Fangda Carbon New Material Co., Ltd.

Announcement on Profit Distribution Proposal for 2023

Important Notes.

● The 2023 profit distribution proposal of Fangda Carbon New Material Technology Company Limited (hereinafter referred to as the Company) is that the Company proposes not to pay cash dividends, distribute bonus shares, or increase share capital by the capital common reserve fund for 2023..

● The Company implemented share repurchase in 2023, and the amount of shares repurchased in cash to be credited to cash dividends was CNY 279,998,800 (excluding transaction costs), which accounted for 67.27% of the Company's consolidated statement of net profit attributable to shareholders of the listed company for 2023.

● The proposed profit distribution for FY2023 has been considered and approved at the eleventh meeting of the eighth session of the Board of Directors and the twenty-third Meeting of the eighth session of the Board of Supervisors of the Company, and is yet to be submitted to the 2023 annual general meeting of shareholders of the Company for consideration and approval.

I. Proposed profit distribution of the Company for 2023

Audited by Baker Tilly China Certified Public Accountants (Baker Tilly China), the net profit of the Company attributable to shareholders of the listed company for 2023 is CNY416,237,600, and as of December 31, 2023, the undistributed profit of the parent company is CNY6,370,587,600.

According to the operation situation of the Company and the long-term interests of all shareholders, the Board of Directors has decided that the Company proposes the profit distribution plan for FY2023 is not to pay cash dividends, distribute bonus shares, or increase share capital by the capital common reserve fund. This profit distribution proposal has to be submitted to the 2023 annual general meeting of shareholders of the Company for consideration.

II. Reasons for no profit distribution for 2023

At the Ninth Meeting of the Eighth Session of the Board of Directors of the Company held on August 28, 2023, the Company considered and passed the "Proposal for the Repurchase of the Company's Shares by means of Centralized Bidding", agreeing to use its own funds to repurchase some of the issued CNY ordinary shares (A shares) of the Company by means of centralized bidding transactions. The total amount of funds for the repurchase shall not be less than CNY250,000,000 (inclusive) and not exceeding CNY350,000,000 (inclusive). As of December 31, 2023, the Company has used its own funds of CNY279,998,800 (excluding transaction costs) to repurchase 48,446,408 shares of the Company. Pursuant to Article 8 of the Self-disciplinary Supervision Guidelines for Listed Companies of the Shanghai Stock Exchange No. 7 - Repurchase of Shares, "If a listed company repurchases its shares by means of centralized bidding or offer with cash as consideration, the amount of share repurchase that has been carried out in that year is regarded as a cash dividend and will be included in the calculation of the relevant proportion of the cash dividend for that year. " The aforesaid amount is regarded as cash dividend, and the proportion of the Company's cash dividend for FY2023 to the net profit attributable to shareholders of the listed company in the Company's consolidated statement for FY2023 is calculated in this way as 67.27%. At the same time, combined with the Company's strategic development planning and considering the current macroeconomic environment, the Company's current operation conditions and the future development of capital requirements and other factors, the Board of Directors has decided that the Company proposes not to pay cash dividends, distribute bonus shares, or increase share capital by the capital common reserve fund for FY2023.

III. Purpose and utilization plan of the Company's undistributed profits

The Company's undistributed profits for 2023 have been accumulated and rolled over to the next year to meet the requirements of the Company's share repurchases, daily operations, etc., and to provide a reliable guarantee for the implementation of the Company's future development strategy. In the future, the Company will continuously pay attention to the return of shareholders in the form of cash dividends, strictly comply with the relevant laws and regulations and the Articles of Association and other provisions, take various factors related to profit distribution into account, and actively fulfill the Company's policy on profit distribution from the perspective that benefits the Company’s development and shareholders’ return, so as to share with shareholders the achievements of the Company's development.

IV. Decision-making Procedures for the Proposed Profit Distribution

(I) Opinions of the Board of Directors

At the eleventh meeting of the eighth session of the Board of Directors of the Company, the Board of Directors considered and approved the 2023 profit distribution proposal and agreed to submit the proposal to the 2023 annual general meeting of shareholders for consideration.

(II) Opinions of Board of Supervisors

According to the Board of Supervisors, the share repurchase conducted by the Company in 2023 in cash can be regarded as a cash dividend and is in accordance with relevant regulations. The Company's proposal of not conducting profit distribution for FY2023 is a decision based on the Company's current operation conditions, financial conditions and the Company's future development conditions, and there are no circumstances that will jeopardize the interests of the Company and all shareholders. We agree with the Company's proposal of profit distribution for FY2023 and submit the proposal to the general meeting of shareholders of the Company for consideration and approval.

This announcement is hereby made.

Fangda Carbon New Material Co., Ltd.

Board of Directors

2 April 2024