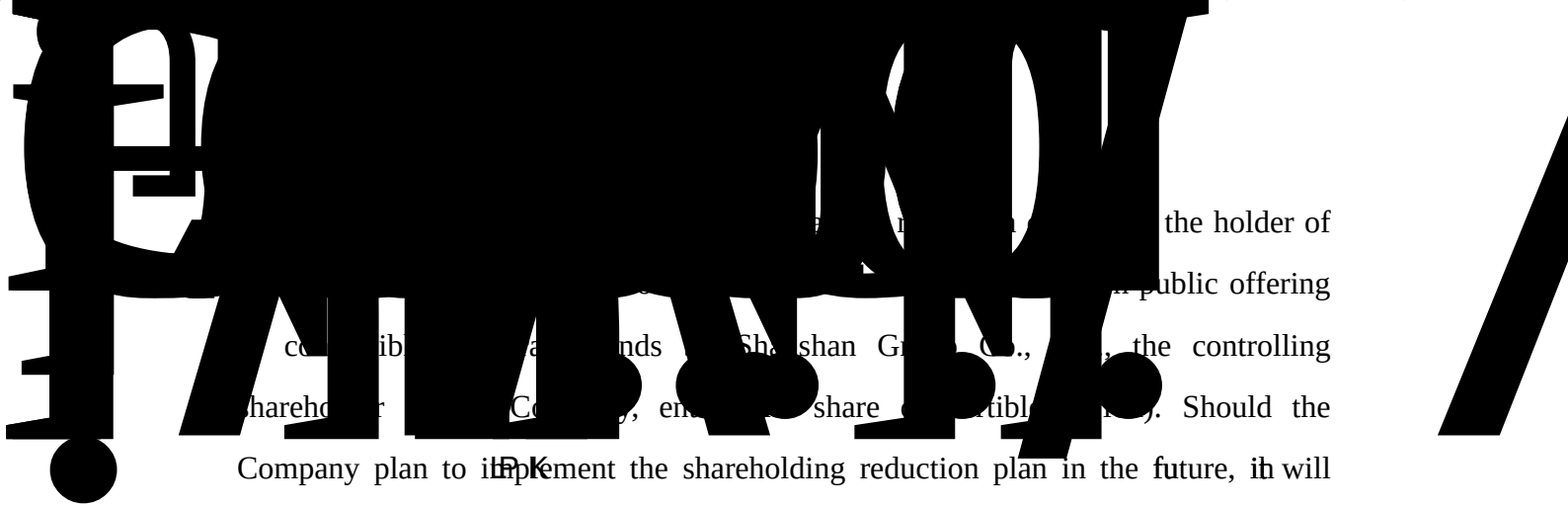
- the repurchased shares will be used for the employee share ownership scheme or equity incentive scheme of Ningbo Shanshan Co., Ltd. (the "Company") at an appropriate time in the future, and will be transferred within 3 years following the announcement on the results of Share Repurchase and changes



[illegible] the holder of [illegible] public offering [illegible] the controlling [illegible] share [illegible]). Should the Company plan to implement the shareholding reduction plan in the future, it will perform its obligation of information disclosure in a timely manner in accordance with relevant regulations.

1. During the Period of Repurchase, should the Company's share price constantly exceed the price ceiling as set forth in the Share Repurchase Scheme, there may be risks of the Scheme being unable to be completed in part or in all;

2. In the event of significant changes in the Company's production and operation, financial conditions, or external environment, or other events that cause the Board of Directors to decide to terminate the Share Repurchase Scheme, there may be risks of failure in the successful implementation of the Share Repurchase Scheme, or changes in or termination of the Share Repurchase Scheme according to the applicable rules.

3. As the repurchased shares will be used in the Company's employee share ownership scheme or equity incentive scheme

shares based on the market conditions within the Period of Repurchase and put it into implementation at an appropriate time, and fulfill its information disclosure obligations in a timely manner according to the progress of the Share Repurchase. Investors are advised to remain alert of the investment risks.

The thirty-eighth meeting of the tenth session of the Board of Directors was held on December 26, 2022, which considered and approved the Proposal on the Share Repurchase Scheme through Centralized Bidding Transactions with unanimous votes, on which the independent directors of the Company have expressed their unanimous and independent opinions. According to the relevant provisions of the Articles of Association of Ningbo Shanshan Co., Ltd. (the "Articles of Association"), the Share Repurchase Scheme has been approved with a resolution by more than two-thirds of the directors attending the board meeting, and therefore does not need to be reviewed and approved by the Company's general meeting of shareholders.

The time and procedures of the board meeting for the consideration of the share repurchase are in line with the relevant provisions of the Guidelines for Self-Regulation of Listed Companies of Shanghai Stock Exchange No. 7 - Repurchase of Shares and the Articles of Association.

The Share Repurchase is proposed based on the confidence in the Company's future development and recognition of its long-term value, and for the purpose of safeguarding the interests of its investors, in addition to improving its long-term incentive mechanism, linking the interests of the shareholders with those of the Company and its employees tightly and effectively to ensure its sound and sustainable development, following a thorough consideration of its operating results and financial conditions, etc. All the repurchased shares will be used for the Company's employee share ownership scheme or equity incentive scheme at an appropriate time in the future.

The ordinary shares (A shares) in RMB issued by the Company.

Repurchase the Company's shares through the trading system of Shanghai Stock Exchange through Centralized bidding transaction.

1. The Period of Repurchase is 12 months commencing from the date on which the Board of Directors approves the Share Repurchase Scheme. If one of the following conditions is met, the period of repurchase will expire early:

(1) If the repurchase funds are used up within the Period of Repurchase, the Share Repurchase Scheme will be deemed completed successfully, and the Period of Repurchase will expire early on that date.

(2) If the Board of Directors decides to terminate the Share Repurchase Scheme, the Period of Repurchase will expire early on the date when the Board of Directors makes the said decision.

2. The Company's management shall, as authorized by the Board of Directors, make a timely decision to repurchase its shares based on the market conditions within the Period of Repurchase and put it into implementation at an appropriate time. The Company shall not repurchase its shares in the following periods (in the event of changes in the relevant provisions of the laws and regulations, the latest versions should prevail):

(1) 10 trading days before the publication of the Company's annual reports, interim reports, and quarterly reports. If the dates of publication of such reports are postponed for certain reasons, then the period starting from the 10 trading days prior to the original publication date to the day immediately before the publication of the reports;

(2) 10 trading days before the announcement of the Company's results forecast or

| | | | | |
|---|---|---|---|---|
| | | total share capital (%) | | |
| For the Company's employee share ownership scheme or equity incentive scheme | 13,043,479~ 21,739,130 | 0.58%~0.96% | 300 - 500 | 12 months starting from the date on which the Company's Board of Directors approves the Share Repurchase Scheme |

The price of the Share Repurchase is not murcha

RMB23 per share, assuming that all the shares repurchased are reserved for the employee share ownership scheme or equity incentive scheme and will be locked up in its entirety, it is estimated that there will be changes in the Company's shareholding structure after the repurchase as follows:

| | | | | | | |
|---|---|---|---|---|---|---|
| | | | | | | |
| Restricted shares | 506,736,866 | 22.38 | 528,475,996 | 23.12 | 519,780,345 | 22.83 |
| Unrestricted shares | 1,757,236,492 | 77.62 | 1,757,236,492 | 76.88 | 1,757,236,492 | 77.17 |
| Total | 2,263,973,358 | 100.00 | 2,285,712,488 | 100.00 | 2,277,016,837 | 100.00 |

The actual changes in shares will be disclosed in the announcement on the results of Share Repurchase published after the repurchase is completed. Should there be ex-rights and ex-dividends events such as conversion of capital reserves into share capital, distribution of shares or cash dividends, share division, shrinkage, allotment, or issuance of warrants, etc. occurring during the Period of Repurchase, the Company shall adjust the number of the shares to be repurchased accordingly, starting from the date of ex-rights and ex-dividends.

As at September 30, 2022 (unaudited), the Company's total assets amounted to RMB46.892 billion, and net assets attributable to the shareholders of the Listed Company were RMB22.927 billion, with its monetary funds amounting to RMB8.902 billion, which indicates that the Company has sufficient monetary funds at its disposal. Assuming that the upper limit of the repurchase funds of RMB500 million are all used up, as at September 30, 2022, the funds for the repurchase will account for approximately 1.07%, 2.18%, and 5.62%, respectively, of the total assets, net assets

[illegible] ny an[illegible] of [illegible] sed [illegible] ncial [illegible] ions, [illegible] Share Rep[illegible] ase [illegible] have a signi[illegible] t impact on [illegible] Company's operation [illegible] ance or fu[illegible] dev[illegible] t.

The repurchased shares are to be used for the Company's employee share ownership scheme or equity incentive scheme, which will play a significant role in safeguarding the interests of its investors, improving its long-term incentive mechanism, tightly and effectively linking the interests of the Company and its shareholders and employees, and promoting the healthy and sustainable development of the Company. The Share Repurchase will not impair the Company's ability to repay its debts and continue its operations on an on-going basis.

The Share Repurchase will not lead to changes in the Company's control. After the completion of the Share Repurchase, the Company's shareholding structure still meets the requirements of listing and will not hinder the Company's listing status.

1. The Share Repurchase is in compliance with the Company Law of the People's Republic of China, Securities Law of the People's Republic of China, Opinions on Supporting Share Repurchase by Listed Companies, Rules of Share Repurchase by Listed Companies, the Guidelines for Self-Regulation of Listed Companies of Shanghai Stock Exchange No. 7 - Repurchase of Shares and other relevant laws and regulations, regulatory documents and the relevant provisions of the Articles of Association.

2. The repurchased shares will be used for the subsequent implementation

of its employees, and promoting the long-term sustainable development of the Company. The Share Repurchase is definitely necessary.

3. The funds for the Share Repurchase will come from the Company's own funds, thus the Share Repurchase will not have a major impact on the Company's operations, finance, and future development, nor will it affect its listing status, thus the Share Repurchase Scheme is feasible. The implementation of the Share Repurchase Scheme will not impair the legitimate rights and interests of the Company and its shareholders.

4. The Share Repurchase will be implemented through centralized bidding transactions, and there will be no impairment to the interests of the Company and its shareholders, especially those of the small and medium shareholders.

To sum up, we believe that the Share Repurchase is legal and compliant with the applicable laws and regulations, and the Share Repurchase Scheme is feasible and necessary, which is in the interests of the Company and its shareholders, therefore, we unanimously agreed on the Share Repurchase Scheme.

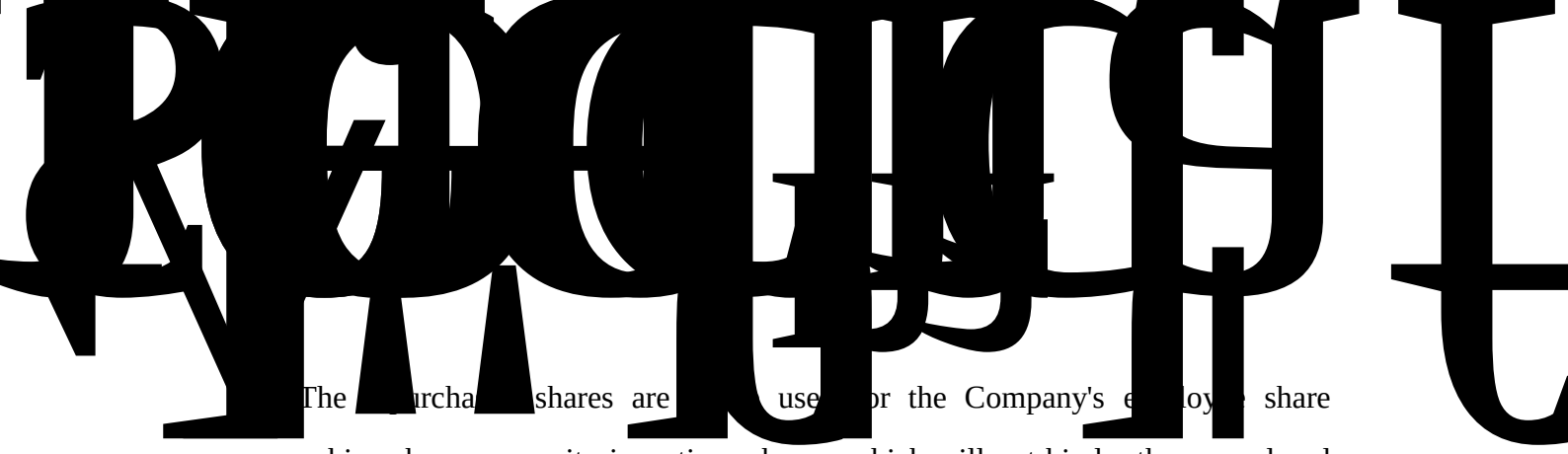
On September 23, 2022, the Company disclosed the Announcement on the Transfer of the Company's Partial Shares through Block Trading among Subsidiaries of the Actual Controller and other relevant announcements. Shanshan Group Co., Ltd. Has accumulated received 44.7 million shares of the Company's unrestricted tradable shares held by its controlling shareholder Shanshan Holding Co., Ltd. through block trading on September 21 and 22, 2022. This equity change is an internal transfer between different entities controlled by the same actual controller, and does not

involve the increase or decrease of shares in the market or the tender offer. (For details, please refer to the announcement disclosed by the Company on the website of Shanghai Stock Exchange)

On December 22, 2022, the Company published an announcement on the Exercise of the Share Options Granted for the First Time under the 2019 Equity Incentive Scheme for the Second Round in the Third Exercise Period and the Listing of Shares. After exercising their share options, certain directors and senior management (Mr. Zhuang Wei, the Vice Chairman; Mr. Li Zhihua, the Director and General Manager; Mr. Yang Feng, the Director; Ms. Li Fengfeng, the Director; Mr. Peng Wenjie, the Director; and Ms. Chen Ying,

On December 26, 2022, the Company issued an inquiry letter to its directors, supervisors, senior management, controlling shareholders, de facto controllers, and shareholders holding more than 5% of its shares, inquiring if they had any plans to reduce their shareholdings in the Company for the next 3 or 6 months, to which all of them have answered NO and added that if they plan to reduce their shareholdings in the future (Except for the passive reduction caused by the holder of convertible corporate bonds choosing to convert shares after the non-public offering of convertible corporate bonds by Shanshan Group Co., Ltd., the controlling shareholder of the Company, enters the share convertible period), they will fulfill their obligations of information disclosure in accordance with relevant laws and regulations.

The repurchased shares are to be used for the Company's employee share ownership scheme or equity incentive scheme at an appropriate time in the future, and the Company will transfer those shares in accordance with relevant laws and regulations. If the Company fails to complete the transfer within 3 years following the date of its announcement on the results of Share Repurchase and changes in its share capital, it will proceed to reduce its registered capital according to the applicable laws, i.e. the remaining shares will be cancelled. The Company will also fulfill its information disclosure obligations in a timely manner according to the specific implementation results.



The purchased shares are intended for the Company's employee share ownership scheme or equity incentive scheme, which will not hinder the normal and continuous operation of the Company. If the Company fails to meet the above purposes in part or in all, it will cancel the remaining shares in accordance with relevant laws and regulations, and notify its creditors thereabout in a timely manner, so as to safeguard their legitimate rights and interests.

In order to complete the Share Repurchase in a smooth, efficient and orderly manner, the Company's Board of Directors has authorized its senior management to deal with all the specific matters related to the Share Repurchase. The details and scope of such authorization include but not limited to the following:

1. Setting up a special security account for the Share Repurchase and other related matters;

2. To the extent permitted by the applicable laws, regulations and regulatory documents, formulating and adjusting the specific implementation plan for the Share Repurchase according to the specific conditions of the Company and the market within the Period of Repurchase, including but not limited to the timing, price, and quantity of repurchase and other matters related thereto;

3. Handling the relevant applications, including but not limited to formulating, revising, authorizing, signing, and executing all the necessary documents, contracts, agreements, etc. related to the Share Repurchase;

4. Should there be any changes in the policies of the regulatory authority on the Share Repurchase or in the market conditions, except for the matters related to applicable laws, regulations and the Articles of Association that must be re-voted by the Board of Directors, the

Repurchase in accordance with applicable laws and regulations, and relevant provisions of the regulatory authorities.

The above authorization starts from the date when the Board of Directors of the Company approves the Share Repurchase Scheme to the date when the above-mentioned authorization-related matters are completed.

1. During the Period of Repurchase, should the Company's share price constantly exceed the price ceiling as set forth in the Share Repurchase Scheme, there may be risks of the Share Repurchase Scheme being unable to be completed successfully in part or in all;

2. Should there be major changes in the Company's production and operation, financial conditions, and external environment, or events that cause the Company's Board of Directors to decide to terminate the Share Repurchase Scheme, there may be risks in the smooth implementation of the Share Repurchase Scheme, or risks of changes in or termination of the Share Repurchase Scheme according to the rules;

3. The repurchased shares are to be used for the Company's employee share ownership scheme or equity incentive scheme in the future, as a result, there may be risks of the repurchased shares being unable to be transferred or granted in part or in all due to the relevant m

operations, financial conditions or future development, and will not hinder its listing status. The Company will make a decision based on the market conditions within the Period of Repurchase and put it into implementation at an appropriate time, and fulfill its information disclosure obligations in a timely manner according to the progress of the Share Repurchase. Investors are reminded to remain alert of the investment risks.

This announcement is hereby made.

Board of Directors of Ningbo Shanshan Co., Ltd.

26 December 2022