

Ningbo Shanshan Co., Ltd.

**Announcement on Completion of the Sale of Part of
the Equity Interest in a Company’s Controlling
Subsidiary**

In order to further focus on the development of the core business of Ningbo Shanshan Co., Ltd. (the “Company”), optimize the allocation of resources and continuously enhance the core competitiveness of the Company, on December 8, 2022, the general manager's office meeting of the Company considered and agreed that Ningbo Yongquan Investment Co., Ltd. (“Yongquan Investment”), a wholly-owned subsidiary of the Company, shall transfer its 51% equity interest in Shanshan New Material (Quzhou) Co., Ltd. (“Quzhou Shanshan”) to Sunyes Electronic Manufacturing (Guangdong) Holding Co., Ltd. or its designated controlling subsidiary established for the transaction (“Sunyes Manufacturing”). [For details, please refer to the relevant announcement on the Company's website on December 8, 2022.](#)

On February 17, 2023, the relevant parties to the transaction signed the Memorandum of Settlement. Sunyes Manufacturing has paid the equity transfer funds of RMB358.94 million (including the intention payment of RMB70 million paid for the acquisition) to Yongquan Investment before the signing date of this announcement, which was 51% of the equity transfer price. It was confirmed by all parties that the delivery of this transaction would be completed on the signing date (February 17, 2023) of the Memorandum of Settlement.

Since February 18, 2023, the Company’s shareholding in Quzhou Shanshan will be decreased from 82.25% to 31.25%. The Company no longer controls Quzhou Shanshan, and Quzhou Shanshan is no longer included in the Company's consolidated statements. The Company will nominate several directors to participate in the daily operation and management of Quzhou Shanshan under the shareholders' rights, and share the future operating results of Quzhou Shanshan through long-term equity investment and profit distribution accounted by equity method.

This announcement is hereby made.

Board of Directors of Ningbo Shanshan Co., Ltd.

17 February 2023