

Ad hoc announcement pursuant to Art. 53 LR

## Ningbo Shanshan Co., Ltd.

# Announcement on Shares Pledge by the Controlling Shareholder and the Person Acting in Concert of the Controlling Shareholder

### Important Notice:

- Shanshan Group Co., Ltd. ("Shanshan Group") holds 782,222,036 shares of Ningbo Shanshan Co., Ltd. ("the Company"), accounting for 34.71% of the total share capital (2,253,841,668 shares) of the Company. Prior to completion of the shares pledge, Shanshan Group holds 706,443,870 shares of the Company pledged, accounting for 90.31% of the total shares of the Company it holds and 31.04% of the total share capital of the Company. After completion of the shares pledge, Shanshan Group holds 716,992,036 shares of the Company pledged (including the shares pledged this time), accounting for 91.66% of the total shares of the Company it holds and 31.81% of the total share capital of the Company.
- Ningbo Pengze Trading Co., Ltd. ("Pengze Trading") holds 205,264,756 shares of the Company, accounting for 9.11% of the total share capital of the Company. Prior to completion of the shares pledge, Pengze Trading holds 116,420,000 shares of the Company pledged, accounting for 56.72% of the total shares of the Company it holds and 5.17% of the total share capital of the Company. After completion of the shares pledge, Pengze Trading holds 169,964,756 shares of the Company pledged (including the shares pledged this time), accounting for 82.80% of the total shares of the Company it holds and 7.54% of the total share capital of the Company.
- Shanshan Group, Pengze Trading and its persons acting in concert hold a total of 1,138,227,502 shares of the Company, accounting for 50.50% of the total share capital. After this share pledge, Shanshan Group, Pengze Trading and its persons acting in concert have cumulatively pledged 916,536,792 shares (including this time), accounting for 80.52% of the total shares held by them and 40.67% of the total share capital of the Company.

Recently, the Company received a notice from the controlling shareholder Shanshan Group and its person acting in concert Pengze Trading that Shanshan Group and Pengze Trading had separately pledged 10,548,166 shares and 53,544,756 shares of the Company. The details are as follows:

## **I. The share pledge of the Company**

### 1. Basic information of the share pledge

Name of  
shareholder

### 3. Share pledges by the shareholders

After the completion of this pledge, the share pledges by the above shareholder and its persons acting in concert are as follows:

Name of shareholder	Number of shares held (shares)	Shareholding ratio (%)	Number of shares pledged prior to the current pledge (shares)	Number of shares pledged after the current pledge (shares)	Proportion in the shares it holds (%)	Proportion in the total share capital of the Company (%)	The pledged shares (shares)		The unpledged shares (shares)	
							Number of restricted shares in the pledged shares	Number of frozen shares in the pledged shares	Number of restricted shares in the unpledged shares	Number of frozen shares in the unpledged shares
Zheng Yonggang	655,267	0.03	0	0	0	0	0	0	0	0
Shanshan Holdings Co., Ltd.	72,212,189	3.20	0	0	0	0	0	0	0	18,471,338
Shanshan Group	782,222,036	34.71	706,443,870	716,992,036	91.66	31.81	205,264,756	0	0	0
Pengze Trading.	205,264,756	9.11	116,420,000	169,964,756	82.80	7.54	169,964,756	0	35,300,000	0
Ningbo Yinzhou Jielun Investment Co., Ltd.	77,873,254	3.46	29,580,000	29,580,000	37.98	1.31	29,580,000	0	48,293,254	0
Total	1,138,227,502	50.50	852,443,870	916,536,792	80.52	40.67	404,809,512	0	83,593,254	18,471,338

## II. The pledged shares by the controlling shareholder

1. The pledged shares due within the next six months of Shanshan Group, the controlling shareholder of the Company and its person acting in concert are 109.162 million shares, accounting for 9.59% of the total shares of the Company it holds and 4.84% of the total share capital of the Company, and the corresponding financing balance is RMB38 million. There are pledged shares 62.337 million shares due with the next year (excluding within six months), accounting for 5.48% of the total shares of the Company it holds and 2.77% of the total share capital of the Company, the corresponding financing balance is RMB million. In addition to own funds, Shanshan Group will raise funds to repay maturing debts by disposing of assets and other means.

2. At present, Shanshan Group and its person acting in concert do not infringe on the interests of the listed company through occupation of non-operating capital, illegal guarantees and connected transactions. The pledge of shares is expected to have no impact on the production and operation as well as corporate governance.

3. The controlling shareholder's equity pledge is used for, and the repayment funds are expected to come from sources, in addition to own funds, Shanshan Group will raise funds to repay maturing debts by disposing of assets and other means.

### 4. Credit status of the controlling shareholder

#### (1) Basic information

Shanshan Group Co., Ltd. with a registered capital of RMB298.418756 million; Date of establishment: June 28, 1994; Registered address: F/26, 777 Rili Middle Road, Shounan street, Yinzhou District, Ningbo, Zhejiang Province; Legal representative: Zhou Min; Business General items: clothing manufacturing; apparel wholesale; apparel retail; shoes and hats wholesale; shoes and hats retail; hardware wholesale; hardware

product retail; wholesale of sporting goods and equipment; retail of sporting goods and equipment; stationery product retail; stationery product retail; daily necessities wholesale; daily necessities sales; cosmetics wholesale; cosmetics retail; auto sales; sales of leather products; sales of clothing accessories; sales of sewing machines; sales of gold and silver products; sales of metal chains and other metal products; sales of metal materials; sales of electrical machinery and equipment; sales of machinery and equipment; sales of construction materials; sales of building ornament materials; sales of daily necessities; sales of wood; sales of paper products; sales of daily glass products; sales of rubber products; sales of plastic products; sales of packaging materials and products; sales of animal husbandry and fishery feed; sales of coal and products; sales of products (not including dangerous chemicals); sales of lubricants; sales of solar thermal utilization equipment; solar thermal power generation equipment; sales of original motive new energy equipment; solar power generation technology services; technology research and development of new materials; non-residential real estate leasing; housing leasing; property management; business management consulting; certification consulting; financial consulting; social and economic consulting services; consulting services of corporate credit management; information consulting services; consulting planning services; information consulting services (excluding licensing information consulting services); marketing planning; corporate image planning (freely operated by the enterprise legally based on the business license except for items requiring approval according to law). Licensed items: food business; food business (sale of bulk food); food business (sale of prepackaged food); import and export agency; import and export of goods; import and export of technology (approvals from competent authorities shall be obtained for the operation of the activities requiring approval in accordance with the laws. The specific items shall be subject to the approval).

(2) Key financial data (consolidated)

Unit: RMB100,000,000

	Total assets	Total liabilities	Total bank loans	Total current liabilities	Net assets	Operating income	Net profit	Net cash flows generated from operating activities
Year 2023	660.35	367.80	226.80	203.22	292.55	226.84	2.91	-3.31
From January to March, 2024	684.53	379.41	237.60	208.53	305.12	47.69	-0.95	3.78

Note: Data for 2023 is audited, data for 2024 is unaudited.

(3) Solvency Indicators (March 31, 2024, consolidated)

Asset liability ratio	Current ratio	Quick ratio	Cash/current liability ratio	Available financing channels and credit quota	Significant contingent liabilities	Debt overdue or default record and its corresponding amount	External guarantee
55.43%	1.33	0.96	0.02	Bank credit-granting quota RMB19.713 billion	No	As of the date of this announcement, the relevant interest has been paid, and the relevant circumstances have been eliminated. At present, Shanshan Group has no overdue debt. Please refer to the relevant announcements of Shanshan Group.	RMB5.13 billion

(4) As of the signing date of this announcement, the balance of bonds issued by Shanshan Group is RMB5.122 billion, and the amount of bonds to be repaid in the next year is RMB0 billion. On June 27, 2023, according to the 2023 Credit Rating Report of Shanshan Group Co., Ltd. the

Public Issuance of Corporate Bonds to Qualified Investors in 2020 (Phase I) (No.: Brilliance Tracking (2023) 100504) issued by Shanghai Brilliance Credit Rating & Investors Service Co., Ltd., the main credit rating of Shanshan Group is AA; The credit rating of "20 Shanshan 01" bond is AA and the rating outlook is stable.

According to the Announcement of Shanghai Brilliance on Delayed Disclosure of the Tracking Rating Report of Shanshan Group Co., Ltd. on the Public Issuance of Corporate Bonds to Qualified Investors in 2020 (Phase I) issued by Shanghai Brilliance Credit Rating & Investors Service Co., Ltd. on June 24, 2024, the 2024 tracking rating report of Shanshan Group Co., Ltd. on the public issuance of corporate bonds to qualified investors in 2020 (Phase I) was delayed.

(5) After consulting Shanshan Group, the controlling shareholder of the Company, as of the date of this announcement, Shanshan Group has no ongoing major litigation or arbitration due to debt issues.

(6) Analysis on solvency risk of controlling shareholder

According to the analysis on the solvency of the issuer (that is, Shanshan Group) in the Report on the Entrusted Management of Corporate Bonds of Shanshan Group Co., Ltd. (2023) disclosed by AVIC Securities Co., Ltd. on June 28, 2024, by the end of 2023, the cumulative external guarantee balance of Shanshan Group was RMB2 billion, a decrease of RMB844 million compared with the cumulative external guarantee balance at the end of 2022. The amount of asset restrictions is RMB5.609 billion, and the equity rights of important subsidiaries held by Shanshan Group are limited. The asset-liability ratio of Shanshan Group was 55.70%, up from the end of 2022. In 2023, the current ratio of Shanshan Group was 1.07, and the quick ratio was 1.01, which was lower than the number that at the end of 2022. Overall, there was no significant adverse change in the solvency indicators of Shanshan Group in 2023.

## 5. Transactions between the controlling shareholder and listed company

In 2023, there was no new related party guarantee between the controlling shareholder of the Shanshan Group, and its related parties and the Company. By the end of 2023, Shanshan Group and its related parties had provided a total amount of guarantees for the Company of RMB4.4 billion, with an actual guarantee balance of RMB2.497 billion (including interest). The Company did not provide guarantees for controlling shareholder and their related parties.

In 2023, the controlling shareholder of Shanshan Group, Shanshan Holdings Co., Ltd. ("Shanshan Holdings"), occupied a total of RMB808 million of the Company funds for non-operating purposes, with a year-end balance of RMB80 million; In January 2024, Shanshan Holdings occupied RMB150 million of Company funds for non-operating purposes. The Company has received all principal and interest of the aforementioned occupied funds at the bank loan interest rate for the same period prior to the disclosure of the 2023 Report.

In 2023, due to the Company's intention to purchase the office building of Junkang Financial Plaza as its headquarter, the Company has a total of RMB520 million of funds transactions with related parties controlled by Shanshan Holdings, with a year-end balance of RMB70 million. In January 2024, the Company made a new prepayment of RMB600 million for the purchase. However, the Board Directors ultimately determined that a separate decision-making process for related party transactions was required, and the transaction was suspended. Before the disclosure of the 2023 Annual Report, the Company has recovered all prepaid principal and interest at the same period bank interest rate.

In November 2023, the Company received a cumulative transfer of RMB2,713 million from Shanshan Holdings, and immediately returned it to Shanshan Holdings. The above funds are industrial fund loans negotiated by Shanshan Holdings for the Company. Due to significantly higher interest rates than other financing rates available to the Company, therefore conducted the funds.

Please refer to the Company's 2023 Annual Report for details on other daily related party transactions with controlling shareholder.

As of the date of this announcement, the controlling shareholder has not infringed upon the interests of the listed C

#### 6. Pledge risks assessment

After the completion of the pledge, the cumulative number of shares pledged by the Company's controlling shareholder and its person acting in concert has reached 80.52% of the shares held by them, and the pledged shares are mainly needed to provide pledge guarantees for financing. Up to now, there is no risk of forced liquidation or forced transfer of relevant pledged shares of Shanshan Group. When the pledge period expires in the future, Shanshan Group will mainly raise funds to repay the shares pledged financing by disposing of assets and other means, and the pledge risk is within a controllable range. We will also work towards reducing the overall pledge ratio to be less than 80% by December 31, 2024.

The Company will continue to pay attention to the pledge of shares held by the controlling shareholder Shanshan Group and will, as required, conduct timely disclosure of relevant information in accordance with the regulations. Investors are advised to pay attention to investment risks.

It is hereby announced.

Board of Directors of Ningbo Shanshan Co., Ltd.

2 July 2024