Ningbo Shanshan Co., Ltd.
Third Quarterly Report 2022

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 over the same period of the previous year (%)
Operating income	5,068,633,177.89	-12.08	15,840,567,383.04	0.82
Net profit attributable to shareholders of the listed company	547,732,862.19	-72.81	2,208,881,912.66	-20.37
Net profit attributable to shareholders of the listed company, net of non-recurring profit and loss	542,202,762.44	-11.23	1,962,673,005.23	47.10
Net cash flow from operating activities	N/A/A/A			

Basic earnings per share (RMB/share)	0.245	-80.12	1.019	-40.00
Diluted earnings per share (RMB/share)	0.245	-80.12	1.019	-40.00
Weighted average return on net assets (%)	2.436	Decreased by 12.107 percentage points	10.855	Decreased by 9.850 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	46,892,114,964.38	40,288,469,003.76		16.39
Owners' equity attributable to shareholders of the listed company	22,926,865,700.12	18,928,381,475.79		21.12

Note: The "Reporting Period" refers to the three months ended 30 September 2022, similarly hereinafter.

From January to September 2022, the Company realized net profit attributable to shareholders of the listed company of RMB2,209 million, a decrease of 20.37% year on year, mainly attributable to the investment income of approximately RMB1.4 billion in the same period of the previous year from the transfer of partial equity interest in Hunan Shanshan Energy Technology Co., Ltd. (now known as "BASF Shanshan Battery Materials Co., Ltd.", referred as the "Cathode Company" hereinafter).

From January to September 2022, the Company realized net profit attributable to shareholders of listed company after deducting non-recurring profit and loss of RMB1,963 million, an increase of 47.10% year on year, mainly attributable to the continuous steady growth of the lithium battery anode materials and polarizer businesses, which are core businesses of the Company.

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

Unit: Yuan Currency: RMB

Items	Amounts of the Reporting Period	Amounts from the beginning of the year to the end of the Reporting Period	Explanation
Profit and loss on disposal of	-2,673,611.22	191,866,478.24	Mainly attributable to the

non-current assets			investment income from the transfer of equity interest in Hunan Yongshan Lithium Industry Co., Ltd. on January 2022.
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	12,842,189.54	70,916,740.67	
Non-operating income and expenses other than those mentioned above	-2,400,936.81	2,334,923.48	
Less: Amount affected by income tax	-1,329,086.68	-14,418,179.45	
Affected amount of non-controlling interest (after tax)	-908,455.08	-4,491,055.51	
Total	5,530,099.75	246,208,907.43	

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 – the Reporting Period	-72.81	Mainly attributable to the investment income of approximate RMB1.4 billion in the same period of the previous year from the transfer of partial equity interest in Cathode Company.
Basic earnings per share – the Reporting Period	-80.12	Mainly attributable to the investment income of approximate RMB1.4 billion in the same period of the previous year from the transfer of partial equity interest in Cathode Company.
Diluted earnings per share – the Reporting Period	-80.12	
Net profit attributable to shareholders of the listed	47.10	Mainly due to the strong market demand for anode materials of the lithium-ion battery business for the first

company, net of non-recurring profit and loss – from the beginning of the year to the end of the Reporting Period		three quarters of the year, and meanwhile that Baotou Phase II achieved production capacity release and production and sales volume of anode products increased significantly compared with the same period last year, which result in a year-on-year increase in profitability; the polarizer business maintain steady development.
Net cash flow from operating activities – from the beginning of the year to the end of the Reporting Period	Not Applicable	Mainly attributable to the net cash inflow of the polarizer business of RMB2,937 million for the first three quarters of the year. The polarizer company's operation and development was stable and sound, thanks to its good customer mix, stable payment collection, and the inventory is maintained at a reasonable level to meet its operations; The net operating cash flow of polarizer business in the same period of the previous year was RMB-1,013 million, mainly due to its completion of shareholding rights transfer in February 2021. Due to the low level of raw material inventory before the transfer, the Company supplemented its raw material inventory after the transfer.
Basic earnings per share – from the beginning of the year to the end of the Reporting Period	-40.00	Mainly attributable to the investment income in the same period of the previous year from the transfer of partial equity interest in Cathode Company. After deducting such non-recurring profit and loss, the Company achieved a year-on-year growth of on the core business, namely the anode materials of the lithium-ion battery and the polarizer business, for the first three quarters of the year;
Diluted earnings per share – from the beginning of the year to the end of the Reporting Period	-40.00	

II. Information of Shareholders

(I) Table of total number of ordinary shareholders, the number of shareholders of preferred shares with recovered voting rights and shareholdings of the top ten shareholders

Unit: Share

Total number of ordinary shareholders at the end of the Reporting Period	166,911	Total number of shareholders of preferred shares with recovered voting rights at the end of the Reporting Period (if any)			Not Applicable
Shareholdings of the top ten shareholders					
Name of shareholders	Type of shareholders	The number of shares held	Percentage of shareh	Number of restricted tradable	Number of shares pledged, marked or frozen

			olding (%)	shares held	Status of shares	Number
Shanshan Group Co., Ltd.	Domestic non state-owned legal person	761,132,036	33.99	205,264,756	Pledged	251,863,870
					Frozen	40,441,711
Ningbo Pengze Trading Co., Ltd.	Domestic non-state-owned legal person	205,264,756	9.17	205,264,756	Pledged	78,420,000
Ningbo Yinzhou Jielun Investment Co., Ltd.	Domestic non-state-owned legal person	77,873,254	3.48	77,873,254	Pledged	29,580,000
Citibank, National Association						

Citibank, National Association	77,211,500	RMB ordinary shares	77,211,500
Shanshan Holdings Co., Ltd.	72,212,189	RMB ordinary shares	72,212,189
Hong Kong Securities Clearing Company Limited	59,629,691	RMB ordinary shares	59,629,691
Tian An Property Insurance Co., Ltd. – Baoying No. 1	54,450,098	RMB ordinary shares	54,450,098
Postal Savings Bank of China Co., Ltd. – Eastern Growth Small and Medium Hybrid Open-ended Securities Investment Fund	21,001,135	RMB ordinary shares	21,001,135
China Construction Bank Corporation – Chuangjin Hexin New Energy Vehicle Themed Equity Sponsored Securities Investment Fund	14,256,380	RMB ordinary shares	14,256,380
Huatai Securities Company Limited	12,128,476	RMB ordinary shares	12,128,476
Bank of China Limited – Prudential Emerging Industry Hybrid Securities Investment Fund	9,560,364	RMB ordinary shares	9,560,364
Bailian (Group) Co., Ltd.	9,131,125	RMB ordinary shares	9,131,125
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., all of which are under the *de facto* control of the same *de facto* controller, Mr. Zheng Yonggang. It is not known whether there is any other related relationship between the above shareholders or whether they are parties 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, which holds 259,000,000 shares of the Company under the designated pledge account for the convertible corporate bonds, 459,962,036 shares of the Company under ordinary securities account and 42,170,000 shares of the Company under credit securities account, with additional 21,090,000 shares for securities lending.		

III. Other Reminders

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

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(I) Issuance of Global Depositary Receipts (the “GDRs”) and listing in the Swiss Stock Exchange

The relevant resolution of the Company for the issuance of GDRs and listing in the Swiss Stock Exchange was considered and approved on the Twenty-seventh Meeting of the Tenth Session of the Board of Directors and the Eighteenth Meeting of the Tenth Session of the Board of Supervisors held on 18 April 2022.

The GDRs issuance and listing was completed on 28 July 2022. The number of GDRs issued by the Company is 15,442,300, representing 77,211,500 A shares of the underlying security, raised approximately USD319 million.

(For details, please refer to the relevant announcements of the Company released on the website of the Shanghai Stock Exchange)

(II) Private placement of A Shares

The relevant resolution of the Company for the private placement of shares in 2022 was considered and approved on the Thirty-fourth Meeting of the Tenth Session of the Board of Directors and the Twenty-second Meeting of the Tenth Session of the Board of Supervisors held on 17 October 2022. (For details, please refer to the relevant announcements of the Company released on the website of the Shanghai Stock Exchange)

The private placement of shares is subject to the consideration and appro .2(33(c)043)5(i)2p1(o)-1(u)B1.7(9 036(i

Held-for-trading financial assets		
Derivative financial assets		
Notes receivable	116,504,452.94	34,666,107.26
Accounts receivable	4,107,018,154.92	3,959,400,439.17
Accounts receivable financing	709,633,351.63	644,551,987.38
Prepayments	1,010,146,398.12	837,233,585.18
Premium receivable		
Reinsurance receivables		
Reinsurance contract reserves receivable		
Other receivables	533,502,039.11	346,958,862.10
Of which: Interest receivable	284,299.79	368,092.24
Dividend receivable	492,116.13	492,116.13
Purchase of resale financial assets		
Inventories	5,337,775,977.61	3,043,029,566.06
Contract assets		
Assets held for sales		
Non-current assets due within one year	32,022,299.70	58,264,962.45
Other current assets	1,206,654,588.71	758,646,380.73
Total current assets	21,955,462,498.75	18,977,713,258.04
Non-current assets:		
Borrowings and advances issued		
Debt investment		
Other debt investments		
Long-term receivables	25,040,000.00	33,196,905.37
Long-term equity investment	6,847,430,858.31	6,325,388,921.87
Investment in other equity instruments	794,388,779.44	918,659,446.44
Other non-current financial assets	200,104,599.78	102,604,599.78
Investment properties		
Fixed assets	8,431,310,564.50	7,463,359,635.73
Construction in progress	3,468,789,695.49	2,022,341,380.07
Productive biological assets		
Oil and gas assets		
Right-of-use assets	1,663,390,367.43	1,358,079,598.87
Intangible assets	1,434,461,255.61	1,627,091,148.67
Development costs		
Goodwill	1,007,279,852.19	914,614,122.42
Long-term deferred expense	122,276,485.89	103,040,763.19
Deferred income tax assets	295,406,159.43	240,325,267.25
Other non-current assets	646,773,847.56	202,053,956.06
Total non-current assets	24,936,652,465.63	21,310,755,745.72
Total assets	46,892,114,964.38	40,288,469,003.76
Current liabilities:		

Short-term borrowings	4,739,160,967.11	4,339,082,320.54
Borrowings from the Central Bank		
Borrowings from other banks and other financial institutions		
Held-for-trading financial liabilities		
Derivative financial liabilities		
Notes payable	2,191,554,311.15	1,250,062,984.06
Accounts payable	2,573,371,281.42	2,321,337,124.98
Advances from customers	770,989.31	1,092,883.71
Contract liabilities	127,876,442.51	112,277,738.49
Financial assets sold for repurchase		
Deposits from customers and interbanks		
Receiving from vicariously traded securities		
Receiving from vicariously sold securities		
Employee benefits payable	104,354,455.41	195,657,895.94
Tax payable	206,348,948.63	722,837,474.19
Other payables	724,619,625.62	590,223,505.57
Including: Interest payable		
Dividend payable	701,360.00	10,436,999.41
Handling charges and commissions payable		
Dividend payable for reinsurance		
Liabilities held for sale		
Non-current liabilities due within one year	3,060,075,716.62	3,623,549,740.51
Other current liabilities	106,023,992.95	152,672,564.23
Total current liabilities	13,834,156,730.73	13,308,794,232.22
Non-current liabilities:		
Reserve fund for insurance contracts		
Long-term borrowings	4,988,081,883.43	3,369,958,766.39
Bonds payable		
Of which: Preferred shares		
Perpetual bonds		
Lease liabilities	1,340,068,268.72	1,109,066,539.36
Long-term payables	1,855,062,690.24	2,329,233,515.94
Long-term employee benefits payable		
Estimated liabilities	39,596,907.98	31,315,748.16
Deferred revenue	352,446,949.59	409,654,327.51
Deferred income tax liabilities	499,650,420.80	380,071,327.43
Other non-current liabilities		
Total non-current liabilities	9,074,907,120.76	7,629,300,224.79
Total liabilities	22,909,063,851.49	20,938,094,457.01
Owners' equity (or shareholders' equity):		
Paid-in capital (or share capital)	2,238,465,538.00	2,142,919,938.00

Other equity instruments		
Of which: Preferred shares		
Perpetual bonds		
Capital reserve	8,936,136,439.63	6,477,790,953.97
Less: Treasury shares		
Other comprehensive income	-126,925,279.08	-31,679,676.99
Special reserves	1,715,938.87	2,307,702.27
Surplus reserves	253,716,196.59	253,716,196.59
General risk provision		
Retained earnings	11,623,756,866.11	10,083,326,361.95
Total owners' equity (or shareholders' equity) attributable to parent company	22,926,865,700.12	18,928,381,475.79
Minority interests	1,056,185,412.77	421,993,070.96
Total owners' equity (or shareholders' equity)	23,983,051,112.89	19,350,374,546.75
Total liabilities and owners' equity (or shareholders' equity)	46,892,114,964.38	40,288,469,003.76

Person in charge of the Company: Zheng Yonggang Person in charge of accounting: Li Keqin Person in charge of the accounting authority: Xu Lie

Consolidated Income Statement

January-September 2022

Prepared by: Ningbo Shanshan Co., Ltd.

Unit: Yuan Currency: RMB

Type of Audit: Unaudited

Item	First three quarters of 2022 (January -September)	First three quarters of 2021 (January - September)
I. Total operating revenue	15,840,567,383.04	15,711,728,861.51
Including: Operating income	15,840,567,383.04	15,711,728,861.51
Interest income		
Earned premium		
Fee and commission incomes		
II. Total operating cost	13,880,727,097.38	13,807,273,397.99
Including: Operating cost	11,782,889,171.06	11,856,406,916.82
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	39,655,498.33	50,729,505.43
Sales expenses	190,706,216.84	181,331,844.39
Administrative expenses	566,149,484.02	616,041,558.71
R&D expenses	715,657,889.38	550,692,831.08
Financial expenses	585,668,837.75	552,070,741.56
Including: Interest expense	512,854,907.89	567,726,809.69
Interest income	83,511,123.46	39,321,222.19
Add: Other incomes	71,116,247.58	107,738,600.68
Investment income (loss is indicated with "-")	802,081,379.93	2,170,559,561.61
Including: Income from investment in associates and joint ventures	603,552,679.35	114,125,935.83
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 "-")		494,445.60
Credit impairment losses (loss is indicated with "-")	-3,439,068.04	-152,768,687.90

1. Net profits attributable to the shareholders of the parent company (net loss to be listed with “ ”)	2,208,881,912.66	2,774,023,772.27
2. Profits and losses attributable to minority interests (net loss to be listed with “-”)	104,454,073.82	185,650,382.79
VI. Other comprehensive income, net of tax	-95,245,602.09	-691,572,427.37
(I) Net other comprehensive income attributable to the parent company owners after tax	-95,245,602.09	-691,572,427.37
1. Other comprehensive income that cannot be reclassified through profit or loss	-92,020,667.00	-692,556,051.42
(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	-92,020,667.00	-692,556,051.42
(4) Changes in fair value of the enterprise’s credit risk		
2. Other comprehensive income that will be re-classified into profits or losses	-3,224,935.09	983,624.05
(1) Other comprehensive income that can be reclassified into profits or losses under the equity method	-276,825.76	983,624.05
(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 foreign currencies	-2,948,109.33	
(7) Others		
(II) Net other comprehensive income attributable to minority interests after tax		

VII. Total comprehensive income	2,218,090,384.39	2,268,101,727.69
(I) Total comprehensive income attributable to owners of parent company	2,113,636,310.57	2,082,451,344.90
(II) Total comprehensive income attributable to minority shareholders	104,454,073.82	185,650,382.79
VIII. Earnings per share:		
(I) Basic earnings per share (RMB/share)	1.019	1.698
(II) Diluted earnings per share (RMB/share)	1.019	1.698

Person in charge of the Company: Zheng Yonggang Person in charge of accounting: Li Keqin Person in charge of the accounting authority: Xu Lie

Consolidated Cash Flow Statement

January-September 2022

Prepared by: Ningbo Shanshan Co., Ltd.

Unit: Yuan Currency: RMB

Type of Audit: Unaudited

Item	First three quarters of 2022 (January -September)	First three quarters of 2021 (January - September)
I. Cash flows from operating activities:		
Cash received from sales of goods or rendering of services	13,834,818,287.74	10,128,566,988.48
Net increase in deposits from customers and placements from corporations in the same industry		
Net increase in borrowings from the central bank		
Net increase in placements from other financial institutions		
Cash received for receiving premium of original insurance contract		

Other cash payments relating to financing activities	1,001,066,533.56	1,212,977,896.01
Subtotal of cash outflows from financing activities	10,885,240,157.66	5,439,903,732.57
Net cash flows from financing activities	2,312,651,212.51	7,280,561,005.46
IV. Effect of changes in exchange rate on cash and cash equivalents	84,296,501.11	2,229,467.98
V. Net increase in cash and cash equivalents	-918,380,380.85	3,334,618,223.96
Add: Opening balance of cash and cash equivalents	8,678,782,091.61	2,563,203,640.10
VI. Ending balance of cash and cash equivalents	7,760,401,710.76	5,897,821,864.06

Person in charge of the Company: Zheng Yonggang Person in charge of accounting: Li Keqin
Person in charge of the accounting authority: Xu Lie

Information about the adjustments to the opening balances of financial statements for the first year of implementation due to new accounting standards firstly implemented in 2022

□ Applicable Not applicable

Board of Directors
Ningbo Shanshan Co., Ltd.
28 October 2022