Ningbo Shanshan Co., Ltd.
Measures for Management of Connected Transactions

(Revised in 2023)

Chapter 1 General Provisions

Article 1 These Measures are formulated in accordance with the Company Law of the People's Republic of China, the Securities Law of the People's Republic of China, the Rules Governing the Listing of Stocks on Shanghai Stock Exchange, the Self-regulatory Guidelines of Shanghai Stock Exchange for Listed Companies No. 5 - Transactions and Connected Transactions, and other laws, regulations, normative documents and the Articles of Association of Ningbo Shanshan Co., Ltd. (hereinafter referred to as the "Articles of Association") for the purposes of regulating the connected transaction of Ningbo Shanshan Co., Ltd. (hereinafter referred to as the "Company") and protecting lawful rights and interests of all investors, particularly minority investors.

Article 2 The connected transactions of the Company shall be fair in pricing, compliant in decision-making procedure and regular in information disclosure. The Company shall take the initiative to reduce connected transactions through asset restructuring, overall listing and other means.

Article 3 The Audit Committee of the Company shall perform the duties of control and daily management of connected transactions of the Company.

Chapter 2 Connected Persons and Connected Transactions

Article 4 Connected persons of the Company include connected legal persons (or other organizations) and connected natural persons.

Article 5 A legal person or any other organization under any of the following circumstances shall be a connected legal person of the Company (or other organization):

(I) A legal person (or any other organization) that directly or indirectly controls the Company;

(II) Legal persons (or other organizations) other than the Company, its controlled subsidiaries and other entities under control directly or indirectly controlled by the legal persons (or other organizations) listed in item (I) above;

(III) Legal persons (or other organizations) other than the Company, its controlled subsidiaries and other entities under control that are directly or indirectly controlled by the connected natural persons, or where the connected natural persons act as the directors (except that the connected natural person is the independent director of both entities) or senior officers;

(IV) Legal persons (or other organizations) holding more than 5% of the shares of the Company and their persons acting in concert;

(V) Legal persons (or other organizations) identified by the China Securities Regulatory Commission (hereinafter referred to as the "CSRC"), the Shanghai Stock Exchange (hereinafter referred to as the "SSE") or the Company according to the principle of substance over form that have a special relationship with the Company, which may cause or has caused the interests of the Company to tilt in favor of them.

Article 6 A natural person shall be a connected natural person of the Company under any of the following circumstances:

(I) Natural persons who directly or indirectly hold more than 5% of the shares of the Company;

(II) Directors, supervisors and senior officers of the Company;

(III) Directors, supervisors and senior officers of the connected legal persons listed in Article 5.(I);

(IV) Family members closely connected to the people stated under items (I) and (II) of this Article, including spouses; children aged above 18 and their spouses; parents and spouses' parents; brothers, sisters and their spouses; brothers and sisters of spouses; and

parents of children’s spouses;

(V) Natural persons identified by the CSRC, the SSE or the Company according to the principle of substance over form that have a special relationship with the Company, which may cause or has caused the interests of the Company to tilt in favor of them.

Article 7 Legal persons (or other organizations) or natural persons are deemed as the Company’s connected persons if they have one of the situations stated in Article 5 and Article 6 within twelve months or within twelve months after relevant agreement or arrangements take effect.

Article 8 The directors, supervisors, senior officers of the Company and shareholders holding more than 5% of the shares, together with their persons acting in concert and de facto controllers shall report the list of connected persons of the listed company and the statement on connected person relationships to the board of directors of the Company, and the Company shall register and manage these connected persons.

Article 9 The Company shall timely report the information on the directors, supervisors, senior officers of the Company and shareholders holding more than 5% of the shares, together with their persons acting in concert, de facto controllers, other connected persons, and the connected person relationships through the “Information Reporting - Maintain Listed Company Information” column in the corporate business management system of the SSE.

The information of the connected natural persons of the Company to be reported includes: (I) the name and identity card number of the natural person; (II) the statement on the connected person relationship with the Company.

The information of the connected legal persons of the Company to be reported includes: (I) the title and license number of the legal person; (II) the statement on the connected person relationship with the Company.

The Company shall reveal level by level the connected person relationships between the connected persons and the Company and state: (I) the full name and license number

(if any) of the controller or shareholder; (II) the full name and license number (if any) of the controlled party or investee; (III) percentage of the total share capital held by the controller or investor in the controlled party or investee.

Article 10 Connected transactions as defined under these Measures refer to the transfer of resources or obligations between the Company, its controlled subsidiaries or other entities under control and the connected persons of the Company, and include the following:

(I) Acquisition or sale of assets;

(II) External investment (including entrusted wealth management and investment in subsidiaries);

(III) Provision of financial assistance (including interest-bearing or interest-free lending and entrusted loans);

(IV) Provision of guarantees (including guarantees for controlled subsidiaries);

(V) Leasing in or leasing out of assets;

(VI) Entrusting or being entrusted to manage assets and businesses;

(VII) Granting or receiving assets;

(VIII) Creditor's rights and debt restructuring;

(IX) Signing of a license agreement;

(X) Transfer of research and development projects as the transferor or transferee;

(XI) Purchase of raw materials, fuels and power;

(XII) Sale of products and commodities;

(XIII) Providing or receiving labor services;

(XIV) Entrusting or entrusted sales;

(XV) Deposit and loan business;

(XVI) Joint investment with connected persons;

(XVII) Waiver of rights (including waiver of preemptive rights, priority to subscribe for capital contribution, etc.);

(XVIII) Other matters that may result in the transfer of resources or obligations by agreement.

Chapter 3 Disclosure and Decision-making Procedure for Connected Transactions

Article 11 The Company shall timely disclose a proposed connected transaction (except the Company's provision of guarantee) involving an amount above RMB300,000 with a connected natural person (including the assumption of debts and expenses).

Article 12 The Company shall timely disclose a proposed connected transaction (except the Company's provision of guarantee) involving an amount above RMB3 million with a connected legal person (or other organization) (including the assumption of debts and expenses) and more than 0.5% of the absolute value of the audited net assets of the Company in the most recent period.

Article 13 The Company shall, in accordance with the provisions of the Rules Governing the Listing of Stocks on Shanghai Stock Exchange, disclose an audit report or appraisal report issued by the securities service institution ome9-2(e)4ce inse8(g)10(4(n 0.5d8P3(t)-21

If a connected transaction of the Company fails to meet the standard stipulated in paragraph 1 of this Article, but the Company voluntarily submits it to the General Meeting for deliberation in accordance with the prudence principle of the CSRC or the SSE, the Articles of Association or other relevant provisions, the Company shall perform the deliberation pr

(III) A director serving in the counterparty, or serving in a legal person or other organization that directly or indirectly controls the counterparty, or a legal person or other organization directly or indirectly controlled by the counterparty;

(IV) Is a close family member of the counterparty or its direct or indirect controller;

(V) Is a close family member of the counterparty or the directors, supervisors or senior officers of such counterparty's direct or indirect controller;

(VI) Directors recognized by the CSRC, SSE and the Company in accordance with the principle of substance over form whose independent business judgment may be affected.

Article 16 When the General Meeting of the Company considers and approves a connected transaction, the connected shareholder shall avoid voting and shall not exercise voting rights on behalf of other shareholders.

The connected shareholder stated in these Measures refers to the shareholder meeting one of the following conditions:

(I) Is the counterparty;

(II) Directly or indirectly controls the counterparty;

(III) Is directly or indirectly controlled by the counterparty;

(IV) Comes under same direct or indirect control of one legal person or other organization or natural person as the counterparty;

(V) A shareholder serving in the counterparty, or serving in a legal person or other organization that directly or indirectly controls the counterparty or a legal person or other organization directly or indirectly controlled by the counterparty;

(VI) Is a close family member of the counterparty or its direct or indirect controller;

(VII) A shareholder having its voting rights restricted or affected by the existence of an unfulfilled equity transfer agreement or other agreement with the counterparty or its connected persons;

(VIII) A shareholder identified by the CSRC or the SSE possible to tilt interests of the Company towards them.

Article 17 The Board of Supervisors of the Company shall supervise the consideration,

voting, disclosure and performance of connected transactions and express opinions in the annual report.

Article 18 The Company shall not provide financial assistance for connected persons stipulated in these Measures, provided that the Company provides the financial assistance for a connected company with equity participation not under control by the controlling shareholder or de facto controller of the listed company, and the other shareholders of the company with equity participation provide the financial assistance upon the equal condition based on the ratios of capital contribution. conn(ct)-6(ed)]TJ 0 Tc 0 Tw25.205

Article 20 If the Company conducts the entrusted wealth management with a connected person and finds it hard to perform the review procedure and disclosure obligation for every investment transaction for the transaction frequency, timeliness requirement or other reasons, the Company may reasonably predict the scope, quota, term and other factors of the investment, and then, Articles 11, 12 and 13 of these Measures shall apply based on the investment quota as the standard.

The usable term of the relevant quota shall be no longer than 12 months, and the transaction amount at any time point during the term (including the relevant amount reinvested with the aforesaid investment income) shall not exceed the investment quota.

Article 21 When the Company and a connected person make a common investment, or increase or reduce the capital of an enterprise receiving the common investment, the transaction amount shall be the amount of the Company's investment, capital increase or capital reduction and be subject to Articles 11, 12 and 13 of these Measures.

In case a connected person of the Company initiates a unilateral capital increase or reduction in an enterprise under control by or with equity participation by the Company, and such transaction involves a waiver of rights, the provisions pertaining to the waiver of right shall apply.

Article 22 Where the Company incurs a connected transaction with its connected person on account of the waiver of right, the provisions of Article 11, 12 and 13 of these Measures shall apply in accordance with the standard stipulated in Article 6.1.14 of the Rules Governing the Listing of Stocks on Shanghai Stock Exchange.

Article 23 When the relevant arrangement for the transaction between the Company and a connected person involves a possible payment or collection of consideration or another conditionally determined amount in the future, the transaction amount shall be the expected biggest amount and be subject to Articles 11, 12 and 13 of these Measures.

Article 24 The following connected transactions successively incurred by the Company

within 12 months shall be subject to Articles 11, 12 and 13 of these Measures respectively in accordance with the principle of cumulative calculation:

(I) Transactions with the same connected person;

(II) Transactions connected to the same type of transaction subjects with different connected persons.

The above-mentioned same connected person includes other connected persons controlled by the same entity or having equity control relationship with each other. Those that have performed the decision-making procedure of the General Meeting in accordance with the principle of accumulative calculation shall not be included in the relevant scope of accumulative calculation.

include:

(I) Overview of the connected transaction;

(II) Introduction of the connected person;

(III) Basic information of the connected transaction subject;

(IV) Appraisal and pricing of the transaction subject;

(V) Major contents and performance arrangement of the connected transaction contract or agreement;

(VI) Impact of the connected transaction on the Company;

(VII) Review procedure that shall be performed by the connected transaction;

(VIII) Historical connected transactions (excluding daily connected transactions) that require special description;

(IX) Letter of commitment on compensation from the connected person (if any);

(X) Opinions of intermediaries (if applicable).

Article 28 The Company shall disclose material connected transactions that happen during the reporting period under the “Important Matters” in the annual report and the interim report, and disclose different types of transactions in accordance with the requirements of Articles 29 to 32 of these Measures respectively.

Article 29 The connected transactions connected to daily operations disclosed by the Company shall include:

(I) Basic information of the daily connected transactions;

(II) Profile of connected persons and connected person relationships;

(III) Key contents of connected transactions and pricing policies;

(IV) Purpose of connected transactions and the impact on the Company.

Article 30 The material connected transactions connected to the asset acquisition and sale disclosed by the Company shall include:

(I) Connected persons;

(II) Content of transaction;

(III) Pricing policy;

(IV) Book value, appraised value, fair market value and transacti c 0.00Tw 1.71 0o1.71 0nd tio(a)4(nhnc

(II)

total transaction amount involved in the agreement. If the agreement doesn’t specify a specific total amount, it shall be submitted to the General Meeting for deliberation. If the agreement incurs material changes to the major clauses during the performance or the agreement shall be renewed upon expiration, the preceding provision of this paragraph shall prevail;

(III) The Company can reasonably estimate the daily connected transaction amount by type for a specific year-10(a5.45 T2 Tc 0.038 n[(t)it-6(i)(at)-6(e t)-66(p)-4(re)3.9)-2wo6(l)-6(p)38 n[

control with the Company shall not be consolidated.

Article 35 When the Company entrusts a connected person to sell various products and commodities produced or operated by the Company or is entrusted by a connected person to sell various products or commodities produced or operated by the latter, the Company can apply the relevant provisions in Articles 11, 12 and 13 of these Measures in accordance with the entrusted agency fee payable or receivable during the contract period, except that the transaction adopts the buyout entrustment method.

Chapter 6 Exemption of Disclosure and Decision-making Procedure for Connected Transactions

Article 36 When the Company and connected persons conclude the following connected transactions, they may be exempted from consideration and disclosure as connected transactions:

(I) A transaction whereby the Company will obtain unilateral interests without paying any consideration or bearing any auxiliary obligation, including without limitation to the acceptance of donated cash assets, acquisition of debt relief, and acceptance of guarantee and financial assistance without consideration;

(II) A connected person offers funds to the Company at an interest rate that is not higher than the interest rate quotation in the loan market, and the Company will not have to provide a guarantee;

(III)

it is difficult to produce a fair price through bidding or auction;

(VII) The Company provides products and services for connected natural persons stipulated in Articles 6.(II) to 6.(IV) of these Measures upon the same transaction conditions as those for unconnected persons;

(VIII) The pricing of connected transactions is stipulated by the State;

(IX) Other transactions identified by the stock exchange.

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transaction price may be determined by reference to such prices or standards in priority;
(IV) Where there is no comparable market price of an independent third party for transactions, the transaction price may be determined by reference to the price of unconnected transactions between the connected person and a third party independent of the connected person;
(V) Where there is neither a market price of an independent third party nor an independent unconnected transaction price for reference, a reasonable constructed price may be used as the basis for pricing, and the constructed price shall be the reasonable cost plus reasonable profit.

Article 40 The Company may adopt the following pricing methods depending on different connected transactions when determining the price of connected transactions according to items (III), (IV) or (V) of the preceding Article:
(I) The cost plus method: which is based on the reasonable costs incurred in connected transactions plus the gross profit of comparable unconnected transactions; It is applicable to the purchase, sales, transfer and use of tangible assets, rendering of labor services, financing and other connected transactions;
(II) The resale price method: the price resold by the connected person to an unconnected person after it purchases the commodity is deducted by the gross profit of the unconnected transaction as the fair transaction price for the commodity purchased by the connected person. It is applicable to the simple processing or pure purchase-sales business where the reseller doesn’t perform the substantive value-added processing to the commodity, including the change of external appearance, performance, structure or trademark;
(III) The comparable uncontrolled price method: which is based on the price charged for the same or similar business activities as connected transactions between unconnected persons; it is applicable to all types of connected transactions;
(IV) The method of net profit for transactions: in which the net profit of connected transactions shall be determined by the profit indicator of comparable unconnected transactions; It is applicable to the purchase, sales, transfer and use of tangible assets,