

Fangda Carbon NewMaterial Co., Ltd.

Announcement on the correction of accounting errors

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 accept legal responsibility for the truthfulness, accuracy and completeness of its contents.

Important Content Reminder:

This correction of prior period accounting error of Fangda Carbon New Material Co., Ltd (hereinafter referred to as the Company or Fangda Carbon) is a retrospective adjustment of the parent company's balance sheet, income statement and cash flow statement for the half year and financial year 2022 and the balance sheet for the half year 2023 and the parent company's income statement for the financial year 2023.

The Company's correction of prior period accounting errors and retrospective adjustments will not affect the consolidated data, will not result in a change in the nature of the Parent Company's profit and loss for relevant years, and will not have significant impacts on the Company's financial position and production and operations in the current and later periods.

The Company held the Twelfth Extraordinary Meeting of the Ninth Session of the Board of Directors and the Eleventh Meeting of the Ninth Session of the Supervisory Committee on 27 June 2025, at which they deliberated and approved the "Proposal on the Correction of Accounting Errors" and agreed that the Company should, in accordance with the "Accounting Standard for Business Enterprises No. 28-Accounting Policies, Changes in Accounting Estimates and Correction of Errors" and "Rules for the Preparation of Information Disclosure of Publicly-Offered Stocks No. 19 - Correction of Financial Information and Related Disclosure" and other relevant regulations, to correct the accounting errors in the financial statements of the Parent Company from financial year 2022 to financial year 2023. Details are announced as follows:

I. Overview of this accounting error correction

On 7 March 2022, the board of directors of Fushun Laihe Mining Co., Ltd (hereinafter referred to as Laihe Mining), the subsidiary of the Company, held a meeting to deliberate and approve the "2020 Annual Profit Distribution Proposal" and decided to implement the 2020 Annual Profit Distribution of the Company's dividend distribution of CNY 889,763,603.39 to Fangda Carbon. Fangda Carbon received the dividend payment of CNY 889,763,603.39 on 8 March 2022 and then carried out the accounting treatment according to the dividend payment received. Due to the need for transformation of subsequent development projects, the Board of Directors held a meeting on 31 March 2022 to deliberate and approve the "Proposal on Adjustment of

Profit Distribution for the Year 2020", and reduced the profit distribution by CNY 700 million. The actual distribution of cash dividend to Fangda Carbon of was CNY 189,763,603.39. As the funds of Laihe Mining were escrowed by Fanda Carbon, the reduction of profit distribution by CNY 700 million was not returned to Laihe Mining, and the reduction of profit distribution by CNY 700 million was not transferred from undistributed profits to other payables.

Later, after the research and evaluation of the transformation project, the transformation project did not meet the requirements as expected, thus the project was terminated. Laihe Mining held a board of directors meeting on 31 December 2023 to deliberate and approve the "2022 Annual Profit Distribution Proposal", and decided to implement the 2022 Annual Profit Distribution to the Company to distribute CNY 700 million to the Company.

The Company did not timely process accounting procedures for the "Proposal for Adjustment of Profit Distribution for FY2020" "Proposal for Profit Distribution for FY2022". Based on the principle of prudence and in accordance with the relevant provisions of ASBE No. 28-Accounting Policies, Changes in Accounting Estimates and Correction of Errors and No. 19 Rules for the Preparation of Information Disclosure by Companies Issuing Securities in Public - Correction of Financial Information and Relevant Disclosure, the Company has reconfirmed, measured and corrected the investment income and net profit of the parent company recognised from the half-year of 2022 to 2023 (the reconfirmation has been carried out simultaneously in the first and third quarterly reports of 2022 and the first and third quarterly reports of 2023, which is no longer presented in this Correction Announcement due to non-disclosure of the Parent Company's statement in the quarterly reports).

II.Details and impacts of this accounting error correction

(I)Impacts on parent company statements

1.Impact on the parent company's financial statements for the half year 2022

Unit:Yuan

Impact projects	30 June 2022		
	Before adjustments	Adjustment amount	After adjustments
Balance Sheet:			
Other payables	1,392,710,437.77	700,000,000.00	2,092,710,437.77
Undistributed profits	6,342,453,035.37	-700,000,000.00	5,642,453,035.37
Income statement:			
Income from investments	1,928,905,888.09	-700,000,000.00	1,228,905,888.09
Net profit	2,012,286,237.36	-700,000,000.00	1,312,286,237.36
Statement of Cash Flows:			
Cash received from other operating activities	934,095,361.83	700,000,000.00	1,634,095,361.83
Cash received from acquisition of investment income	1,640,048,809.84	-700,000,000.00	940,048,809.84

2. Impacts on 2022 Parent Company Financial Statements

Unit:Yuan

Impact projects	31st December 2022		
	Before adjustments	Adjustment amount	After adjustments
Balance Sheet:			
Other payables	469,460,842.11	700,000,000.00	1,169,460,842.11
Undistributed profits	6,275,831,499.87	-700,000,000.00	5,575,831,499.87
Income statement:			
Income from investments	1,978,736,250.08	-700,000,000.00	1,278,736,250.08
Net profit	2,161,849,668.73	-700,000,000.00	1,461,849,668.73
Statement of Cash Flows:			
Cash received from other operating activities	3,938,629,583.62	700,000,000.00	4,638,629,583.62
Cash received from acquisition of investment income	1,753,800,697.73	-700,000,000.00	1,053,800,697.73

3.Impacts on the parent company's financial statements for the half year 2023

Unit: Yuan

Impact projects	30th June 2023		
	Before adjustments	Adjustment amount	After adjustments
Balance Sheet:			
Other payables	793,358,562.49	700,000,000.00	1,493,358,562.49
Undistributed profits	6,445,478,129.81	-700,000,000.00	5,745,478,129.81

This error correction matter has no impact on the parent company's income statement and cash flow statement from January to June 2023.

4.Impacts on the 2023 parent company financial statements

Unit: Yuan

Impact projects	30th June 2023		
	Before adjustments	Adjustment amount	After adjustments
Income Statement:			
Investment income	27,329,775.04	700,000,000.00	727,329,775.04
Net profit	106,395,612.00	700,000,000.00	806,395,612.00

This error correction matter has no impact on the 31 December 2023 balance sheet of the parent company.

(II)Impacts on the notes to the parent company statements

Unit: Yuan

[illegible]

other debt investments during the holding period									
Investment income from disposal of trading financial assets	-1,100,998.39		-1,100,998.39	1,093,338.03		1,093,338.03	1,926,523.09		1,926,523.09
Investment income from disposal of other equity instrument investments									
Investment income from disposal of debt investments									
Investment income from disposal of other debt investments									
Gain on debt restructuring	-2,033,287.94		-2,033,287.94	-233,277.16		-233,277.16	360,000.00		360,000.00
Investment income from holding other non-current assets	599,056.60		599,056.60	430,094.34		430,094.34			
Gain on derecognition of financial assets	-769,748.37		-769,748.37	-1,228,243.47		-1,228,243.47			
Others	9,835.93		9,835.93	2,833,992.68		2,833,992.68			
Total	27,329,775.04	700,000,000.00	727,329,775.04	1,978,736,250.08	-700,000,000.00	1,278,736,250.08	1,928,905,888.09	-700,000,000.00	1,228,905,888.09

III.Opinion of the accounting firm on the correction of accounting errors

In the opinion of the accounting firm, the ad hoc statements of significant accounting errors of prior period prepared by the Company complies with the relevant regulations and fairly reflects, in all significant respects, the correction of material prior period accounting errors.

IV.Coclusions of the Board of Auditors and the Supervisory Board

(I) Opinion of the Audit Committee

The Audit Committee is of the view that the correction of the accounting errors is in compliance with the relevant provisions of the "Accounting Standard for Business Enterprises No. 28 - Accounting Policies, Changes in Accounting Estimates and Correction of Errors" and the "Rules for the Preparation of Information Disclosure of Publicly-Offered Securities Companies No. 19 - Correction of Financial Information and Related Disclosure".The corrected financial data and financial statements can objectively and accurately reflect the financial position and operating results of the Company.There are no circumstances under which the correction of this accounting error would be detrimental to the interests of the Company and all shareholders, in particular the small and medium-sized shareholders, and it has been agreed to be submitted to the Twelfth Extraordinary Meeting of the Ninth Session of the Board of Directors for Deliberation.

(II) Opinion of the Supervisory Committee

The Supervisory Committee is of the view that the correction of the accounting errors of the Company is in compliance with the relevant provisions of the "Accounting Standard for Business Enterprises No. 28 - Accounting Policies, Changes in Accounting Estimates and Correction of Errors" and the "Rules Governing the Preparation and Reporting of Information Disclosure by Publicly Issued Securities Companies No. 19 - Correction of Financial Information and Related Disclosure".The corrected financial data and financial statements are able to reflect the actual operation and financial position of the Company.The deliberation and voting procedures of the Board of Directors in respect of the correction of the accounting errors are in compliance with the laws and regulations and the relevant provisions of the Articles of Association of the Company, and there are no circumstances that are detrimental to the interests of the Company and all shareholders.The Supervisory Committee agrees with the correction of the accounting errors of the previous period. Hereby announced

Fangda Carbon New Material Co., Ltd.
The Board of Directors
30 June 2025