

Announcement on Repurchase Program by Centralized Bidding Transaction

The company and all members of the board of directors guarantee that there are no false records, misleading statements or major omissions in the content of the announcement, and will bear individual and joint responsibilities for the authenticity, accuracy and completeness of the content.

Vital content reminder:

- Earmark of shares buy back: to apply in the employee shareholding ownership plan (hereinafter referred to as ESOP) or/and equity incentive plan of Fangda Carbon New Material Technology Co., Ltd. (hereinafter referred to as Company or Fangda Carbon)
- Total funds to repurchase: no less than RMB 250 million yuan (250 million included) and no more than RMB 350 million Yuan (350 million included).
- Repurchase period: not more than 12 months from the date of the Board of Directors' deliberation and approval of the proposed share repurchase program.
- Repurchase price: not more than RMB 9.10 Yuan per share (9.10 Yuan included).
- Source of funds for repurchase: the Company's own funds.
- Whether the relevant shareholders sell any of their shares of the Company: Within the period of repurchase, the exchangeable corporate bonds with Fangda Carbon's shares as underlying securities held by the controlling shareholders of Company Liaoning Fangda Group are in exchangeable period (from May 10, 2022 to November 5, 2024, which will be postponed to the next trading day in case of statutory holidays or weekends), and it is likely to passively reduce shareholding due to the surge of price to exercise price at RMB 12.62 Yuan per share to exercise exchangeable bonds.

Upon inquiry, the controlling shareholders and de facto controllers of the Company may have plans to increase or decrease their shareholdings of the Company's shares in the next three months and the next six months; and the directors of the Board, supervisors and Senior management of the Company do not have any plans to increase or decrease their holdings of the Company's shares in the next three months and the next six months. If there is any plan to increase or decrease the shareholding in the foreseeable future, the Company will fulfill the information disclosure obligations in a timely manner in accordance with the relevant regulations.

● Relevant risk notes:

1. There are possible risks that market price of shares of Company continuously surges beyond the

price range that the repurchase program designed so that the repurchase program will be not able to implement;

2. There are possible risks that price sensitive significant facts may occur or the board of directors may decide to cease the repurchase program so that this program cannot be implemented ;

3. The repurchase of shares will be utilized for the ESOP or/and Equity Incentive Plan, and if the Company fails to implement the aforementioned program within the prescribed period, there are risks that the repurchased shares and repurchased shares which have not been transacted will be cancelled;

4. This repurchase program does not represent a commitment that the company will repurchase the company's shares in the secondary market, the company will make repurchase decisions and implement them at Company's discretion in accordance with the market conditions during the repurchase period, and will fulfill its information disclosure obligations in a timely manner in accordance with the progress of the matter of repurchase of shares, and remind investors to pay attention to the investment risks.

I. Deliberation and fulfillment procedures of repurchase program

(I) The Company held the Ninth Meeting of the Eighth Session of the Board of Directors on August 28, 2023, which deliberated and passed the proposal on the repurchase program of the Company's Shares through Centralized Bidding Transactions, and the Independent Directors expressed their concurring independent opinions for the Proposal.

(II) The share repurchase program can be implemented upon the resolution of the Board of Directors' meeting attended by more than two-thirds of the directors and does not need to be submitted to the shareholders' meeting of the Company for deliberation pursuant to the Company Law of the People's Republic of China and the Articles of Association of Fangda Carbon (hereinafter referred to as the "Articles of Association") and other relevant regulations, the deliberation time and procedures of the aforesaid proposal of the Board of Directors are in compliance with the relevant provisions of the "Self-disciplinary Guidelines for Listed Companies of the Shanghai Stock Exchange No. 7 - Repurchase of Shares" and other relevant regulations.

II. Agenda of repurchase program

(I) The purpose of this repurchase program

Company's share price fluctuated significantly due to the impact of macroeconomic atmosphere, capital market trends etc.. Current share price fails to reflect intrinsic value of the company. Based on the faith and confidence of Company on the future development and value of Company, Company decides to buy back shares through centralized bidding transaction with self-owned funds to ameliorate long term incentive mechanism and profit share mechanism of Company,

motivate employees, enhance corporate cohesion and core competitiveness, effectively aligning the interests of shareholders, the company and individual employees and promoting healthy and sustainable development of the company.

Company intends to utilize shares repurchased this time on ESOP and/or equity incentive scheme. If Company fails to transfer the repurchased shares within 36 months after the date of the announcement of the results of the implementation of the share repurchase and the changes in shares, the procedures for the reduction of the registered capital will be carried out in accordance with the law, and the untransferred shares will be canceled.

(II) Type of shares which will be repurchased

The types of shares to be repurchased are RMB ordinary shares (A-shares) issued by the Company.

(III) Method of repurchase

The Company intends to repurchase the Company's shares through the stock trading system of the Shanghai Stock Exchange by centralized bidding transactions.

(IV) Repurchase period

1. The period of the share repurchase shall be no more than 12 months from the date of approval of the share repurchase program by the Board of Directors of the Company. The repurchase period shall expire earlier if the following conditions are triggered:

(1) If the funds used for repurchase reaches a range of 250 million Yuan to 350 million Yuan during the repurchase period, Company may choose to terminate the repurchase program and the repurchase period will expire earlier from that date.

(2) If the Board of Directors of the Company decides to terminate the repurchase program, the repurchase period shall expire earlier from the date on which the Board of Directors resolves to terminate the repurchase program.

2. The Company shall not repurchase shares during the following periods:

(1) Within 10 trading days prior to the date of issuing annual report, semi-annual report and quarterly report of the Company; if the announcement date is postponed due to special reasons, the period shall be counted from 10 trading days prior to the original scheduled announcement date to the date before the newly disclosed announcement date.

(2) Within 10 trading days prior to the announcement of the Company's performance estimate preview or Preliminary Earnings Estimate.

(3) From the date of occurrence of a significant price sensitive matter to the date of disclosure in accordance with the law or during the decision-making process, up to the date of disclosure in accordance with the law.

(4) Other circumstances as stipulated by CSRC and Shanghai Stock Exchange.

3. If the trading of shares of the Company is suspended for more than 10 consecutive trading days due to the occurrence of a significant event during the implementation of this repurchase program, the repurchase program will be postponed after the resumption of trading and disclosed in a timely manner.

(V) Earmark, amounts, proportion out of total share capital of the Company and total amount of funds.

The repurchased shares are intended to be used for the implementation of the ESOP or/and Equity Incentive Plan, and the Company will use its own funds in a total amount of no less than RMB 250 million Yuan (250 million included) and no more than RMB 350 million Yuan (350 million included) to carry out the repurchase in accordance with the change of the market price of the shares during the period of the implementation of the repurchase program. Based on the estimated of price ceiling of RMB 9.10 Yuan per share, the number of shares to be repurchased will range from approximately 27.5 million shares (27.5 million included) to 38.40 million shares (38.40 million included), accounting for approximately 0.68% to 0.95% of the total share capital of the Company of 4,025,970,368 shares. Details are as follows:

Earmark of repurchase	Number of shares to be repurchased	Proportion out of total share capital (%)	Funds value of repurchased shares	Repurchase period
ESOP or/and Equity incentive plan	27.5 million shares to 38.40 million shares	0.68-0.95	No less than RMB 250 million Yuan and no more than RMB 350 million Yuan	No more than 12 months from the date of approval of the share repurchase program by the Board of Directors of the Company.

The specific value and amount of shares to be repurchased will be based on the actual number of shares repurchased and the total amount of funds utilized at the expiration of the repurchase period.

(VI) Repurchase price

The price of the share repurchase shall not exceed RMB 9.10 Yuan per share Yuan (9.10 included), and shall not be higher than 150% of the average trading price of the Company's shares for the 30 trading days prior to the date on which the resolution on the share repurchase is deliberated and approved by the Board of Directors of the Company. The specific repurchase price shall be determined by the Board of Directors by authorizing the management of the Company to take into

account the price of the Company's shares, its financial situation and operating conditions during the period of implementation of the repurchase.

If the company implements ex-rights and ex-dividend matters such as distribution of stock dividends, capitalization of capital reserve, cash dividends payout, share Allotment, stock split or stock reserve split-up within the period of repurchase, Company will adjust the number of shares to be repurchased and the upper limit of the price accordingly in accordance with the relevant regulations of the China Securities Regulatory Commission and the Shanghai Stock Exchange.

(VII) Funds source of repurchase

Funds source of repurchase this time is self-owned funds.

(VIII) Anticipated shareholding structure after this repurchase

If the repurchase program is fully implemented, according to the maximum total repurchase fund of RMB 350,000,000 Yuan and the repurchase price not exceeding RMB 9.10 per share, assuming that all the repurchased shares will be used for the ESOP or/and the Equity Incentive Plan and will be locked in, and that there will be no change in the total share capital of the Company, it is expected that the changes in the shareholding structure of the Company will be as follows

Share type	Before repurchase		Changes of shares	After repurchase	
	Number of shares	Proportion (%)		Number of shares	Proportion (%)
Restricted shares in circulation	-	-	38,400,000	38,400,000	0.95
Non-restricted shares in circulation	4,025,970,368	100.00	-38,400,000	3,987,570,368	99.05
Total	4,025,970,368	100.00	-	4,025,970,368	100.00

III. Analysis of the possible impact of the share repurchase on the Company's daily operation, financing, research and development, profitability, solvency, future development and maintenance of listing status, etc.

As of June 30, 2023 (unaudited), the Company had total assets of RMB 21,449,535,300 Yuan, current assets of RMB 10,614,419,600 Yuan and net assets attributable to shareholders of the listed company RMB 17,260,104,760 Yuan, Estimated by the upper limit of this repurchase RMB 350,000,000 Yuan, the proportion of the above financial data is 1.63%, 3.30% and 2.03%, respectively.

The repurchase of shares is intended to be used for ESOP or/and equity incentive plan, which is favorable to safeguard the interests of the broad investors, ameliorate the Company's long-term

incentive mechanism, more closely and effectively align the interests of shareholders, the Company and employees, and promote the healthy and sustainable development of the Company. Based on the above estimations and evaluating the Company's profitability and development prospects, the repurchase will not have significant impact on the Company's daily operations, finance, research and development, solvency, future development and so on. After the repurchase of shares, the shareholding distribution of the Company still meets the listing conditions, will not affect the listing status of the Company and will not lead to a change in the control of the Company.

IV. Opinions of the Independent Directors on the Compliance, Necessity, Reasonableness, Feasibility and Other Related Matters of the Share Repurchase Program

(I) The Company's share repurchase is in compliance with the relevant provisions of the Company Law, the Securities Law, the Rules for Share Repurchase by Listed Companies, the Self-disciplinary Supervision Guidelines for Listed Companies of the Shanghai Stock Exchange No. 7 - Repurchase of Shares and other relevant laws, regulations and standardized documents, and the voting procedures of the Board of Directors' meeting are in compliance with the relevant laws, regulations and the relevant provisions of the Articles of Association of the Company.

(II) The implementation of this share repurchase by the Company is favorable to safeguarding the interests of the Company and its shareholders, establishing and perfecting the Company's long-term incentive mechanism, fully mobilizing the enthusiasm of the Company's employees, and promoting the healthy and sustainable development of the Company, and the Company's share repurchase is necessary.

(III) The source of funds for the Company's repurchase is its own funds, and the total amount of funds for the repurchase shall not be less than RMB 250 million Yuan (250 million included) and not more than RMB 350 million (250 million included), and the repurchase will not materially affect the Company's operation, financial condition and future development. The shareholding structure of the Company after the repurchase is in line with the conditions for listed companies and will not affect the listing status of the Company. The Company's share repurchase program is reasonable and feasible.

(IV) The repurchase of shares is implemented by way of centralized bidding transactions, and there are no circumstances that will harm the interests of the Company and all shareholders, especially the small and medium-sized shareholders.

In summary, we hold the view that the Company's share repurchase is legally compliant, the repurchase program is reasonable and feasible, and is in line with the interests of the Company and all shareholders, and we agree with the share repurchase program.

V. Whether the directors, supervisors, controlling shareholder and de facto controller of the Company have traded in the Company's shares in the six months prior to the Board of Directors' resolution on share repurchase, whether there is any conflict of interest with this repurchase program, whether there is any insider trading and market manipulation and whether there is any plan to increase or decrease the number of shares held by them during the period of the repurchase

Upon inquiry, the directors, supervisors, controlling shareholders and de facto controllers of the Company have not traded in the Company's shares in the six months prior to the Board of Directors' resolution on share repurchase, and there is no conflict of interest, insider trading and market manipulation in relation to this repurchase program.

VI. The Company inquired the directors, supervisors, controlling shareholder and de facto controller about the particulars of whether there are plans to reduce holdings in the next three months, the next six months, etc.

During the repurchase period, the company's controlling shareholder, Liaoning Fangda Group Industry Co., Ltd. with some of its holdings of the company's shares as the subject of exchangeable corporate bonds in the exchange period (May 10, 2022 to November 5, 2024, in the case of statutory holidays or weekends, will be postponed to the next trading day), there is a possibility of passive reduction of the shares due to the achievement of the exchange price of 12.62 yuan / share exchange.

Upon inquiry, the controlling shareholders and de facto controllers of the Company have plans to increase or decrease their holdings of the Company's shares in the next three months and the next six months; and the directors and supervisors of the Company do not have any plans to increase or decrease their holdings of the Company's shares in the next three months and the next six months. If there is a plan to increase or decrease the shareholding in the future, the company will fulfill the information disclosure obligations in a timely manner in accordance with the relevant regulations.

VII. Arrangements relating to the cancellation or transfer of shares after repurchase in accordance with the law

The repurchase of shares will be used for the implementation of the ESOP or/and Share Incentive Plan. If the Company fails to transfer the repurchased shares within 36 months after the date of the announcement of the results of the implementation of the share repurchase and the changes in shares, the procedures for the reduction of the registered capital will be carried out in accordance with the law, and the untransferred shares will be canceled, which will be carried out in accordance with the relevant laws, regulations and policies.

VIII. Arrangements relating to corporate protection against infringement of creditors'

interests

The repurchase of shares will not affect the normal and continuous operation of the Company and will not lead to insolvency of the Company. In case of share cancellation, the Company will fulfill the legal procedures such as notifying creditors in accordance with the Company Law and other relevant regulations to fully protect the legitimate rights and interests of creditors.

IX. Specific authorization to handle this share repurchase

In order to efficiently, orderly and smoothly complete the work related to this share repurchase scheme of the Company, the Board of Directors of the Company authorizes the management of the Company to specifically handle the specific matters related to this share repurchase within the scope of laws and regulations and in accordance with the principle of safeguarding the interests of the Company and its shareholders, and the content and scope of the authorization include but are not limited to:

- (I) If there is any change in the policy of the regulatory authorities regarding the repurchase of shares or any change in the market conditions, the management is authorized to make corresponding adjustments to the specific scheme for the repurchase of shares and other related matters, except for matters involving the relevant laws and regulations and the provisions of the Articles of Association which shall be subject to a re-vote by the Board of Directors;
- (II) To buy back shares on a discretion basis during the repurchase period in light of the actual situation, including the timing, price and number of shares to be repurchased;
- (III) Adapting the specific implementation program in accordance with the relevant provisions (i.e. applicable laws, regulations and relevant provisions of the regulatory authorities) and handling other matters relating to the share repurchase;
- (IV) Deciding to engage with intermediaries related to the repurchase and signing relevant agreements and contracts (if required);
- (V) Upon completion of the relevant matters, Company shall handle the cancellation of shares of the repurchased company and capital reduction, amendment of the Articles of Association and registration of industrial and commercial changes;
- (VI) To handle other matters not listed above but necessary for the share repurchase.

The above authorization shall be effective from the date of consideration and approval of the share repurchase proposal by the Board of Directors to the date of completion of the above authorized matters.

X. The uncertainty risks of this repurchase program

- (I) If the price of the Company's shares continues to exceed the price range disclosed in the repurchase program during the term of this repurchase, there is a risk that this repurchase program

cannot be implemented;

(II) In the event of the occurrence of an important price sensitive matters of the Company's shares or the occurrence of a matter in respect of which the Board of Directors of the Company decides to terminate the current repurchase program, there is a risk that the current repurchase program will not be successfully implemented or that the current repurchase program will be altered or terminated in accordance with the Rules;

(III) The repurchase of shares will be used for the ESOP or/and Share Incentive Plan, and if the Company fails to implement the said use within the prescribed period, there is a risk that the repurchased and untransferred shares will be canceled;

(IV) The repurchase program does not represent a commitment that the Company will repurchase the Company's shares in the secondary market, the Company will make repurchase decisions and implement them on an opportune basis in accordance with the market conditions during the repurchase period, and will fulfill its information disclosure obligations in a timely manner in accordance with the progress of the matter of repurchase of shares, and remind investors to pay attention to the investment risks.

Fangda Carbon New Material Co., Ltd. Board of Directors

29 August 2023