

Fangda Carbon New Material Co., Ltd.

Announcement on the Merger between the Joint Venture and Subsidiary of the Company

I. Overview of the merger

(I) The basic information of the merger

In order to further integrate resources, reduce management costs, optimize governance structure and improve operational efficiency, Fangda Xikemo (Jiangsu) Needle Coke Technology Co., Ltd. (the Fangda Xikemo), a joint venture of Fangda Carbon New Materials Technology Co., Ltd. (the Company), intends to merge Jiangsu Fangda Carbon Chemical Co., Ltd. (the Jiangsu Fangda), a subsidiary of the Company. After the merger, Jiangsu Fangda will be deregistered, and all assets, liabilities, business and personnel of Jiangsu Fangda will be inherited by Fangda Xikemo.

(II) Review procedures

The Company held the 8th meeting of the 8th Board of Directors on 26 April 2023, and deliberated and passed the Proposal on the Merger between the joint venture and subsidiary of the Company. According to the relevant provisions of the Stock Listing Rules of Shanghai Stock Exchange and the Articles of Association of the Company, this transaction does not need to be reviewed by the shareholders meeting.

(III) This transaction does not constitute a related party transaction, nor does it constitute a material asset restructuring as stipulated in the Measures for the Administration of Material Asset Restructuring of Listed Companies.

II. The basic information of the merger

(I) Basic information of the acquiring entity

1. Name: Fangda Xikemo (Jiangsu) Needle Coke Technology Co., Ltd.
2. Unified social credit code: 91320300069491020W

3. Type: limited liability company (foreign investment, non-sole proprietorship)
4. Address: Pingguo West Road, Pizhou Economic Development Zone, Pizhou City, Jiangsu Province
5. Legal Representative: GOU Zengcheng
6. Registered Capital: RMB1,556 million
7. Date of Establishment: 17 June 2013
8. Business Period: 17 June 2013 to 2 June 2063.
9. Business Scope: R&D and production of needle coke, coal tar pitch, carbon black oil and gas; heat production and supply; sale of self-produced products and the wholesale, import and export of the above mentioned products; production-related consultation and service provision (projects subject to approval according to law can only be carried out after being approved by relevant departments).

10. Ownership Structure:

Funder	Registered capital (RMB 1,000)	Proportion of contributions	Form of investment
Fangda Carbon New Material Co., Ltd.	79,356	51%	Cash
Nippon Steel Chemical & Material Co., Ltd.	76,244	49%	Cash
Total	155,600	100%	/

11. Major Financial Indicators:

Unit: RMB/Yuan

Item	31 December 2022 (audited)
Total assets	313,130,800.01
Total liability	27,342,221.14
Net asset	285,788,578.87
Item	January-December 2022 (audited)

Operating revenue	89,243,416.82
Operating profit	-71,796,553.85
Net profit	-73,055,931.40

(II) Basic information of the target entity

1. Name: Jiangsu Fangda Carbon Chemical Co., Ltd.

2. Unified social credit code: 91320300056682047L

3. Type: limited liability company (foreign investment, non-sole proprietorship)

4. Address: Pingguo West Road, Pizhou Economic Development Zone, Pizhou City, Jiangsu Province

5. Legal Representative: YANG Fengchao

6. Registered Capital: RMB224,883,422.

7. Date of Establishment: 27 November 2012

8. Business Period: 27 November 2012 to 25 November 2062.

9. Business Scope: Production and sales of deep-processed products of coal tar (washing oil); production of coal tar pitch, light oil, anthracene oil, carbon black oil, phenol oil, industrial naphthalene, washing oil and neutral sodium phenolate, and sales of self-produced products; security system monitoring service; production and supply of tap water; sewage treatment and its recycling; quality inspection technical services; international and domestic trade agency services (projects subject to approval according to law can only be operated after being approved by relevant departments).

10. Ownership Structure:

Funder	Registered capital (RMB1,000)	Proportion of contributions	Form of investment
Fangda Carbon New Material Co., Ltd.	10,508.8023	46.73%	Cash
Nippon steel Chemical	11,979.5399	53.27%	Cash

& Material Co., Ltd.			
Total	22,488.3422	100%	/

Note: Fangda Carbon holds 46.73% equity of Jiangsu Fangda, but has 80% voting rights.

11. Major financial indicators:

Unit: RMB/Yuan

Project	31 December 2022 (audited)
Total assets	313,218,944.91
Total liability	191,064,733.01
Net asset	122,154,211.90
Project	January-December 2022 (audited)
Operating revenue	182,664,516.78
Operating profit	-37,199,675.36
Net profit	-38,410,248.71

III. Structure, scope and related arrangements of this merger.

(I) Fangda Xikemo will merged Jiangsu Fangda, and after the merger, Jiangsu Fangda will be deregistered, and all assets, liabilities, rights and interests, business and personnel of Jiangsu Fangda will be inherited by Fangda Xikemo according to law. Through friendly negotiation between the shareholders of both parties, after the merger, the shareholding ratio of Fangda Carbon in Fangda Xikemo will be changed to 65%, and the shareholding ratio of Nippon Steel Chemical & Material Co., Ltd. will be 35% (the shareholding ratio here refers to the proportion of voting rights, profits and property distribution, etc.). After the merger, the Board of Directors of Fangda Xikemo consists of three directors, of which Fangda Carbon has the right to nominate two, Nippon Steel Chemical has the right to nominate one, and the Chairman of the Board will be nominated by Fangda Carbon.

(II) Both parties to the merger will sign the merger agreement according to the merger plan set forth herein, prepare the balance sheet and property list, notify the

creditors and complete the announcement procedures.

(III) Both parties to the merger will jointly complete relevant procedures and formalities such as asset transfer, ownership change and industrial, and commercial and industrial registration in accordance with laws and regulations. The Board of Directors authorizes the management of Fangda Xikemo to fully handle the specific organization and implementation of this merger.

IV. The purpose of this merger and its impact on the Company

This merger is conducive to the integration of resources, reduction of management costs, optimization of governance structure and improvement of operational efficiency of the subsidiaries of the Company. This merger will not affect the normal operation and overall business operation of the Company.

It is hereby announced.

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

27 April 2023