The final changes in the share capital structure shall be subject to the share capital structure table issued by CSDC Shanghai Branch after the completion of the repurchase and cancellation of restricted shares.

### 4. The Impact of this Cancellation on the Company

The cancellation of certain share options and repurchase and cancellation of certain restricted shares comply with the relevant provisions of the Administrative Measures for Equity Incentive of Listed Companies, the 2022 Incentive Plan for Share Options and Restricted Shares of Ningbo Shanshan Co., Ltd. (Revised Draft), It will not have a material impact on the Company's financial condition and operating results. The Company's management team will continue to be diligent and conscientious in fulfilling their duties, actively promoting the achievement of the Company's development strategy and business objectives, and promoting the long-term sustainable development of the Company.

### 5. Subsequent h -04 (2022)20-1(ny]TJ 0c 0 Tw 8s[( (r)-2(e)]c74 -725 T(m)46 2t)3(il)-2(i-2(e2(p

The Remuneration and Assessment Committee of the Board of Directors of the Company has conducted a pre audit and issued a written consent on the cancellation of certain share options and repurchase and cancellation of certain restricted shares. The details are as follows:

The Company's cancellation of certain share options and repurchase and cancellation of certain restricted shares complied with the relevant provisions of the Measures for the Administration of Equity Incentives for Listed Companies and the 2022 Incentive Plan for Share Options and Restricted Shares of Ningbo Shanshan Co., Ltd. (Revised Draft), There will be no substantial impact on the Company's financial condition and operating results, and there will be no situation that harms the interests of the Company and shareholders. We agree to submit it to the Company's board of directors for review.

## **7. Opinions of the Board of Supervisors**

The Board of Supervisors believed that when the Board of Directors of the Company reviewed the cancellation of share options and repurchase and cancellation of restricted shares, the related directors had avoided voting and the Remuneration and Assessment Committee of the Board of Directors of the Company has issued a written consent; According to the authorization of the Company's First Extraordinary General Meeting in 2022, the approval process and content of share options cancellation and restricted shares repurchase cancellation are in line with the relevant provisions of the Measures for the Administration of Equity Incentives for Listed Companies and the 2022 Incentive Plan for Share Options and Restricted Shares of Ningbo Shanshan Co., Ltd. in 2022 (Revised Draft), and there is no situation that harms the interests of the Company and shareholders. We agree to the share options cancellation and restricted shares repurchase cancellation.

## **8. Concluding Opinions of Legal Opinions**

Beijing Tianyuan Law Firm has issued a legal opinion on the cancellation of certain share options and repurchase and cancellation of restricted shares in the 2022 incentive plan of share options and restricted shares of the Company, and its concluding opinions are as follows: As of the date of issuance of the legal opinions, the Company's cancellation of certain share options and repurchase and cancellation of certain restricted shares has obtained necessary authorization and approval at this stage. The cancellation of share options

shares by the Company meet the relevant provisions as stipulated in the Administrative Measures for Equity Incentive of Listed Companies and the Share Options and Restricted Share Incentive Plan of Ningbo Shanshan Co., Ltd. for the Year 2022 (Revised Draft). The Company still needs to go through the procedures for this cancellation of share options and repurchase and cancellation of restricted shares in accordance with relevant laws, regulations and normative documents, and fulfill the corresponding information disclosure obligations in accordance with the law.

It is hereby announced.

The Board of Directors of Ningbo Shanshan Co., Ltd.

25 April 2024