

**Ningbo Shanshan Co., Ltd.**  
**Materials of the Third Extraordinary**  
**General Meeting of 2023**



宁波杉杉股份有限公司  
Ningbo Shanshan Co., Ltd.

**29 December 2023**

## **Ningbo Shanshan Co., Ltd.**

# **Materials of the Third Extraordinary General Meeting of 2023**

### **I. Date and time of the EGM**

Date and time of the on-site meeting 29 December 2023 13:30

Start and end dates and voting hours for online voting: 29 December 2023, The online voting system of the Shanghai Stock Exchange for general meetings is adopted. The time for voting through the voting platform of the trading system shall be the trading time on the date of the EGM, i.e., 9:15-9:25, 9:30-11:30, 13:00-15:00; the time of voting through the online voting platform shall be 9:15-15:00 on the date of the EGM.

### **II. Venue of the on-site meeting**

Meeting Room, F/28, Shanshan Plaza, No. 777 Rili Middle Road, Yinzhou District, Ningbo, Zhejiang, PRC

### **III. Voting method**

The voting method adopted at the EGM is the combination of on-site voting and online voting

- (I) Shareholders of the Company exercising their voting rights through the online voting system of the Shanghai Stock Exchange for general meetings can either log on to the trading system voting platform (through the trading terminal of the designated trading securities company) or log on to the Internet voting platform (website: [vote.sseinfo.com](http://vote.sseinfo.com)) to cast their votes. For the first time to log on to the Internet voting platform to vote, investors need to complete the shareholder identification. Please see the instructions on the Internet voting platform website for specific operations.
- (II) The number of voting rights that can be exercised by shareholders who hold multiple shareholder accounts is the sum of the number of common shares of the same class held by all shareholder accounts under their name.  
Shareholders holding multiple shareholder accounts who participate in the

online voting of the shareholders' general meeting through the online voting system of Shanghai Stock Exchange can participate in the online voting through any of their shareholder accounts. After voting, it shall be deemed that the common shares of the same class under all shareholders' accounts have cast the same opinion.

If a shareholder holding multiple shareholder accounts repeatedly votes through different shareholder accounts, the voting opinions of each class of common shares under all shareholder accounts shall be subject to the first voting results of each class of shares.

(III) If the same voting right is repeatedly voted through on-site, the online voting system of the Shanghai Stock Exchange for general meetings or other means, the result of the first vote shall prevail.

(IV) Shareholders will vote on all proposals before they can be submitted.

#### **IV. Agenda**

(I) The meeting presider announces the start of the EGM.

(II) Proposals for consideration at the EGM.

1. Proposal on the Subsidiary's Proposed Investment and Construction of the High-end Display Polarizer Production Line Project

2. Proposal on Provision of Connected Guarantee for Ningbo Ulica Solar Energy Co., Ltd.

3. Proposal on Revising the Articles of Association of Ningbo Shanshan Co., Ltd. and Its Attachments

4. Proposal on Revising the Relevant Policies of the Company:

4.01 Proposal on Revising the Rules for Independent Directors of Ningbo Shanshan Co., Ltd.

4.02 Proposal on Revising the Measures for Management of Connected Transactions of Ningbo Shanshan Co., Ltd.

4.03 Proposal on Revising the Measures for Management of Fundraising of Ningbo Shanshan Co., Ltd.

5 Proposal on Formulating the Rules for Selection and Appointment of Accounting Firms of Ningbo Shanshan Co., Ltd.

(III) Shareholders' Q&A.

(IV) Voting on proposals.

(V) The convener of the Supervisory Committee announces the voting results.

(VI) The meeting presider announces the resolutions of the EGM.

(VII) The lawyers read out the legal opinion.

(VIII) The meeting presider announces the end of the EGM.

## **1. Proposal on the Subsidiary's Proposed Investment and Construction of the High-end Display Polarizer Production Line Project**

With the increasingly large size of display products and the rich downstream application scenarios, the demand for the area of display panels maintains steady growth. Meanwhile, Based on the efficient advancement of emerging core technologies such as 5G communications, big data, Internet of Things, artificial intelligence, etc., the application of display panels is also booming in multiple scenarios such as smart home, wearable devices, medical and automotive intelligence, and has called for a higher demand for display technology. This drives the accelerated industrialization of OLED display technology, further LCD display technology iteration and upgrade, and fast growing demand for high-end display panels. The development of the high-end display market has also promoted the rapid growth of market demands for high-end display polarizers around the world.

Currently, China's display panel production capacity continues to increase as a percentage of global capacity. According to Omdia, production capacity of China's LCD panels and OLED panels has exceeded the corresponding global capacity by 70% and 40% respectively, but the supporting production capacity of polarizer localization remains insufficient. In particular, polarizers for high-end laptops, cell phones and automobiles are largely dependent on imports from foreign manufacturers. According to the CINNO Research, the localization rate of high-end in-vehicle display polarizers is only 3%. Accordingly, as the production capacity of the panel industry continues to shift to China, it will drive significant growth in the demand for domestic supporting production capacity of high-end display polarizers for OLED and automobiles.

In September 2023, after deliberation by the General Manager's Office of Ningbo Shanshan Co., Ltd. (the "Company"), in order to improve the Company's polarizer business product layout, accelerate the breakthrough from LCD polarizers to LCD+OLED polarizers, and continue to consolidate the Company's leading position in the global polarizer business, the Company's subsidiary Shanjin Optoelectronics (Suzhou) Co., Ltd. and its wholly-owned subsidiary intend to acquire LG Chem's SP business and related assets in Mainland China, South Korea and Vietnam at an initial



funds 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.)

4. 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.

5. 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.

## **(II) Impact 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 for domestic substitution. Upon completion, this project will improve the layout of the Company's polarizer products, enrich product applications, effectively enhance the Company's position in the high-end display polarizer market, and increase its global market share, and continuously consolidate the Company's leading position in the global polarizer business; therefore, it meets interests of the Company and all shareholders.

This project will rely on the existing technological accumulation of Shanjin Optoelectronics and technological resources from the LG Chem's SP business (including assets, business and patents related to polarizers for vehicle, OLED, and high-end IT displays) to be acquired. Improvements and optimizations to the production lines may be made based on market demands to ensure advanced processes and 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 polarizers 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.

This proposal has been reviewed and approved at the 6th meeting of the 11th session of Board of Directors of the Company. We hereby request the General Meeting of Shareholders to authorize the management to fully handle the specific matters related to this Outward Investment, including but not limited to signing agreements and documents (if any) related to this investment.

Please refer to the " Outward Investment Announcement" disclosed by the Company on the official website.

Please vote after deliberation.

## **2. Proposal on Provision of Connected Guarantee for Ningbo Ulica Solar Energy Co., Ltd.**

On May 10, 2023, the annual general meeting of the Company for 2022 passed the Proposal on the Annual Guarantee Amount Provided by the Company in 2023, approving the Company to provide guarantee of no more than RMB630 million for its subsidiary Ulica, and authorizing the Chairman or his authorized agent to sign the specific guarantee documents within the amount. It shall be valid from the date of approval of the 2022 annual general meeting to the date of the 2023 annual general meeting. As of November 30, 2023, the Company had provided a guarantee amount totaling RMB450 million for Ulica within the aforesaid limit of guarantee.

Recently, in order to further focus on the development of the core business, optimize resource allocation and improve the core competence of the Company, after the review and approval of the General Manager's office, the Company approved to transfer 90.035% of its equity in Ulica to Shanghai Xintonghui Photovoltaic Technology Co., Ltd. (the "Counterparty"). Upon the completion of this transaction, the Company will no longer hold any equity of Ulica and Ulica will no longer be included in the Company's consolidated statements.

In accordance with the Acquisition and Equity Transfer Contract (the "Transfer Contract") be signed between the Company and the Counterparty, to ensure the stable operation of Ulica, the Company intends to continue the provision of the aforesaid guarantee for Ulica, with an aggregate amount of RMB450 million, for a period up to the date of the 2023 annual general meeting of the Company.

During the period of existence of the aforesaid connected guarantee, Ulica and the Counterparty as well as its actual controller and spouse will provide a full counter-guarantee and sign a counter-guarantee agreement. And Company has the right to co-manage Ulica in the manner set out in the Transfer Contract, such as appointing a capital director.

Given that Mr. Li Keqin, a director and the chief financial officer of the Company, serves as a director of Ulica, which is a connected legal person of the Company, based on the relevant provisions of Rule 6.3.3 of the Rules Governing the Listing of Stocks on the Shanghai Stock Exchange, the provision of guarantees by the Company for Ulica will constitute a connected transaction.

### **(I) The description of the guaranteed and counter-guarantor**



in the manner set out in the Contract, such as appointing a capital director. The guarantee risk is relatively controllable.

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Please vote after deliberation.

### 3. Proposal on Revising the Articles of Association of Ningbo Shanshan Co., Ltd. and Its Attachments

In accordance with the decision of the China Securities Regulatory Commission on Measures for the Administration of Independent Directors of Listed Companies (CSRC Announcement No. 220), Shanghai Stock Exchange Listing Rules (Revised in August 2023), Shanghai Stock Exchange Regulatory Guidelines for Self-discipline Supervision of Listed Companies No. 1 – Standard Operation (Revised in August 2023) and other relevant laws, regulations, and normative documents and in combination with the relevant situation of the Company, it is hereby proposed to make corresponding amendments to the Articles of Association of Ningbo Shanshan Co., Ltd. (the "Articles of Association") and its appendixes, Rules of Procedure for the Shareholders' Meeting of Ningbo Shanshan Co., Ltd., Rules of Procedure for the Board of Directors of Ningbo Shanshan Co., Ltd (the "Rules of Procedure for the Shareholders' Meeting" and the "Rules of Procedure for the Board of Directors"). The specific revisions are as follows:

#### I. Revision of the Company's Articles of Association

Before Revision	After Revision
Article 6 The registered capital of the Company is RMB2,263,973,358.	Article 6 The registered capital of the Company is RMB <b>2,258,223,223</b> .
Article 19 The total number of ordinary shares issued by the Company upon incorporation was 2,263,973,358, all are RMB ordinary shares.	Article 19 The total number of ordinary shares issued by the Company upon incorporation was <b>2,258,223,223</b> , all are RMB ordinary shares.
Article 59 The Company shall convene an extraordinary general meeting within two months of the occurrence of any of the following circumstances: ..... (VI) as proposed by more than two independent directors; .....	Article 59 The Company shall convene an extraordinary general meeting within two months of the occurrence of any of the following circumstances: ..... (VI) as proposed by <b>more than half</b> independent directors; .....
Article 97 ..... Where material issues affecting the interests of minority investors are considered at the general meeting, the votes of minority investors shall be counted separately, and the results of such separate vote counting shall be disclosed promptly. The aforesaid material issues affecting the interests of minority shareholders refer to those that shall have the independent directors to express independent views on, and the minority investors refer to those other than the directors, supervisors, senior officers, and other shareholders individually	Article 97..... Where material issues affecting the interests of minority investors are considered at the general meeting, the votes of minority investors shall be counted separately, and the results of such separate vote counting shall be disclosed promptly. The aforesaid <del>material issues affecting the interests of minority shareholders refer to those that shall have the independent directors to express independent views on, and the</del> minority investors refer to those other than the directors,

<p>or collectively holding more than 5% of the Company's shares. .....</p>	<p>supervisors, senior officers, and other shareholders individually or collectively holding more than 5% of the Company's shares. .....</p>
<p>Article 100 ..... During the voting at the general meeting on the election of directors and supervisors, a cumulative voting system may be implemented in accordance with the provisions of the Articles of Association or the resolutions of the general meeting. Where any single shareholder and its persons acting in concert hold more than 30% of the Company's shares, the general meeting shall adopt the cumulative voting system to elect the directors and supervisors. .....</p>	<p>Article 100 ..... During the voting at the general meeting on the election of directors and supervisors, a cumulative voting system may be implemented in accordance with the provisions of the Articles of Association or the resolutions of the general meeting. <b>If the following situations are involved, the shareholders' meeting shall adopt a cumulative voting system in the election of directors and supervisors:</b> (1) Election of more than two independent directors by the listed Company; (2) The proportion of equity held by a single shareholder and its concerted action persons of the listed Company is over 30%. .....</p>
<p>Article 200..... (III) Review procedures for the profit distribution scheme: According to the established profit distribution policy, the Board of Directors of the Company formulates the profit distribution plan which shall be submitted to the general meeting for consideration after independent directors express their independent opinions, and shall be approved by more than two-thirds of the voting rights held by shareholders present at the general meeting. ..... (IV) Change of the policies for profit distribution: ..... The profit distribution policy proposed by the Board of Directors shall be approved by more than half of the votes of the Board and more than two-thirds of the independent directors, and then submitted to the general meeting for consideration, and approved by more than two-thirds of the voting rights held by the shareholders present at the general meeting. Relevant proposals submitted to the general meeting shall specify the reasons for revision of the profit distribution policy. Where the general meeting considers the adjustment to the profit distribution policy, the Company shall facilitate minority shareholders' participation in general meetings by enabling Internet voting or other means. .....</p>	<p>Article 200 ..... (III) Review procedures for the profit distribution scheme: According to the established profit distribution policy, the Board of Directors of the Company formulates the profit distribution plan which shall be submitted to the general meeting for consideration <del>after independent directors express their independent opinions</del>, and shall be approved by more than two-thirds of the voting rights held by shareholders present at the general meeting. ..... (IV) Change of the policies for profit distribution: ..... The profit distribution policy proposed by the Board of Directors shall be approved by more than half of the votes of the Board <del>and more than two-thirds of the independent directors</del>, and then submitted to the general meeting for consideration, and approved by more than two-thirds of the voting rights held by the shareholders present at the general meeting. Relevant proposals submitted to the general meeting shall specify the reasons for revision of the profit distribution policy. Where the general meeting considers the adjustment to the profit distribution policy, the Company shall facilitate minority shareholders' participation in general meetings by enabling Internet voting or other means. .....</p>

Except for the above provisions, the other contents of the Articles of Association remain unchanged. Among them, Article 6 and Article 19 will take effect after the Company completes the cancellation and repurchase of certain restricted shares

decided at the fifth meeting of the eleventh session of the Board of Directors.

## II. Revision of the Company's Rules of Procedure for the Shareholders' Meeting

Before Revision	After Revision
<p>Article 32</p> <p>.....</p> <p>Where material issues affecting the interests of minority investors are considered at the general meeting, the votes of minority investors shall be counted separately, and the results of such separate vote counting shall be disclosed promptly.</p> <p>The aforesaid material issues affecting the interests of minority shareholders refer to those that shall have the independent directors to express independent views on, and the minority investors refer to those other than the directors, supervisors, senior officers, and other shareholders individually or collectively holding more than 5% of the Company's shares.</p> <p>.....</p>	<p>Article 32</p> <p>.....</p> <p>Where material issues affecting the interests of minority investors are considered at the general meeting, the votes of minority investors shall be counted separately, and the results of such separate vote counting shall be disclosed promptly.</p> <p>The aforesaid <del>material issues affecting the interests of minority shareholders refer to those that shall have the independent directors to express independent views on, and the</del> minority investors refer to those other than the directors, supervisors, senior officers, and other shareholders individually or collectively holding more than 5% of the Company's shares.</p> <p>.....</p>

Article 33 During the voting at the general meeting on the election of directors and supervisors, a cumulative voting system may be implemented in accordance with the provisions of the Articles of Association or the resolutions of the general meeting. Where any single shareholder and its persons acting in concert hold more than 30% of the Company's shares, the general meeting shall adopt

director to read out the written approval by the independent directors before discussing the relevant proposals. .....	<b>review according to regulations</b> , the host of the meeting shall designate an independent director to read out the <del>written</del> approval by the independent directors before discussing the relevant proposals. .....
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Except for the above provisions, the other contents of the Rules of Procedure for the Board of Directors remain unchanged.

Please vote after deliberation.

#### 4. Proposal on Revising the Relevant Policies of the Company

In accordance with the decision of the China Securities Regulatory Commission on Measures for the Administration of Independent Directors of Listed Companies (CSRC Announcement No. 220), Shanghai Stock Exchange Listing Rules (Revised in August 2023), Shanghai Stock Exchange Regulatory Guidelines for Self-discipline Supervision of Listed Companies No. 1 – Standard Operation (Revised in August 2023) and other relevant laws, regulations, and normative documents and in combination with the relevant situation of the Company, it is hereby proposed to make corresponding amendments to relevant policies of the Company. The details are as follows:

Serial No.	Policy name	Revision or formulation
1	Rules for Independent Directors of Ningbo Shanshan Co., Ltd.	Revision
2	Measures for Management of Connected Transactions of Ningbo Shanshan Co., Ltd.	Revision
3	Measures for Management of Fundraising of Ningbo Shanshan Co., Ltd.	Revision

Please refer to the revised "[Rules for Independent Directors of Ningbo Shanshan Co., Ltd.](#)", "[Measures for Management of Connected Transactions of Ningbo Shanshan Co., Ltd.](#)", and "[Measures for Management of Fundraising of Ningbo Shanshan Co., Ltd.](#)" disclosed by the Company on the official website.

Please vote after deliberation.

## **5. Proposal on Formulating the Rules for Selection and Appointment of Accounting Firms of Ningbo Shanshan Co., Ltd.**

In accordance with the Measures for the Administration of the Appointment of Accounting Firms by State-owned Enterprises and Listed Companies (Finance and Accounting No. 4 [2023]) and other relevant laws, regulations, and normative documents and in combination with the relevant situation of the Company, the Company has formulated the " Rules for Selection and Appointment of Accounting Firms of Ningbo Shanshan Co., Ltd."

Please refer to the "[Rules for Selection and Appointment of Accounting Firms of Ningbo Shanshan Co., Ltd.](#)" disclosed by the Company on the official website.

Please vote after deliberation.