Ningbo Shanshan Co., Ltd.
Third Quarterly Report 2023

Important Notes:

The Board of Directors, the Board of Supervisors, and directors, supervisors and senior management of the Company confirm that the content of this quarterly report is true, accurate and complete and has no false representations, misleading statements or material omissions, and they individually and collectively accept legal responsibility for such content.

Person in Charge of the Company, the Chief Financial Officer and the Person in Charge of the Accounting Authority (Head of the Accounting Department), hereby warrant the truthfulness, accuracy and completeness of the financial information contained in this quarterly report.

Have the third quarterly financial statements been audited

I. Key Financial Data

(I) Key accounting data and financial indicators

Unit: Yuan Currency: RMB

Items	The Reporting Period	Increase/ decrease over the same period of the previous year (%)	From the beginning of the year to the end of the reporting period	Increase/decrease from the beginning of the year to the end of the reporting period compared to the same period last year (%)
Operating income	5,241,502,782.29	3.41	14,709,278,706.11	-7.14
Net profit attributable to shareholders of the listed company	189,089,857.07	-65.48	1,202,181,393.74	-45.58

Net profit attributable to shareholders of the listed company, net of non-recurring profit and loss	74,848,367.73	-86.20	662,661,733.10	-66.24
Net cash flow from operating activities	N/A	N/A	-1,549,639,017.39	-186.40
Basic earnings per share (RMB/share)	0.123	-49.63	0.665	-34.70
Diluted earnings per share (RMB/share)	0.123	-49.63	0.665	-34.70
Weighted average return on net assets (%)	0.838	Decreased by 1.598 percentage points	5.178	Decreased by 5.677 percentage points

	At the end of the Reporting Period	At the end of the previous year	Increase/decrease at the end of the Reporting Period as compared with the previous year-end (%)
Total assets	49,205,441,741.07	44,925,491,219.31	9.53
Owners' equity attributable to shareholders of the listed company	23,231,467,860.56	23,053,341,900.80	0.77

Note: "The reporting period" refers to the three-month period from the beginning of this quarter to the end of this quarter. The same below.

(II) Non-recurring profit and loss items and amounts

Unit: Yuan Currency: RMB

Items	Amount of the Reporting Period	Amount from the Beginning of the Year to the End of the Reporting Period	Explanation

Items	Amount of the Reporting Period	Amount from the Beginning of the Year to the End of the Reporting Period	Explanation
Profit and loss on disposal of non-current assets	746,357.28	213,008,144.64	Mainly attributable to the confirmation of corresponding investment income from the Company's sale of 51% equity of Shanshan Advanced Materials (Quzhou) Co., Ltd. during the reporting period.
Government grants included in the current profit and loss, except those closely related to the Company’s normal operations, conforming to the State policies and regulations and enjoyed persistently in line with certain standard ratings or rations	176,682,339.75	487,143,564.95	
Non-operating income and expenses other than those mentioned above	-14,561,611.59	-16,816,555.64	
Less: Amount affected by income tax	-30,642,716.32	-97,684,947.48	
Affected amount of non-controlling interest (after tax)	-17,982,879.78	-46,130,545.83	
Total	114,241,489.33	539,519,660.64	

Explanation of non-recurring profit and loss items listed in the “Explanatory Announcement No. 1 on Information Disclosure by Companies Offering Their Securities to the Public – Non-recurring Profit and Loss” (1 ——) being defined as recurring profit and loss items

(III) Changes of key accounting data and financial indicators and reasons

Items	Change ratio (%)	Main reasons
Net profit attributable to shareholders of the listed company	-65.48	Mainly due to the significant year-on-year decline in net profit of BASF Shanshan Battery Material Co.,

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Shareholdings of the top ten shareholders						
Name of shareholders	Type of shareholders	The number of shares held	Percentage of shareholding (%)	Number of restricted tradable shares held	Number of shares pledged, marked or frozen	
					Status of shares	Number
Shanshan Group Co., Ltd.	Domestic non state-owned legal person	782,222,036	34.55	205,264,756	Pledged	566,043,870
					Frozen	40,441,711
Ningbo Pengze Trading Co., Ltd.	Domestic non-state-owned legal person	205,264,756	9.07	205,264,756	Pledged	78,420,000
Ningbo Yinzhou Jielun Investment Co., Ltd.	Domestic non-state-owned legal person	77,873,254	3.44	77,873,254	Pledged	29,580,000
Shanshan Holdings Co., Ltd.	Domestic non-state-owned legal person	72,212,189	3.19	0	None	0
Tian An Property Insurance Co., Ltd. – Baoying No. 1 (1)	Domestic non-state-owned legal person	54,450,098	2.41	0	None	0
Hong Kong Securities Clearing Company Limited	Overseas legal person	35,604,026	1.57	0	None	0
Bailian Group Co., Ltd.	State-owned legal person	30,743,625	1.36	0	None	0
Bank of China Limited - Huaxia China Securities New Energy Vehicle Trading Open End Index Securities Investment Fund ( )	Others	7,974,010	0.35	0	None	0

Industrial and Commercial Bank of China Limited- Huitianfu China Securities New Energy Vehicle Industry Index Initiated Securities Investment Fund (LOF) (LOF)	Others	7,946,680	0.35	0	None	0
Industrial and Commercial Bank of China Limited - Huatai Bairui CSI 300 Trading Open End Index Securities Investment Fund (300)	Others	6,940,262	0.31	0	None	0

Shareholdings of top ten shareholders not subject to trading restrictions

Name of shareholders	Number of tradable shares not subject to trading restrictions	Type and Number	
		Type	Number
Shanshan Group Co., Ltd.	576,957,280	RMB ordinary shares	576,957,280
Shanshan Holdings Co., Ltd.	72,212,189	RMB ordinary shares	72,212,189
Tian An Property Insurance Co., Ltd. – Baoying No. 1 (1)	54,450,098	RMB ordinary shares	54,450,098
Hong Kong Securities Clearing Company Limited	35,604,026	RMB ordinary shares	35,604,026
Bailian Group Co., Ltd.	30,743,625	RMB ordinary shares	30,743,625
Bank of China Limited - Huaxia China Securities New Energy Vehicle Trading Open End Index Securities Investment Fund ( )	7,974,010	RMB ordinary shares	7,974,010
Industrial and Commercial Bank of China Limited- Huitianfu China Securities New Energy Vehicle Industry Index Initiated Securities Investment Fund (LOF) (LOF)	7,946,680	RMB ordinary shares	7,946,680

Industrial and Commercial Bank of China Limited - Huatai Bairui CSI 300 Trading Open End Index Securities Investment Fund (300)	6,940,262	RMB ordinary shares	6,940,262
China Construction Bank Co., Ltd. - Fuguo CSI New Energy Vehicle Index Securities Investment Fund ( )	6,246,268	RMB ordinary shares	6,246,268
Citibank, National Association	6,116,560	RMB ordinary shares	6,116,560
Explanation on related party or concert party relationship among the above shareholders	Shanshan Holdings Co., Ltd. is the controlling shareholder of Shanshan Group Co., Ltd. and Ningbo Yinzhou Jielun Investment Co., Ltd. And Shanshan Group Co., Ltd. is the controlling shareholder of Ningbo Pengze Trading Co., Ltd. In addition, the Company does not know whether there is any other related relationship between the above shareholders or whether they are acting in concert.		
Description on engagement in securities margin trading and financing business by the top ten shareholders and the top ten shareholders not subject to trading restrictions (if any)	Shanshan Group Co., Ltd. is the controlling shareholder of the Company, holding 405,880,000 shares of the Company under the special pledge account for the convertible corporate bonds, 328,182,036 shares of the Company under ordinary securities account and 48,160,000 shares of the Company under credit securities account.		

Note:

1. As of the end of the reporting period, Shanshan Group held 782,222,036 shares of the Company, and a total of 566,043,870 shares were pledged. And both the holding shares and the accumulated pledged shares include a total of 405,880,000 shares transferred to the special pledge account by Shanshan Group due to the Non-Public Offering of Convertible Corporate Bonds.
2. As of the end of the reporting period, Ningbo Shanshan Co., Ltd. held 44,270,851 shares of the Company in the special securities repurchase account, accounting for 1.96% of the Company's total share capital, which is not listed in the above shareholders' holdings.
3. Citibank, National Association is the GDR depositary of the Company, and the domestic underlying A-shares corresponding to the GDRs are registered under its name according to law. As of the end of the reporting period, the Company had 1,223,312 GDRs in existence.

III. Other Reminders

Other important information about the operation of the Company during the Reporting Period that needs to be reminded of investors

Applicable Not applicable

(I) Progress in the 2022 Share Option and Restricted Share Incentive Plan of the Company

On 2 August 2023, the Company convened the 2nd meeting of the 11th session of the Board of Directors and the 2nd 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 to Adjust the Relevant Equity Price, Cancellation of Certain Share Options and Repurchase and Cancellation of Certain Restricted Shares of the Company was considered and approved. (Please refer to the relevant announcements released on the website of the Company for details)

The Company completed the relevant registration procedures for adjusting the exercise price of share options and canceling certain share options, as well as repurchasing and canceling certain restricted shares, at the China Securities Depository and Clearing Co., Ltd. Shanghai Branch on September 11, 2023 and October 16, 2023, respectively.

(II) Purchase of assets

1. Completion of early delivery of 15% equity repurchase of subsidiaries by the Company

According to the Framework Agreement signed by the Company and LG CHEM, LTD. (the "LG Chem") in June 2020, the Company will be transferred the remaining 15% equity of the holding company (Shanjin Optoelectronics (Suzhou) Co., Ltd., hereinafter referred to as "Shanjin Suzhou ") at a fixed price on the third year of the delivery date of the Company's acquisition of LCD polarizer business and related assets of LG Chem in Mainland China.

In this reporting period, the Company and LG Chem reached an agreement on the early delivery of the remaining 15% equity of Shanjin Suzhou and signed a relevant equity transfer agreement. As of October 13, 2023, the Company has paid the equity transfer price in accordance with the equity transfer agreement. Starting from October 13, 2023, the Company holds 100% equity of Shanjin Suzhou. (Please refer to the relevant announcements released on the website of the Company for details)

As of the disclosure date of this report, the industrial and commercial change registration procedures for this equity transfer have been completed.

2. Acquisition of assets by subsidiaries of the company

After the deliberation of the general manager's office meeting, the Company signed the SP Business Framework Agreement with LG Chem on September 27, 2023, reaching an agreement on the acquisition of LG Chem's SP business and related assets in Mainland China, South Korea and Vietnam by the Company's subsidiary Shanjin Suzhou and its wholly-owned subsidiary. (Please refer to the relevant announcements released on the website of the Company for details)

At present, the parties involved in the transaction are advancing the achievement of relevant delivery conditions in an orderly manner according to the plan, including but not limited to the anti-monopoly review and approval of relevant national government departments, and the filing of government regulatory departments such as the Chinese Ministry of Commerce and the National Development and Reform Commission.

IV. Quarterly Financial Statements

(I) Type of audit opinion

(II) Financial statement

Consolidated Balance Sheet

30 September 2023

Prepared by: Ningbo Shanshan Co., Ltd.

Unit: Yuan Currency: RMB

Type of Audit: Unaudited

Item	**30 September 2023**	**31 December 2022**
Current assets:		
Cash at bank and on hand	4,632,410,801.71	4,742,265,435.59
Deposit reservation for balance		
Lending funds		
Held-for-trading financial assets		
Derivative financial assets		
Notes receivable	660,796,860.88	227,833,088.02
Accounts receivable	5,127,011,821.23	4,694,974,423.38
Accounts receivable financing	326,998,231.34	512,249,842.96
Prepayments	1,438,568,262.63	1,391,716,499.58
Premium receivable		
Reinsurance receivables		
Reinsurance contract reserves receivable		
Other receivables	904,041,609.25	497,273,632.21
Of which: Interest receivable	341,593.16	7,195.74
Dividend receivable	4,992,116.13	4,992,116.13
Purchase of resale financial assets		
Inventories	5,605,994,308.86	5,029,844,227.43
Contract assets		
Assets held for sales		1,316,864,410.82
Non-current assets due within one year	39,645,314.70	46,632,199.70
Other current assets	933,506,643.41	483,327,024.12
Total current assets	19,668,973,854.01	18,942,980,783.81
Non-current assets:		
Borrowings and advances issued		
Debt investment		
Other debt investments		
Long-term receivables		
Long-term equity investment	7,162,211,938.93	6,917,108,693.60
Investment in other equity instruments	949,448,273.65	749,414,590.01
Other non-current financial assets	198,154,599.78	198,154,599.78
Investment properties		
Fixed assets	7,369,900,106.38	8,351,151,772.77
Construction in progress	8,366,872,830.98	4,947,187,407.85
Productive biological assets		
Oil and gas assets		

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Intangible assets	2,023,401,779.70	1,757,936,375.32
Development costs		
Goodwill	1,007,279,852.19	1,007,279,852.19
Long-term deferred expense	125,575,034.12	133,384,511.46
Deferred income tax assets	138,175,493.69	134,942,699.34
Other non-current assets	747,158,941.61	161,095,381.56
Total non-current assets	29,536,467,887.06	25,982,510,435.50
Total assets	49,205,441,741.07	44,925,491,219.31
Current liabilities:		
Short-term borrowings	6,202,499,279.71	3,928,471,986.16
Borrowings from the Central Bank		
Borrowings from other banks and other financial institutions		
Held-for-trading financial liabilities		
Derivative financial liabilities		
Notes payable	818,673,516.48	2,039,758,654.61
Accounts payable	3,530,161,751.58	3,149,272,023.43
Advances from customers	2,275,771.42	100,196,289.48
Contract liabilities	42,999,187.41	60,815,111.78
Financial assets sold for repurchase		
Deposits from customers and interbanks		
Receiving from vicariously traded securities		
Receiving from vicariously sold securities		
Employee benefits payable	47,236,504.87	153,368,165.73
Tax payable	225,885,995.47	296,418,740.29
Other payables	619,324,737.95	753,001,487.50
Including: Interest payable		
Dividend payable	701,360.00	701,360.00
Handling charges and commissions payable		
Dividend payable for reinsurance		
Liabilities held for sale		400,317,405.67
Non-current liabilities due within one year	1,857,652,833.47	1,904,053,155.76
Other current liabilities	103,816,518.86	113,769,719.27
Total current liabilities	13,450,526,097.22	12,899,442,739.68
Non-current liabilities:		
Reserve fund for insurance contracts		
Long-term borrowings	7,821,720,333.94	4,176,085,647.01
Bonds payable		
Of which: Preferred shares		
Perpetual bonds		
Lease liabilities	872,277,721.82	1,136,932,323.59
Long-term payables	2,013,032,168.11	1,816,108,761.30
Long-term employee benefits payable		

Interest expenses		
Fee and commissions expenses		
Cash surrender amount		
Net payments for insurance claims		
Net provision for insurance liability reserves		
Policy dividend expenses		
Reinsurance expenses		
Tax and surcharge	70,819,477.63	39,655,498.33
Sales expenses	165,356,847.98	190,706,216.84
Administrative expenses	450,516,216.23	566,149,484.02
R&D expenses	691,186,518.45	715,657,889.38
Financial expenses	359,966,534.62	585,668,837.75
Including: Interest expense	391,998,373.86	512,854,907.89
Interest income	68,372,899.51	83,511,123.46
Add: Other incomes	487,174,764.95	71,116,247.58
Investment income (loss is indicated with “-”)	332,470,406.25	802,081,379.93
Including: Income from investment in associates and joint ventures	-53,065,059.46	603,552,679.35
Derecognized financial assets measured by amortized cost		
Exchange gain (loss is indicated with “-”)		
Net exposure hedging income (loss is indicated with “-”)		
Income from change of fair value (loss is indicated with “-”)		
Credit impairment losses (loss is indicated with “-”)	-41,521,161.73	-3,439,068.04
Asset impairment losses (loss is indicated with “-”)	57,608,441.20	-70,557,142.98
Incomes of assets disposal (loss to be listed with “-”)	-6,149,474.74	4,025,277.66
III. Operating profit (loss is indicated with “-”)	1,698,983,362.29	2,763,066,979.81
Add: Non-operating income	7,977,576.88	13,296,156.34
Less: Non-operating expenses	24,794,132.52	10,961,232.86
IV. Total profit (total loss is indicated with “-”)	1,682,166,806.65	2,765,401,903.29
Less: Income tax expenses	420,538,428.14	452,065,916.81
V. Net profit (net loss is indicated with “-”)	1,261,628,378.51	2,313,335,986.48
(I) Classified by operating continuity		
1. Net profit from continuing operations (net loss is indicated with “-”)	1,261,628,378.51	2,313,335,986.48
2. Net profit from discontinued operations (net loss is represented by “-”)		
(II) Classified by ownership		
1. Net profits attributable to the shareholders of the parent company (net loss to be listed with “ ”)	1,202,181,393.74	2,208,881,912.66
2. Profits and losses attributable to minority interests (net	59,446,984.77	104,454,073.82

loss to be listed with "-")		
VI. Other comprehensive income, net of tax	135,322,981.80	-95,245,602.09
(I) Net other comprehensive income attributable to the parent company owners after tax	135,322,981.80	-95,245,602.09
1. Other comprehensive income that cannot be reclassified through profit or loss	139,033,683.64	-92,020,667.00
(1) Changes arising from re-measurement of the defined benefit plan		
(2) Other comprehensive income that cannot be reclassified into profits or losses under the equity method		
(3) Changes in fair value of other equity instrument investments	139,033,683.64	-92,020,667.00
(4) Changes in fair value of the enterprise's credit risk		
2. Other comprehensive income that will be re-classified into profits or losses	-3,710,701.84	-3,224,935.09
(1) Other comprehensive income that can be reclassified into profits or losses under the equity method	201,688.79	-276,825.76
(2) Changes in fair value of other debt investments		
(3) Amount of financial assets reclassified into other comprehensive income		
(4) Provision for impairment of credit in other debt investments		
(5) Cash flow hedging reserve		

(6) Exchange differences from translation of financial statements denominated in in1(e)10.9n 10.56 429.48 400.44 .68 .733 Td 41C 0.007 Tc -0.004 Tc400.44 .Td ( )T>>BDC q 323.048.14

Unit: Yuan Currency: RMB
Type of Audit: Unaudited

Item	The First Three Quarters of 2023 (January-September)	The First Three Quarters of 2022 (January-September)
I. Cash flows from operating activities:		
Cash received from sales of goods or rendering of services	12,901,732,965.55	13,834,818,287.74
Net increase in deposits from customers and placements from corporations in the same industry		

Subtotal of cash inflows from investing activities	491,438,557.08	526,963,503.02
Cash paid for acquisition of fixed assets, intangible assets and other long-term assets	4,881,385,915.35	3,899,423,028.00
Cash paid for investments	805,652,031.29	908,817,996.50
Net increase in pledge loans		

[redacted]