Ad hoc announcement pursuant to Art. 53 LR

Ningbo Shanshan Co., Ltd.

Outward Investment Announcement

Important Notice:

- Name of the investment target: High-end Display Polarizers Production Lines of Shanjin Optoelectronics (Yangzhou) Co., Ltd.
- Investment amount: The total planned investment amount is not more than RMB6 billion (including the investment amount of the purchase price for the Company's proposed acquisition of LG Chem's a l4-6 a-10(er)9e cal4-6 e,a wT2(he)-(ai4-6 ch)-1

by the Company on the official website on September 27, 2023

In view of the fast-growing demand for high-end display polarizers and vast potentTJ 0.18 Tw -21.MC /Link <</MCID 1 >>BDC /CS0(t)-.uEf(t)]TJt-

on the approval document or license issued by relevant authorities). General items: sale of optoelectronic devices; sale of special electronic materials; procurement agency services; information technology consulting services; technical services, technology development, technology consulting, technology exchanges, technology transfer and technology promotion; information consulting services (excluding licensing information consulting services); market marketing planning; sales agency; general cargo warehousing services (excluding hazardous chemicals and other items requiring licensing approval); business management consulting; financial consulting (except for the items subject to approval according to law, the investing entity independently carries out business activities according to law with the business license). The Company holds 100% of its equity and the investing entity is a wholly-owned subsidiary of the Company. Key financial indicators for the most recent year and period:

Unit: RMB0’000

Period	Total Assets	Total Liabilities	Net Assets	Operating Revenue	Net Profit	Asset-liability Ratio
Year 2022	888,043.67	174,803.88	713,239.79	10,993.90	2,260.44	19.68%
January-September 2023	863,135.28	149,441.77	713,693.51	5,906.07	453.72	17.31%

Note: The data for 2022 has been audited, the data for 2023 has not been audited.

III. Information on Investment Target

To smoothly implement this project, Shanjin Optoelectronics (Suzhou) Co., Ltd. plans to establish a project company in Yangzhou with cash contribution, which is

is not more than RMB6 billion (including the investment amount of the purchase price for the Company's proposed acquisition of LG Chem's SP business and related assets and the investment amount in subsequent relocation and renovation, which is subject to the actual investment amount). The investment in fixed assets is about RMB4.5 billion, and the investment in working capital is about RMB1.5 billion. Source of funds includes own funds (mainly owned by Sanjin Optoelectronics (Suzhou) Co., Ltd.) and financing (including but not limited to project loans from banks, working capital loans, refinancing, etc.).

(IV) Construction works and scale: two production lines of display polarizers for high-end consumer electronics (including display polarizers for OLED and LCD IT/Mobile), R&D of related materials, production equipment, power and environmental facilities, with a planned annual capacity of 30 million square meters; a production line of high-end in-vehicle display polarizers, R&D of related materials, production equipment, power and environmental facilities, with a planned annual capacity of 10 million square meters.

(V) Project preparation and construction period: project preparation is scheduled to start in January 2024; the construction period will begin by September 2025 (inclusive), with a total preparation and construction period of approximately 39 months.

IV. Impact of Outbound Investment on the Listed Company

This project aligns with the Company's strategic development plan. The market demands for high-end display polarizers are growing rapidly, and there is ample room

facilitate smooth commissioning and operation of the project.

According to Omdia, LG Chem's SP business is at the forefront of the world, with its OLED TV polarizers accounting for 40% of the global market share in 2022, ranking second in the world. Polarizers for in-vehicle display have accounted for 25% of the global market share and have established long-term and stable cooperative relationships with mainstream upstream and downstream customers worldwide. According to CINNO Research, the total growth rate of OLED polarizer size is expected to be about 102% by 2025, with a compound annual growth rate of about 13%.

Company is a leading global enterprise in LCD polarizers. By implementing this project, the localization level of high-end display polarizers for vehicle, OLED, high-end IT, and other high-end displays will be significantly improved, which will help China's display industry chain achieve stable and sustainable development. At the same time, it will also accelerate the Company's expansion speed in high-end display polarizer business, expand the Company's product layout, further enhance the Company's polarizer business development space and long-term competitiveness, and promote the stable and sustainable development of the Company's polarizer business.

V. Risk Analysis for the Outbound Investment

(I) Risk of fundraising

The total estimated investment amount for this project is not more than RMB 3 billion, which is subject to the actual investment amount. Source of funds of this project includes own funds (mainly owned by Shanjin Optoelectronics (Suzhou) Co., Ltd.) and financing (including but not limited to project loans from banks, working capital loans, refinancing, etc.). Owing to the large number of the total planned investment amount, in addition to the owned funds of the subsidiary, Shanjin Optoelectronics (Suzhou) Co., Ltd., and there are other project financing activities. If the Company's overall operating cash flow or financing does not meet expectations, this project is exposed to the risk of failure to raise sufficient funds in a timely manner.

In addition, as the project progresses and external financing is gradually in place, the Company's debt scale and asset liability ratio will increase before the project benefits reach a large scale, which may bring certain pressure to the Company's operation and debt repayment

(II) Risk of project advancement falling short of expectations

The main equipment for this project needs to be customized and imported from abroad. Some equipment will be relocated from the production lines of the SP

business in South Korea to be acquired by the Company. These equipment may need to be modified or maintained according to market demand, and this requires a certain production cycle. There is also a risk that the delivery and integration of SP business may not meet expectations. There are risks regarding construction progress, longer time for reaching design capacity and excess of actual investment amount over planned investment amount owing to multiple constraints on construction and long preparation period.

(III) Market risk

Thanks to the market development trends of larger and more diverse vehicle displays and advancements within the consumer electronics industry, the market demand for vehicle displays and flexible OLEDs is expected to maintain stable growth. However, if the downstream demand does not meet expectations or if there are significant changes in market conditions, there may be a risk that the project's economic benefits will fall short of expectations.

(IV) Product certification risk

Products for this project include vehicle display polarizers, which are characterized by high durability, complex shape, and the need for customization. They must meet the certification requirements of panel and vehicle manufacturers, and the certification process is long and challenging, presenting a certain level of product certification risk.

(V) Risk of raw material supply

Polarizer raw materials are mainly concentrated in relevant enterprises in Japan and South Korea, especially PVA films and TAC films. The possible great change to the operation of upstream raw material or the foreign trade environment will affect the stable supply of the Company's raw materials and the production cost, and further damage the economic benefits of this project to certain extent.

It is hereby announced.

Board of Directors of Ningbo Shanshan Co., Ltd.

13 December 2023