

## **Fangda Carbon New Material Co., Ltd.**

### **Announcement on the share repurchase programme by means of centralised bidding**

|                                                                                                                                                                                                                                                                                            |
|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <p>The Board of Directors and all directors of the Company warrant that there are no false records, misleading statements or material omissions in the contents of this announcement and shall be legally responsible for the truthfulness, accuracy and completeness of its contents.</p> |
|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|

#### **Important notice:**

- Amount of shares repurchased: no less than CNY500 million (inclusive) and no more than CNY1 billion (inclusive).
- Source of funds for share repurchase: the Company's own funds
- Purpose of share repurchase: for the purpose of safeguarding the value of the Company and shareholders' rights and interests, and the shares repurchased by the Company will be used for sale in accordance with relevant regulations.
- Repurchase price: the repurchase price shall not exceed CNY4.33 per share (inclusive), which shall not be higher than 150% of the average trading price of the Company's shares in the 30 trading days before the Board of Directors of the Company considers and passes the resolution on the repurchase.
- Method of share repurchase: centralised bidding
- Period of share repurchase: within 3 months from the date when the board of directors of the Company considers and passes the share repurchase proposal.
- Whether there is any plan to reduce the shareholding of the relevant shareholders: During the repurchase period, the exchangeable corporate bonds held by Liaoning Fangda Group Industry Co., Ltd, the controlling shareholder of the Company, which are based on some of the shares of the Company held by the controlling shareholder of the Company, are in the period of exchange (from 10 May 2022 to 5 November 2024, which will be postponed to the next trading day in the event of statutory holidays or rest days), and there is a possibility of passive reduction of shareholdings as a result of the attainment of the exchange price of CNY12.59 per share exchange and there is a possibility of passive reduction due to reaching the share exchange price of CNY12.59 per share exchange.

Upon enquiry, the Company's controlling shareholders, de facto controllers, directors, supervisors and senior management have no plans to increase or decrease their shareholdings in the Company in the next three months and the next six months. If the relevant subjects intend to implement the plan to increase or decrease shareholding in the future, the company will fulfil its information disclosure obligations in a timely manner in accordance with the relevant provisions.

- Relevant risk tips:

1. If the price of the Company's shares continues to exceed the price limit disclosed in the repurchase programme during the period of the repurchase, there is a risk that the repurchase programme may not be successfully implemented;
2. in the event of the occurrence of material events that have a significant impact on the trading price of the Company's shares, or the occurrence of material changes in the Company's production and operation, financial situation, external objective circumstances, or other events that lead to the Board of Directors' decision to terminate the current repurchase programme, there is a risk that the repurchase programme will not be successfully implemented or that the repurchase programme will be adjusted or terminated in accordance with the relevant provisions.
3. The Company's repurchase of shares is intended to safeguard the value of the Company and shareholders' rights and interests, and will be sold by way of centralised auction trading twelve months after the disclosure of the announcement on the results of the repurchase and changes in shares, and will be completed within three years after the disclosure of the announcement on the results of the repurchase and changes in shares, and there will be a risk of change of use or cancellation if the Company fails to complete the sale within the aforesaid period.
4. There may be risks that the repurchase programme may not be implemented or the corresponding terms of the repurchase programme may need to be adjusted as a result of the promulgation of new regulations and requirements by securities regulatory authorities such as the China Securities Regulatory Commission and the Shanghai Stock Exchange in respect of the repurchase of shares by listed companies in the future.

#### **I. Deliberation and implementation procedures of the repurchase programme**

(I) On 18 September 2024, the Company held the Third Interim Meeting of the Ninth Session of the Board of Directors and deliberated and passed the 'Proposal on the Programme for the Repurchase of the Company's Shares by way of Concentrated Auction Transactions', agreeing to the repurchase of the Company's shares by way of concentrated auction transactions, and that the repurchased shares would be used for sale in accordance with the law.

(II) In accordance with the Company Law of the People's Republic of China (hereinafter referred to as the 'Company Law'), the Articles of Association of Fangda Carbon New Material Technology Co., Ltd. The timing and procedures of the aforesaid Board of Directors' deliberation were in compliance with the relevant provisions of the Shanghai Stock Exchange Self-Regulatory Guidelines for Listed Companies No. 7 - Repurchase of Shares (hereinafter referred to as the "Repurchase Guidelines") and other relevant regulations.

(III) As at 13 September 2024, the closing price of the Company's shares was CNY3.85 per share, which was lower than the net asset value per share of the most recent period, in compliance with the condition of 'the closing price of the Company's shares is lower than the net asset value per share of the most recent period' as stipulated in Article 2 Section 2 Clause 1 of the Guidelines for Repurchase, and 'for the purpose of safeguarding the interests of the Company and its shareholders, the

Company shall not repurchase any shares of the Company' as stipulated in Article 2 Section 1 Clause 4 of the Guidelines.

## **II. Main contents of the repurchase proposal**

The main contents of the repurchase proposal are as follows:

|                                                      |                                                                                                                                                                                                                                                                                                                         |
|------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Date of first disclosure of the repurchase programme | 19 September 2024                                                                                                                                                                                                                                                                                                       |
| Implementation period of the repurchase programme    | 3 months after consideration and approval by the Board of Directors                                                                                                                                                                                                                                                     |
| Date of programme and proponent                      | 13 September 2024                                                                                                                                                                                                                                                                                                       |
| Expected repurchase amount                           | CNY500 million~CNY1 billion                                                                                                                                                                                                                                                                                             |
| Source of funds for repurchase                       | Self owned Funds                                                                                                                                                                                                                                                                                                        |
| Repurchase price limit                               | 4.33 Yuan/share                                                                                                                                                                                                                                                                                                         |
| Purpose of repurchase                                | <input type="checkbox"/> Reduction of registered capital<br><input type="checkbox"/> For Employee Share Ownership Plan or Share Incentive<br><input type="checkbox"/> For conversion of corporate convertible bonds<br><input checked="" type="checkbox"/> To safeguard the company's value and shareholders' interests |
| Method of share repurchase                           | Centralised Auction Trading                                                                                                                                                                                                                                                                                             |
| Number of shares to be repurchased                   | 11.5473441 million shares ~ 23.0946882 million shares (measured in accordance with the upper limit of the repurchase price)                                                                                                                                                                                             |
| Ratio of repurchased shares to total share capital   | 2.87%~5.74%                                                                                                                                                                                                                                                                                                             |

### **(I) Purpose of share repurchase**

Based on the confidence in the future development of the Company and the recognition of the Company's value, in order to safeguard the interests of the Company and the shareholders, to effectively fulfil its social responsibility, to effectively convey the Company's value and to actively practice investor returns, the Company, taking into account the current operating conditions, financial situation, future profitability and other factors, the Board of Directors resolved to conduct share repurchase by means of centralised bidding transactions with its own funds to safeguard the value of the Company and the interests of the shareholders.

### **(II) Types of shares to be repurchased**

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

### **(III) Method of share repurchase**

The Company's shares will be repurchased through the stock trading system of the Shanghai Stock Exchange by way of centralised bidding transactions.

### **(IV) Implementation period of the share repurchase**

1. The term of the share repurchase shall be no more than 3 months from the date on which the Board of Directors of the Company considers and approves the share

repurchase proposal. If one of the following conditions is triggered, the repurchase period shall expire earlier:

(1) If, during the repurchase period, when the amount of funds used for the repurchase reaches CNY500 million (inclusive) to CNY1 billion (inclusive), the repurchase programme may choose to be implemented to completion, and the repurchase period shall expire earlier from that date.

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

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

(1) From the date of occurrence of a material matter that may have a significant impact on the trading price of the Company's securities and their derivatives, or during the decision-making process to the date of disclosure in accordance with the law;

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

3. During the implementation of this repurchase programme, if the company's shares are suspended for more than 10 consecutive trading days due to the planning of a major event, the repurchase programme will be postponed after the resumption of trading and timely disclosure.

(V) Purpose of the proposed share repurchase, number of shares, proportion to the total share capital of the Company, and total amount of fund

The repurchase of shares is for the purpose of safeguarding the value of the Company and shareholders' rights and interests, and all the shares repurchased by the Company are intended to be used for subsequent sale in accordance with the relevant regulations. The Company will use its own funds with a total amount of no less than CNY500 million (inclusive) and no more than CNY1 billion (inclusive) to implement the repurchase in accordance with the changes in the market price of the shares during the implementation of the repurchase programme. Measured at the upper limit of the price of the shares to be repurchased of CNY4.33 per share, the number of shares to be repurchased will be approximately 115,473,441 shares (inclusive) to 230,946,882 shares (inclusive), representing approximately 2.87% to 5.74% of the total share capital of the Company of 4,025,970,368 shares.

| Purpose of repurchase                                        |         | Number of shares to be repurchased                    | Proportion of total share capital of the company (%) | Total amount of funds to be repurchased (Ten thousand Yuan)           | Repurchase implementation period                                                                                                    |
|--------------------------------------------------------------|---------|-------------------------------------------------------|------------------------------------------------------|-----------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------|
| To safeguard the company's value and shareholders' interests | To sell | 11.5473441 million shares ~ 23.0946882 million shares | 2.87-5.74                                            | No less than CNY500 million (inclusive) and no more than CNY1 billion | no more than 3 months from the date on which the Company's Board of Directors considers and approves the share repurchase programme |

|  |  |  |  |              |  |
|--|--|--|--|--------------|--|
|  |  |  |  | (inclusive). |  |
|--|--|--|--|--------------|--|

The specific number and amount of shares to be repurchased shall be based on the actual number of shares repurchased and the total amount of funds utilised upon expiry of the repurchase period or completion of the repurchase.

(VI) Price or price range and pricing principles for the repurchase of shares

The price of the share repurchase shall not exceed CNY4.33 per share (inclusive), 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 considered and passed by the Board of Directors of the Company. The specific repurchase price shall be determined by the Board of Directors by authorising the management of the Company to take into account the Company's stock price, 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, capitalisation of capital reserve, cash dividends, share allotment, stock split or share reduction within the period of repurchase, the Company will adjust the repurchase price accordingly in accordance with the relevant regulations of the China Securities Regulatory Commission and the Shanghai Stock Exchange.

(VII) Source of funds for share repurchase

The source of funds for the share repurchase is the Company's own funds.

(VIII) Expected changes in the shareholding structure of the Company after the repurchase

According to the lower limit of CNY500 million (inclusive) and the upper limit of CNY1 billion (inclusive) of the total amount of funds for the repurchase, and the upper limit of the repurchase price of CNY4.33 per share, assuming that all the repurchased shares will be used to safeguard the value of the Company and shareholders' rights and interests and will be sold out, there will not be any change in the Company's total share capital and shareholding structure; in the event that the shares repurchased this time are not sold out and are thus cancelled, the changes in the share capital structure of the Company before and after the repurchase are expected to be as follows The changes in the share capital structure of the Company before and after the repurchase are as follows:

| Class of Shares        | Before this repurchase |                | After this repurchase (based on price floor) |                | After this repurchase (based on price ceiling) |                |
|------------------------|------------------------|----------------|----------------------------------------------|----------------|------------------------------------------------|----------------|
|                        | Number of shares       | Proportion (%) | Number of shares                             | Proportion (%) | Number of shares                               | Proportion (%) |
| Unrestricted Shares    | 0                      | 0.00           | 0                                            | 0.00           | 0                                              | 0.00           |
| Unrestricted Shares    | 4, 025, 970, 368       | 100.00         | 3,910,496,927                                | 100.00         | 3,795,023,486                                  | 100.00         |
| Total number of shares | 4, 025, 970, 368       | 100.00         | 3,910,496,927                                | 100.00         | 3,795,023,486                                  | 100.00         |

Note: The calculation of the number of shares in the above table does not take into

account share buybacks that have been implemented prior to 27 August 2024.

The above projected calculation data is for reference only, and the specific number of shares to be repurchased and the actual changes in the share capital structure of the Company shall be subject to the subsequent implementation. The shares repurchased by the Company will be sold by way of centralised bidding transactions 12 months after the disclosure of the announcement on the results of the repurchase and changes in shares, and the sale will be completed within 3 years after the disclosure of the announcement on the results of the repurchase and changes in shares, and in the event that the Company fails to complete the sale within the aforesaid time limit, the portion of the shares not yet implemented for sale shall be cancelled by fulfilling the relevant procedures.

(IX) Analysis of the possible impact of the share repurchase on the Company's daily operations, finance, research and development, profitability, debt fulfilment ability, future development and maintenance of listing status

As at 30 June 2024 (unaudited), the overall Liabilities to Debt ratio of the Company was 13.67%. The Company's total assets was CNY2,152,874,900, current assets of CNY104,707,506,000 and net assets attributable to shareholders of the listed company of CNY17,217,943,500 account for 4.64 per cent, 9.55 per cent and 5.81 per cent of the above financial data, respectively, when measured in accordance with the cap of CNY1 billion of this repurchase fund.

Based on the above calculations and in conjunction with the company's profitability and development prospects, the repurchase will not have a significant impact on the company's daily operations, finance, research and development, debt servicing ability, 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, will not lead to a change of control of the Company, and will not impair the Company's debt performance ability and ability to continue operations.

(X) Whether the directors, supervisors, controlling shareholders, de facto controllers and persons acting in concert of the Company have traded in the Company's shares within the six months prior to the Board of Directors' resolution on the repurchase of shares, and whether there is any insider trading and market manipulation, either alone or in conjunction with others, as well as the plan to increase or reduce their shareholdings during the period of the repurchase

Upon enquiry, the directors, supervisors, controlling shareholders and de facto controllers of the Company have not traded in the shares of the Company within 6 months prior to the resolution of the Board of Directors to repurchase the shares, and there is no conflict of interest, insider trading and market manipulation in relation to this repurchase proposal. As of the date of disclosure of this announcement, the above persons or subjects also do not have any plan to increase or decrease their shareholding during the period of repurchase, and the Company will strictly comply with the provisions of relevant laws and regulations to fulfil its information disclosure obligations in a timely manner.

(XI) The Company asked the Directors, Supervisors, controlling shareholders, de facto controllers and persons acting in concert with them, and shareholders holding

more than 5% of the Company's shares whether there were any plans to reduce the Company's holdings in the next three months and the next six months

During the repurchase period, the exchangeable corporate bonds held by Liaoning Fangda Group Industry Co., Ltd, the controlling shareholder of the Company, which are based on some of the shares of the Company held by the controlling shareholder of the Company, are in the period of exchange of shares (from 10 May 2022 to 5 November 2024, which will be postponed to the next trading day in the event of statutory holidays or rest days), and there exists the possibility of passive reduction of the shareholding due to the attainment of the exchange price of CNY12.59/share for the exchange of shares.

Upon enquiry, the directors, supervisors, controlling shareholders and de facto controllers of the Company do not have any plan to increase or decrease their shareholdings in the Company in the next three months and the next six months. If the company intends to implement the plan to increase or reduce its shareholding in the future, the company will fulfil its information disclosure obligations in a timely manner in accordance with the relevant provisions.

(XII) Arrangements relating to the cancellation or transfer of the repurchased shares in accordance with the law

The repurchased shares are intended to be sold by way of centralised bidding transactions 12 months after the disclosure of the repurchase results and share change announcement. In the event that the use of the repurchased shares needs to be changed due to significant changes in the Company's production and operation, financial condition, external objective circumstances, etc., the Company will fulfil the relevant deliberation procedures and information disclosure obligations in accordance with the relevant regulations.

If the Company fails to implement the aforesaid purposes within three years after the completion of the share repurchase, the remaining portion shall be cancelled. The Company will fulfil its information disclosure obligations in a timely manner according to the specific implementation situation at that time.

(XIII) Arrangements for the Company to prevent infringement of creditors' interests

The repurchase of shares will be used to safeguard the value of the Company and shareholders' rights and interests, and will not affect the normal and continuous operation of the Company and will not result in the Company becoming insolvent. In the event of share cancellation, the Company will, in accordance with the relevant provisions of the Company Law and other relevant regulations, perform the statutory procedures such as notification of creditors to fully protect the legitimate rights and interests of creditors.

(XIV) Specific authorisation to handle the share repurchases

In order to efficiently, orderly and smoothly complete the work related to the share repurchase of the Company, the Board of Directors of the Company authorises the management of the Company to specifically handle matters related to the share repurchase of the Company within the scope of the 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 authorisation includes but is 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 authorised to make corresponding adjustments to the specific proposal 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 repurchase shares on an opportunistic basis during the repurchase period in the light of the actual situation, including the timing, price and number of shares to be repurchased;
- (iii) Adjusting the specific implementation programme 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 intermediaries related to the repurchase and signing relevant agreements and contracts (if required);
- (v) Upon completion of the relevant matters, to handle the cancellation of the 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 authorisations shall be effective from the date on which the Board of Directors considers and approves the share repurchase proposal to the date on which the above authorisations are completed.

### **III. Uncertainty risk of the repurchase proposal**

(I) If the price of the Company's shares continues to exceed the price limit disclosed in the repurchase programme during the period of the repurchase, there is a risk that the repurchase programme may not be successfully implemented;

(II) In the event of the occurrence of material events that will have a significant impact on the trading price of the Company's shares, or the occurrence of material changes in the Company's production and operation, financial situation or external objective circumstances, or the occurrence of other events that will lead to the Board of Directors' decision to terminate the current repurchase programme, there is a risk that the repurchase programme will not be successfully implemented or that the current repurchase programme will be adjusted or terminated in accordance with the relevant provisions.

(III) The Company intends to safeguard the value of the Company and shareholders' rights and interests by this repurchase of shares, which will be disposed of by way of centralised auction trading twelve months after the disclosure of the announcement on the results of the repurchase and changes in the shares and will be completed within three years after the disclosure of the announcement on the results of the repurchase and changes in the shares, and there will be a risk of change of use or cancellation of the Company's shares if the Company fails to complete the sale within the aforesaid period of time.

(IV) There may be risks that the repurchase programme may not be implemented or the corresponding terms of the repurchase programme may need to be adjusted as a



result of the promulgation of new regulations and requirements by securities regulatory authorities such as the China Securities Regulatory Commission and the Shanghai Stock Exchange in respect of the repurchase of shares by listed companies in the future.

The Company will make the decision to repurchase and implement the repurchase at an opportune time within the repurchase period according to the market situation. The Company will fulfil its information disclosure obligations in a timely manner according to the progress of the implementation of the share repurchase, and invites investors to pay attention to the investment risks.

Hereby announced.

Fangda Carbon New Material Co., Ltd.

The Board of Directors

19 September 2024