

Fangda Carbon New Material Co., Ltd.
Announcement on Application by a Controlled
Subsidiary for Public Offering of Shares to
Unspecified Qualified Investors and Listing on the
Beijing Stock Exchange

The Company and all members of the Board of Directors guarantee that there are no false records, misleading statements or major omissions in the contents of the Announcement and shall be individually and jointly liable for the truthfulness, accuracy and completeness of its contents.

Vital content notes:

- In terms of the proposed public offering of shares to unspecified qualified investors and listing on the Beijing Stock Exchange (hereinafter referred to as the BSE) of Chengdu Fangda Carbon and Carbon Composite Material Co., Ltd. (hereinafter referred to as Chengdu Carbon) which is a controlled subsidiary of Fangda Carbon New Material Co., Ltd. (hereinafter referred to as the Company), the issuance and listing may not be approved by BSE or fail to be registered by the China Securities Regulatory Commission (hereinafter referred to as the CSRC), there are risks that Chengdu Carbon may fail at public offering and not be able to list on BSE.
- Chengdu Carbon was listed on basic layer of the National Equities Exchange and Quotations (hereinafter referred to as the NEEQ) in March 2023 (stock code: 874035). Chengdu Carbon as a listed company on basic layer must enter the Innovation Layer before it can apply for a public offering and listing on the BSE. There is a risk that it will not be able to apply for the public offering and listing due to its failure to enter the Innovation Layer.

The Company's controlled subsidiary, which has been listed on the basic layer of the NEEQ since March 2023 and is operating well, intends to apply for a public offering of shares to unspecified qualified investors and listing on the BSE (hereinafter

collectively referred to as the listing of the Offering). The Company held the 30th interim meeting of the 8th session of the Board of Directors on 7 December 2023 to deliberate and approve the "Proposal on the application by a controlled Subsidiary for the public offering of shares to unspecified qualified investors and listing on the Beijing Stock Exchange". The listing of the Offering is yet to be submitted to the general meeting of the Company for approval.

I. Profile of Chengdu Carbon

(I) Basic Information

Company name: Chengdu Fangda Carbon and Carbon Composite Material Co., Ltd.

Unified Social Credit Code: 9151011276538953XM

Registered Capital: CNY 399,562,920 Yuan

Type of Company: Other Company Limited (unlisted)

Legal Representative: Li Xiao

Residence: No. 88, South 2nd Road, Chengdu Economic and Technological Development Zone, Chengdu, Sichuan Province, China

Business term: 14 October 2004 to an indefinite period of time

Business Scope: production, sales: carbon products, chemical products (excluding dangerous goods); import and export business of self-produced products and related technology; processing of the raw materials, machinery and equipment, instruments and meters, spare parts, machining required for production and scientific research; carbon products scientific research and development [projects subject to approval in accordance with the law shall be approved by the relevant departments before carrying out business activities; without obtaining the relevant administrative licenses (approvals), shall not carry out business activities].

(II) Equity structure

Chengdu Carbon was listed on the basic layer of the NEEQ in March 2023 (stock code: 874035), and the directional add-issuance of 39,956.292 shares was listed on the NEEQ on 24 October 2023 and publicly transferred. As of the disclosure date of the announcement, the top ten shareholders of Chengdu Carbon are as follows:

Serial No.	Shareholders	Number of shareholdings	Proportion of shareholdings
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1	Liaoning Fangda Group Industrial Co., Ltd.	24,691,358	6.1796%
2	Fangda Carbon New Material Co., Ltd.	356,400,000	89.1975%
3	Fang Wei	7,407,407	1.8539%
4	Shanghai Fangda Investment Management Co., Ltd.	3,600,000	0.9010%
5	Yan Kuixing	246,913	0.0618%
6	Song Hongmou	246,913	0.0618%
7	Li xiao	246,913	0.0618%
8	Ji Haifeng	197,530	0.0494%
9	Qiu Zongyuan	197,530	0.0494%
10	Wang Yi	197,530	0.0494%
Total		393,432,094	98.4656%

Note: the difference in the total proportions of shareholdings is due to rounding decimals.

II. Content of listing of Chengdu Carbon

Chengdu Carbon intends to apply for a public offering and listing on the BSE, and the specific proposals for the offering and listing are as follows:

(I) Type of shares in the offering:

Renminbi common shares.

(II) Par value of shares issued:

The par value of each share is CNY 1.

(III) Number of Shares in the Offering:

Chengdu Carbon intends to make a public offering of no more than 70,511,103 shares (70,511,103 included and without taking into account the over-allotment option rights) to unspecified qualified investors, and the proportion of shares held by the public shareholders after the completion of the offering shall be no less than 10% of the total share capital of the company. Chengdu Carbon and the principal underwriter may at

their discretion adopt the over-allotment option in accordance with the specific circumstances of the issuance, and the number of shares to be issued under the over-allotment option shall not exceed 15% of the number of shares to be issued, i.e., no more than 10,576,665 shares (10,576,665 included); including the number of shares to be issued under the over-allotment option, the number of shares to be issued by Chengdu Carbon to unspecified qualified investors shall not exceed 81,087,768; the offering will not involve any public offering of shares by the original shareholders of Chengdu Carbon; the final number of shares to be offered will be negotiated between Chengdu Carbon and the principal underwriter in the light of the market conditions and will be finalized after examination and approval by the BSE and registration by CSRC.

(IV) Pricing method

The price will be determined through direct pricing or online bidding by qualified investors, or offline quotation, to be negotiated between the Issuer and the Principal Underwriter. The final pricing method will be determined through negotiation between the Board of Directors and the Principal Underwriter as authorized by the general meeting of Chengdu Carbon Material in light of the specific circumstances and regulatory requirements.

(V) Floor price of issuance

The issuance is based on the results of subsequent inquiry or pricing as the floor price of issuance. The floor price of issuance will not be less than the par value.

(VI) Scope of Issue Targets

Qualified investors who are eligible to trade shares of companies listed on the BSE, except for those whose subscription is prohibited by laws, regulations and normative documents.

(VII) Earmark of raised funds

The proceeds of the issuance, after deducting the issuance expenses, will be invested in the following projects:

Serial No.	Projects	Investment (million)	Amount of raised funds projected to invest (million)
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1	Nuclear Graphite Processing Line Project	251.87	220
2	Isostatic Graphite Process Capacity Matching Project	308.15	280
3	Smart factory construction and renovation project	80	80
4	Supplementary working capital	220	220
Total		860	800

Prior to the availability of the proceeds, Chengdu Carbon will pay for the above projects through its own funds and bank loans according to the actual progress of the projects. After the availability of the proceeds, the proceeds will be used to replace the amount invested in advance and to pay the remaining balance of the project. If the actual net proceeds from the issue of new shares by Chengdu Carbon, after deduction of the issuance expenses, cannot meet the capital requirements of the proposed investment projects, the shortfall will be resolved by Chengdu Carbon through bank loans or other means of self-financing; if there is any surplus of proceeds, it will be used to supplement the liquidity required for the daily operation of Chengdu Carbon. During the Offering, Chengdu Carbon may issue additional Shares as a result of the exercise of the Over-allotment Option by the Principal Underwriter, and the proceeds from the Over-allotment will be utilized to supplement the working capital of Chengdu Carbon and for other purposes permitted by applicable laws and regulations and securities regulatory authorities.

(VIII) Distribution plan for pre-issuance accumulated profits:

Upon completion of the Chengdu Carbon Public Offering, the accumulated undistributed profits prior to the Offering will be shared by the new and existing shareholders of Chengdu Carbon in proportion to their shareholdings.

(IX) Arrangements relating to the listing of shares upon completion of the issuance:

Chengdu Carbon will be listed on the BSE after the completion of the Offering, and the listing of Chengdu Carbon's shares will be terminated on the NEEQ on the day of listing. Chengdu Carbon will comply with the requirements of the Rules for Listing of Stocks on the Beijing Stock Exchange (for Trial Implementation) and other regulatory

documents in relation to the period of restriction on the sale of shares.

(X) Validity period of the resolution:

Valid for a period of 12 months from the date of approval by Chengdu Carbon's general meeting of shareholders.

If Chengdu Carbon's offering passes the examination and approval of the BSE during the validity period of the resolution, the validity period of the resolution will be automatically extended until the listing of the offering is completed.

(XI) Other explanations:

The final issuance and listing proposal will be subject to the proposal reviewed and approved by the BSE and agreed to be registered by the CSRC.

III. Impact of the listing of Chengdu Carbon in the public offering on the Company

The application of Chengdu Carbon for public offering to unspecified qualified investors and listing on BSE is in line with the strategic development plan of Chengdu Carbon, which is conducive to Chengdu Carbon's further expansion of its production capacity, consolidation of its dominant position in the market, and strengthening of its strengths; and is conducive to the fact that Chengdu Carbon will further leverage on the capital market to realize the enhancement of the overall value of the Company and Chengdu Carbon and to further enhance its sustainable profitability. After the completion of the Offering, the proportion of shares held by the Company in Chengdu Carbon will be diluted but the Company's actual control over Chengdu Carbon will not be affected.

IV. Risk Reminder

There are risks that Chengdu Carbon's proposed public offering of shares to unspecified qualified investors and listing on BSE may not be approved by BSE or fail to be registered by CSRC. There are risks that Chengdu Carbon may fail at public offering and not be able to list on BSE.

Chengdu Carbon was listed on the basic layer of the NEEQ in March 2023 (stock code: 874035), and it must enter the Innovation Layer before it can apply for a public offering and listing on the BSE. There is a risk that it will not be able to apply for the public offering and listing due to its failure to enter the Innovation Layer.

The Company will fulfill its information disclosure obligations in a timely manner in accordance with the provisions and requirements of laws and regulations according to the progress of the relevant matters. Investors shall make decisions cautiously and pay attention to investment risks.

Hereby announced.

Fangda Carbon New Material Co., Ltd.

Board of directors

9 December 2023