Ad hoc announcement pursuant to Art. 53 LR

Fangda Carbon New Material Technology Co., Ltd. Announcement on Major Litigation

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

Important content reminder:

● The litigation stage of the case: the case is filed and accepted, and has not yet begun trial.

● Position of the listed company as a party: Plaintiff.

● Amount involved in the case: Provisional total of CNY 164,613,772.04

● Impact on the listed company: In view of the fact that the case has not yet commenced trial and the final outcome of the judgement is uncertain, it is not possible to anticipate the impacts on the Company's profit or loss for current period and subsequent periods, and the final actual impact will be subject to the judgement of the court coming into effect.

I. Basic information of this material litigation

Fangda Carbon New Material Co., Ltd. (hereinafter referred to as Fangda Carbon or the Company) has recently received the Notice of Acceptance of Case No. (2024) Liao 01 Min Chu 1335 issued by the Intermediate People's Court of Shenyang, Liaoning Province on 6 June 2024, in which the Company filed a lawsuit against the State-owned Assets Supervision and Administration Commission of the People's

Government of Gansu Province in respect of contractual and quasi-contractual disputes arising from the assumption of social functions, such as the provision of water supply to the community. As at the date of disclosure of this announcement, the trial has not yet commenced.

II. Basic Information of the Litigation

(I) the parties to the litigation

Plaintiff: Liaoning Fangda Group Industry Co., Ltd., Unified Social Credit Code 91210100719656393Q, with place of residence at Room 9900, No. 16-2, Development Road, Shenyang Economic and Technological Development Zone, Shenyang City, Liaoning Province.

Legal representative: Yan Kui Xing, general manager of the company.

Plaintiff: Fangda Carbon New Material Science and Technology Co., Ltd, Unified Social Credit Code 91620000710375560A, with domicile at No. 11, Carbon Road, Haishiwan Town, Honggu District, Lanzhou City, Gansu Province.

Legal representative: Ma Zhuo, chairman of the board.

Defendant: State-owned Assets Supervision and Administration Commission of the People's Government of Gansu Province, Unified Social Credit Code 11620000739610982J, with place of residence at No. 16, Jiuquan Road, Chengguan District, Lanzhou City, Gansu Province.

Legal representative: Wu Wanhua, Director of the Commission.

(II) Claims

That the Defendant be ordered to pay the two Plaintiffs the sum of CNY 121,310,529.79 for the loss of water supply and interest of CNY 43,303,242.25 for the period from the date of the loss of water supply to the date of the actual payment of the loss of water supply (interest to accrue provisionally up to 29 May 2024, and interest to accrue from 30 May 2024 until the date of the actual payment of the loss of water supply at the quoted one-year market rate (LPR)). The above tentative total is $164,613,772.04.

The costs of the lawsuit, preservation costs, appraisal costs, evaluation costs, and insurance costs paid by the Plaintiff to realise the claim shall be borne by the Defendant.

(III) Facts and reasons

In 2006, the State-owned Assets Supervision and Administration Commission of the People's Government of Gansu Province (hereinafter referred to as Gansu SASAC) decided to introduce a strategic investor through the transfer of the shares of Lanzhou Hailong New Material Science and Technology Company Limited (hereinafter referred to as Hailong Science and Technology) held by Lanzhou Carbon Group (hereinafter referred to as Lantan Group), so as to solve the crisis faced by Hailong Science and Technology as a whole. On 28 September 2006, the Plaintiff Liaoning Fangda Group Industry Co. (hereinafter referred to as Liaoning Fangda Group) legally acquired 103.23 million shares of state-owned legal person shares of Hailong Technology held by Lan Tan Group through judicial auction procedure. The name of Hailong Science and Technology was changed to Fangda Carbon.

On 30 September 2006, the Plaintiff Liaoning Fangda Group and the Defendant Gansu SASAC signed a "letter of agreement", in which article 5 agreed that ", the Gansu SASAC promises to take over and transfer all of the assets, business, and related personnel of Hailong Science and Technology’s social affairs to society by the end of 2007 Liaoning Fangda Group and Hailong Science and Technology no longer assume any social functions thereafter". According to the Minutes of the Meeting on Resolving the Remaining Problems of the Restructuring of Fangda Carbon (Ganzhengban Ji [2007] No. 50), it was decided that "the transfer of the 'three supplies' and property management functions of Lantang Group shall be effected in accordance with the restructuring agreement entered into by the Gansu SASAC and Liaoning Fangda Group on 30 September 2006 (hereinafter referred to as the Restructuring Agreement)". i.e. before the end of December 2007, Fangda Carbon was responsible for it, and after the end of December 2007, Fangda Carbon was first entrusted with the management. Gansu SASACshall first keep an account of the 'three supplies' costs of Lantan Group borne by Fangda Carbon, and work out the solution together when dealing with the bankruptcy plan of Lantan Group". The Defendant Gansu SASAC failed to resolve the water supply costs of Fangda Carbon in accordance with the above requirements, resulting in the Plaintiff Liaoning Fangda Group and the Plaintiff Fangda Carbon having undertaken the social water supply function for the Defendant during the period from 1 January 2008 to 24 August 2023, and cause the Plaintiff's water supply loss of CNY 121,310,529.79.

III. Impact of the litigation announced herein on the Company's profit for the current period or profit after the period, etc.

As at the date of disclosure of this announcement, the aforesaid case has not yet commenced trial, and the impact on the Company's profit for the current period or profit after the period, etc. is uncertain, and we respectfully request the investors to pay attention to the investment risks.

Hereby announced.

Fangda Carbon New Material Co., Ltd.

Board of Directors

12 June 2024