

**China Fangda Group Co., Ltd.**  
**Resolutions of the 15<sup>th</sup> Meeting of the 9<sup>th</sup> Board of Directors**

The members of the Board and the Company acknowledge being responsible for the truthfulness, accuracy, and completeness of the announcement. Not any false record, misleading statement or significant omission carried in this announcement.

The 15<sup>th</sup> meeting of the 9<sup>th</sup> Board of Directors of China Fangda Group Co., Ltd. (hereinafter referred to as "the Company") was held in the meeting room of the Company on the morning of August 26, 2022 by means of on-site and telephone meeting. All directors were notified of the meeting in writing and by e-mail on August 15, 2022. The meeting was presided over by Mr. Xiong Jianming, chairman of the board of directors. The meeting was attended by seven directors who were supposed to attend. Supervisors and senior executives attended the meeting as nonvoting delegates. The convening of the Board of Directors complies with the provisions of the *Company Law* and the *Articles of Association*. The following resolutions were adopted:

**1. Reviewing and approving the Interim Report 2022 and the Summary of the Report**

According to the Board of Directors, the Company's interim report and abstract fairly reflect the Company's operating conditions and results, and that the information disclosed in the report is accurate, complete, and true, with no false records, misleading statements, or major omissions.

For details, please refer to the interim report 2022 and summary released on [www.cninfo.com.cn](http://www.cninfo.com.cn) on August 30, 2022.

Voting results: 7 votes in favor, 0 votes against, and 0 abstentions.

**2. Reviewing and approving the proposal on spin off of its subsidiary Fangda Zhiyuan Technology Co., Ltd. for initial public offering and listing on the growth enterprise market**

The Company plans to spin off its holding subsidiary Fangda Zhiyuan Technology Co., Ltd. (hereinafter referred to as "Fangda Zhiyuan") to Shenzhen Stock Exchange (hereinafter referred to as "Shenzhen Stock Exchange") for listing on the growth enterprise market (hereinafter referred to as "spin off listing"). The completion of this spin off will not affect the control right of the Company on Fangda Zhiyuan. The initial proposal for this spin off and listing is as follows:

(1) Listing market: GEM of the Shenzhen Stock Exchange

(2) Type of shares issued: RMB common shares (A shares) listed in China

(3) Par value of shares: RMB1.00

(4) Issuing objects: inquiry objects meeting the relevant qualification requirements of the CSRC and other regulatory authorities and natural persons, legal persons and other institutional investors who have opened A-share securities accounts in the Shenzhen Stock Exchange (except those prohibited by laws, regulations, rules and normative documents in China).

(5) Issuance and listing time: Fangda Zhiyuan will select an appropriate time to issue after being approved by Shenzhen Stock Exchange and approved by China Securities Regulatory Commission for registration. The specific issuance date shall be determined by the Board of Directors of Fangda Zhiyuan authorized by the general meeting of shareholders of Fangda Zhiyuan after being approved by Shenzhen Stock Exchange and approved by China Securities Regulatory Commission for registration.

(6) Issuance method: the combination of offline placement and online fund subscription issuance or other issuance methods approved by CSRC and Shenzhen Stock Exchange.

(7) Issuance scale: The shareholders' meeting of Fangda Zhiyuan authorizes the Board of Directors of Fangda Zhiyuan to negotiate with the lead underwriter to determine the final issuance amount according to the requirements of the relevant regulatory authorities, the actual situation of the securities market, the amount of capital stock before issuance, and the fund demand of the raised funds project.

(8) Pricing method: The issuing price of the shares shall be determined through inquiry from professional institutional investors such as securities companies, fund management companies, trust companies, finance companies, insurance companies, qualified foreign investors and private fund managers registered with the China Securities Association. Fangda Zhiyuan and the lead underwriter may determine the issue price through preliminary inquiry, or determine the issue price through

cumulative bidding inquiry after the initial inquiry determines the issue price range.

(9) Other matters related to the issuance: The strategic placement, purpose of raised funds, underwriting method, over allotment option (if applicable) and other matters involved in the issuance will be further confirmed and adjusted by Fangda Zhiyuan according to the implementation of the listing plan, market conditions, policy adjustment and opinions of regulatory authorities before the issuance.

This proposal needs to be submitted to the first extraordinary general meeting of the Company in 2022 for deliberation.

Voting results: 7 votes in favor, 0 votes against, and 0 abstentions.

### **3. Reviewing and approving the proposal on the listing of the subsidiary Fangda Zhiyuan Technology Co., Ltd. on the growth enterprise market of Shenzhen Stock Exchange in compliance with relevant laws and regulations**

Fangda Zhiyuan, the holding subsidiary of the Company, plans to issue RMB common shares to the public for the first time and list on the growth enterprise market of Shenzhen Stock Exchange after the issuance. In accordance with the Company Law of the People's Republic of China (hereinafter referred to as the "Company Law"), the Securities Law of the People's Republic of China (hereinafter referred to as the "Securities Law"), the Rules for the Spin off of Listed Companies (for Trial Implementation) and other laws and regulations as well as the provisions of normative documents, the Board of Directors has conducted serious self-examination and demonstration on the actual situation of the company and related matters and believed that the listing of Fangda Zhiyuan, a subsidiary of the Company in this spin off, on the growth enterprise market of Shenzhen Stock Exchange complies with the provisions of relevant laws and regulations.

This proposal needs to be submitted to the first extraordinary general meeting of the Company in 2022 for deliberation.

Voting results: 7 votes in favor, 0 votes against, and 0 abstentions.

### **4. Reviewing and approving the proposal on the plan of China Fangda Group Co., Ltd. to spin off its subsidiary Fangda Zhiyuan Technology Co., Ltd. to be listed on the GEM**

It is agreed that the Company has prepared the plan of China Fangda Group Co., Ltd. on the spin off of its subsidiary Fangda Zhiyuan Technology Co., Ltd. to be listed

on the growth enterprise market in accordance with the relevant provisions of laws, regulations and normative documents such as the Securities Law and the Rules for the Spin Off of Listed Companies (Trial Implementation).

For details, please refer to the disclosed plan of China Fangda Group Co., Ltd. on splitting its subsidiary Fangda Zhiyuan Technology Co., Ltd. to be listed on the gem on www.cninfo.com.cn on August 30, 2022.

This proposal needs to be submitted to the first extraordinary general meeting of the Company in 2022 for deliberation.

Voting results: 7 votes in favor, 0 votes against, and 0 abstentions.

#### **5. Reviewing and approving the proposal on the listing of Fangda Zhiyuan Technology Co., Ltd., a subsidiary of China Fangda Group Co., Ltd. on the growth enterprise market in compliance with the Rules for the Spin Off of Listed Companies (Trial Implementation).**

After careful assessment by the Board of Directors, the spin off complies with the relevant requirements of the Rules for the Spin Off of Listed Companies (Trial Implementation) for the listing of subsidiaries of Listed Companies in China, and is feasible. Details are described as follows:

##### **(一) The listed company has been listed in China for 3 years**

Fangda Group issued B shares in 1995 and was listed on the main board of Shenzhen Stock Exchange; In 1996, the Company issued A-share shares on the main board of Shenzhen Stock Exchange, meeting the requirement that "the listed company's shares have been listed in China for three years".

##### **(二) The listed company has made continuous profits in the last three fiscal years**

Fangda Group's net profit attributable to shareholders of listed companies in 2019, 2020 and 2021 (the lower value before and after deducting non recurring profit and loss) was RMB291 million, RMB377 million and RMB168 million respectively, meeting the requirements of "continuous profit in the last three fiscal years".

(三) The net profit attributable to the shareholders of the listed company in the last three fiscal years after deducting the net profit of the subsidiary to be split according to the equity, shall not be less than RMB600 million (the net profit shall be based on the lower value before and after deducting the non recurring profit and loss).

In 2019, 2020 and 2021, after deducting the net profit of Fangda Zhiyuan attributable to the shareholders of the parent company, the net profit attributable to the shareholders of the listed company (calculated by the lower value before and after deducting the non recurring profit and loss) of Fangda Group accumulated to RMB637 million, not less than RMB600 million. Details are described as follows:

In RMB10,000

Item	2021	2020	2019
Net profit of Fangda Group attributable to shareholders of parent company (a)	22,216.81	38,934.43	35,434.20
Net profit of Fangda Group attributable to shareholders of parent company (deducting non-recurring profit and loss) (b)	16,765.04	37,696.87	29,144.93
Net profit of Fangda Zhiyuan attributable to shareholders of the parent company (c)	7,812.32	7,451.49	6,005.43
Net profit of Fangda Zhiyuan attributable to shareholders of the parent company (deducting non-recurring profit and loss) (d)	7,202.91	7,398.61	5,727.34
Net profit of Fangda Zhiyuan enjoyed by equity in the consolidated statements of Fangda Group (e)	7,346.71	7,482.13	6,005.43
Net profit (net of non-recurring profit and loss) of Fangda Zhiyuan enjoyed by equity in the consolidated statements of Fangda Group (f)	6,773.62	7,440.82	5,727.34
Net profit attributable to shareholders of parent company after deducting net profit of Fangda Zhiyuan enjoyed by Fangda Group according to equity $g = a - e$	14,870.11	31,452.30	29,428.77
After deducting the net profit of Fangda Zhiyuan enjoyed by Fangda group according to equity, the net profit attributable to the shareholders of the parent company (deducting non-recurring profit and loss) $h = b - f$	9,991.42	30,256.05	23,417.59
The cumulative sum of the net profits attributable to the shareholders of the parent company of Fangda Group after deducting the net profits of Fangda Zhiyuan according to the equity in the last three years (the net profits are calculated by the lower value before and after deducting the non recurring profits and losses) $i = \sum \min(g, h)$	63,665.06		

Note 1: The listing audit of financial data of Fangda Zhiyuan has not been completed. The above major financial data related to Fangda Zhiyuan are only for investors' reference. There may be some differences between the relevant data and the final listing audit results.

Note 2: In the consolidated statements of Fangda Group, the proportion of Fangda Zhiyuan enjoyed by equity was 100% in 2019; 100% from January to August and 94.04% from September to December in 2020; 94.04% in 2021. In 2021, the Company's subsidiaries Shenzhen Fangda Jianke Group Co., Ltd. (hereinafter referred to as "Fangda Jianke") and Fangda New Materials (Jiangxi) Co., Ltd. (hereinafter referred to as "Fangda Jiangxi New Materials") transferred 10.94% of the equity of Fangda Zhichuang. Because the Company could not unconditionally avoid performing its contractual obligations by delivering cash or other financial assets, the Company recognized the contractual obligations as financial liabilities. Accordingly, the minority shareholders' equity has not been recognized, so after the transfer, the proportion of Fangda Zhiyuan enjoyed by Fangda Group according to the equity has not changed, and remains 94.04%.

**(四) In the consolidated statements of the listed company in the most recent fiscal year, the net profit of the subsidiary to be split according to the equity shall not exceed 50% of the net profit attributable to the shareholders of the listed company; In the consolidated statements of the most recent fiscal year of the listed company, the net assets of the subsidiary to be split according to the equity shall not exceed 30% of the net assets attributable to the shareholders of the listed company.**

According to the financial data of Fangda Zhiyuan, the net profit of Fangda Zhiyuan attributable to the owner of the parent company in 2021 is RMB78,123,200, the net profit of Fangda Zhiyuan attributable to equity in the consolidated statements of the company in 2021 accounts for 33.07% of the net profit attributable to the shareholders of the listed company, and the net profit of Fangda Zhiyuan attributable to the owner of the parent company after deducting non recurring profits and losses in 2021 is RMB72,029,100. In the consolidated statements of the Company in 2021, the net profit of Fangda Zhiyuan after deducting non-recurring profits and losses accounted for 40.40% of the net profit attributable to the shareholders of the listed company after deducting non-recurring profits and losses, which was not more than 50%, meeting the requirements of the Rules for the Spin Off of Listed Companies (Trial). At the end of 2021, the owner's equity of Fangda Zhiyuan attributable to the parent company was RMB300,299,600. In the consolidated statements of the Company at the end of 2021, the net assets of Fangda Zhiyuan attributable to equity accounted for 5.11% of the net assets attributable to the shareholders of the listed company, which did not exceed 30%, meeting the requirements of the Rules for the Spin Off of Listed Companies (Trial). The details are as follows:

In RMB10,000

Item	Net profit attributable to the parent company in 2021	Net profit attributable to the parent company in 2021 (deducting non recurring profit and loss)	Net assets as of December 31, 2021
Fangda Group	22,216.81	16,765.04	552,403.99
Fangda Zhiyuan	7,812.32	7,202.91	30,029.96
Proportion of equity of Fangda Zhiyuan	94.04%	94.04%	94.04%
Net profit or net assets of Fangda Zhiyuan by equity	7,346.71	6,773.62	28,240.17
percentage	33.07%	40.40%	5.11%

Note 1: The listing audit of financial data of Fangda Zhiyuan has not been completed. The above major financial data related to Fangda Zhiyuan are only for investors' reference. There may be some differences between the relevant data and the final listing audit results.

Note 2: In 2021, the Company's subsidiaries Fangda Jianke and Fangda Jiangxi New Materials transferred 10.94% of the equity of Fangda Zhichuang. Because the Company could not unconditionally avoid performing its contractual obligations by delivering cash or other financial assets, the Company recognized the contractual obligations as financial liabilities. Accordingly, the minority shareholders' equity has not been recognized, so after the transfer, the proportion of Fangda Zhiyuan enjoyed by Fangda Group according to the equity has not changed, and remains 94.04%.

**(五) The listed company shall not be split in case of any of the following circumstances: 1. The funds and assets are occupied by the controlling shareholders, actual controllers and their related parties, or the interests of the listed company are seriously damaged by the controlling shareholders, actual controllers and their related parties. 2. The listed company or its controlling shareholder or actual controller has been subject to administrative punishment by the CSRC within the last 36 months. 3. The listed company or its controlling shareholder or actual controller has been publicly condemned by the stock exchange in the past 12 months. 4. The financial accounting report of the listed company in the latest year or the latest period is an audit report issued by a certified public accountant with qualified opinions, negative opinions or unable to express opinions. 5. The shares of the subsidiaries to be spun off held by the directors, senior executives and their related parties of the listed company exceed 10% of the total share capital of the subsidiaries before the spin off, except for those indirectly held by the directors, senior executives and their related parties through the listed company**

1. There is no situation where the company's funds and assets are occupied by the controlling shareholders, actual controllers and their related parties, or the company's interests are seriously damaged by the controlling shareholders, actual controllers and their related parties.

2. The company and its controlling shareholders and actual controllers have not been subject to administrative punishment by the CSRC in the last 36 months, and have not been publicly condemned by the stock exchange in the last 12 months.

3. RSM China (special general partnership) issued a standard unqualified audit report on the company's financial statements in 2021.

4. The current equity structure of Fangda Zhiyuan is shown in the following table:

No.	Name of shareholder	Shareholding (share)	Shareholding (%)
1	Shenzhen Fangda Investment Partnership (Limited Partnership)	53,550,000	51.0000
2	Shenzhen Fangda Jianke Group Co., Ltd.	33,965,625	32.3482
3	Gong Qing Cheng Yingfa Investment Partnership Enterprise (Limited Partnership)	6,000,000	5.7143
4	CITIC Securities Investment Co., Ltd.	5,250,000	5.0000
5	Shenzhen Hi Tech Investment Venture Capital Co., Ltd.	1,968,750	1.8750
6	Shenzhen Qianhai Pengchen Investment Partnership (Limited Partnership)	1,115,625	1.0625
7	Gongqing City Longrun Chuntian Investment Partnership (Limited Partnership)	1,050,000	1.0000
8	Shenzhen Jiayuan Capital Management Co., Ltd.	1,050,000	1.0000
9	Gongqing City Huasheng Botai Investment Partnership (Limited Partnership)	1,050,000	1.0000
<b>Total</b>		<b>105,000,000</b>	<b>100.0000</b>

The shares of Fangda Group held by its directors, senior management and their affiliates (except those indirectly held by the directors, senior management and their affiliates of the listed company through the listed company) are as follows:

No.	Name of shareholder	Employment status / relationship	Proportion of shares held indirectly by Fangda Zhiyuan
1	Xiong Jianming	Fangda Group Chairman, president	0.2448%
2	Xiong Xi	Song of Xiong Jianming	0.0000035%
<b>Total</b>		<b>--</b>	<b>0.2448%</b>

Note: The shares of Fangda Zhiyuan indirectly held by Xiong Jianming and Xiong Xi are indirectly held through Shenzhen Fangda Investment Partnership (Limited Partnership).

The total shares of Fangda Zhiyuan held by the directors, senior executives and their related parties of the listed company (except those indirectly held by the directors, senior executives and their related parties of the listed company through the listed company) do not exceed 10% of the total share capital of Fangda Zhiyuan before this issue.

Therefore, there is no case that the split is not allowed as stipulated in Article 4 (5) of the Rules for the Spin Off of Listed Companies (Trial).

**(六) The listed company shall not split its subsidiaries under any of the following circumstances: 1. The main business or assets are the shares issued and the raised funds invested by the listed company in the last three fiscal years, except that the total raised funds used by the subsidiaries in the last three fiscal years do not exceed 10% of the net assets of the subsidiaries. 2. The main**



**business or assets are purchased by the listed company through major asset restructuring in the last three fiscal years. 3. The main business or assets are the main business or assets of the listed company when it issues shares for the first time and is listed. 4. Mainly engaged in financial business. 5. The shares of the subsidiaries to be spun off held by the directors, senior executives and their related parties of the subsidiary exceed 30% of the total share capital of the subsidiaries before the spin off, except for those indirectly held by the directors, senior executives and their related parties through the listed company**

1. Fangda Group has not issued shares, raised funds or major asset restructuring in the last three fiscal years. This spin off does not exist the situation that the spin off is not allowed as stipulated in Article 5 (1) and (2) of the Rules for the Spin Off of Listed Companies (Trial).

2. Fangda Group issued B shares in 1995 and listed on the main board of Shenzhen Stock Exchange. In 1996, the Company issued A shares and listed on the main board of Shenzhen Stock Exchange. However, Fangda Zhiyuan was established on August 22, 2003. The main business or assets of Fangda Zhiyuan do not belong to the main business or assets of Fangda Group at the time of its initial public offering and listing. This spin-off is not prohibited under Item (3) of Article 5 of the Rules for the Spin Off of Listed Companies (Trial).

3. The main business of Fangda Zhiyuan is the production, sales and maintenance services of urban rail transit platform screen doors, which is not a company mainly engaged in financial business. This spin-off is not prohibited under Item (4) of Article 5 of the Rules for the Spin Off of Listed Companies (Trial).

4, The shares Fangda Zhiyuan held by its directors, senior management and their affiliates (except those indirectly held by the directors, senior management and their affiliates of the listed company through the listed company) are as follows:

No.	Name of shareholder	Employment status / relationship	Proportion of shares held indirectly by Fangda Zhiyuan
1	Xiong Xi	Chairman of Fangda Zhiyuan	0.0000035%
2	Xiong Jianming	Father of Xiong Xi	0.2448%
3	Xiong Haigang	Director and General Manager of Fangda Zhiyuan	2.6667%
4	Ouyang Kehua	Director and Deputy General Manager of Fangda Zhiyuan	0.5238%
5	Hu Zichun	Director and Deputy General Manager of Fang Dazhiyuan	0.0952%

6	Chen Hongzhong	CFO of Fangda Zhiyuan	0.0952%
<b>Total</b>		--	<b>3.6258%</b>

Note: Xiong Jianming and Xiong Xi indirectly hold the shares of Fangda Zhiyuan through Shenzhen Fangda Investment Partnership (Limited Partnership), and Xiong Haigang, Ouyang Kehua, Hu Zichun and Chen Hongzhong indirectly hold the shares of Fangda Zhiyuan through Gongqingcheng Yingfa Investment Partnership (Limited Partnership).

Based on the above, the total shares of Fangda Zhiyuan held by the directors, senior management and their related parties (except those indirectly held by the directors, senior management and their related parties through Fangda Group) do not exceed 30% of the total share capital of Fangda Zhiyuan before the spin-off.

This spin-off is not prohibited under Item (5) of Article 5 of the Rules for the Spin Off of Listed Companies (Trial).

**(七) The listed company shall fully explain and disclose that this spin-off is beneficial to the listed company to highlight its main business and enhance its independence. After the Spin-off, both the Listed Company and the subsidiaries to be spun off are in compliance with the regulatory requirements of the CSRC and the stock exchange on horizontal competition and related party transactions; and there is no horizontal competition between the Listed Company and the subsidiaries to be spun off for overseas listing. After the spin-off, the assets, finance and institutions of the listed company and the subsidiaries to be spun off are independent of each other, and there is no cross-appointment of senior management and financial personnel. After the spin-off, there are no other serious defects in the independence of the listed company and its subsidiaries to be spun off.**

1. This spin-off is beneficial for listed companies to highlight their main businesses and enhance their independence.

The principal businesses of the Company (excluding Fangda Zhiyuan and its controlled subsidiaries) are divided into high-end curtain wall systems and materials, solar photovoltaic power generation, real estate and other segments, and its principal products are various high-end building curtain walls such as energy-saving curtain walls and aluminum sheet materials. The principal business of Fangda Zhiyuan is the production, sales and maintenance services of platform screen doors for urban rail transit. After the spin-off and listing, the Company (except Fangda Zhiyuan and its holding subsidiaries) will continue to focus on the development of business other than Fangda Zhiyuan's main business, and further enhance the independence of the company.

2. After the spin-off, the listed company and the subsidiary to be spun off are in compliance with the regulatory requirements of the CSRC and the SZSE on horizontal competition and related party transactions; there is no horizontal competition between the listed company and the subsidiary to be spun off for overseas listing.

(1) Horizontal competition

Fangda Zhiyuan, a spin-off subsidiary, and its holding subsidiaries are mainly engaged in the production, sales and maintenance services of urban rail transit platform screen doors, and maintain a high degree of business independence with other business segments of the company. There is no horizontal competition between the company and Fangda Zhiyuan that constitutes a significant adverse impact. There is no horizontal competition between the company and Fangda Zhiyuan that constitutes a significant adverse impact. The spin-off complies with the requirements of the CSRC and the SZSE on horizontal competition.

Fangda Group intends to split its holding subsidiary Fangda Zhiyuan to the GEM of Shenzhen Stock Exchange, and there is no case of splitting to overseas listing.

In order to avoid horizontal competition after this spin-off, Shenzhen Fangda Investment Partnership (Limited Partnership) (hereinafter referred to as "Fangda Investment"), the controlling shareholder of Fangda Zhiyuan, issued the Letter of Commitment on Avoidance of Horizontal Competition as follows:

"1. The enterprise undertakes that after the completion of the spin-off listing, it will make every reasonable effort to ensure that the enterprise and other enterprises controlled by the enterprise (hereinafter referred to as "affiliated enterprises") other than Fangda Zhiyuan and its holding subsidiaries will not engage in the same or similar business as the main business of Fangda Zhiyuan and/or its holding subsidiaries. It will not engage in the same or similar business as the main business of Fangda Zhiyuan and/or its holding subsidiaries through investment, acquisition, joint venture, merger and entrusted operation inside and outside China.

2. The enterprise will supervise and restrict the business activities of the affiliated enterprises. After the completion of the spin-off listing, if any business opportunities obtained by the enterprise and/or affiliated enterprises from any third party in the future constitute substantial competition with the main business of Fangda Zhiyuan and/or its holding subsidiaries, the enterprise and/or affiliated enterprises will immediately notify Fangda Zhiyuan and endeavor to facilitate Fangda Zhiyuan and/or its holding subsidiaries to obtain such business opportunities, and/or take other

measures conducive to avoiding and resolving horizontal competition.

3. If the enterprise violates the above commitments and causes actual economic losses to Fangda Zhiyuan and/or its holding subsidiaries in the actual implementation process, the enterprise will bear the corresponding liability for compensation according to law.

The Letter of Commitment on Avoidance of Horizontal Competition issued by Fangda Group is as follows:

"1. The company undertakes that after the completion of the spin-off listing, it will make every reasonable effort to ensure that the company and other enterprises controlled by the company (hereinafter referred to as "affiliated enterprises") other than Fangda Zhiyuan and its holding subsidiaries will not engage in the same or similar business as the main business of Fangda Zhiyuan and/or its holding subsidiaries. It will not engage in the same or similar business as the main business of Fangda Zhiyuan and/or its holding subsidiaries through investment, acquisition, joint venture, merger and entrusted operation inside and outside China.

2. The company will supervise and restrict the business activities of the affiliated enterprises. After the completion of the spin-off listing, if any business opportunities obtained by the company and/or affiliated enterprises from any third party in the future constitute substantial competition with the main business of Fangda Zhiyuan and/or its holding subsidiaries, the company and/or affiliated enterprises will immediately notify Fangda Zhiyuan and endeavor to facilitate Fangda Zhiyuan and/or its holding subsidiaries to obtain such business opportunities, and/or take other measures conducive to avoiding and resolving horizontal competition.

3. If the company violates the above commitments and causes actual economic losses to Fangda Zhiyuan and/or its holding subsidiaries in the actual implementation process, The company will bear the corresponding liability for compensation according to law.

Xiong Jianming, the actual controller of Fangda Zhiyuan, issued the Letter of Commitment on Avoidance of Horizontal Competition as follows:

"1. I undertake that after the completion of the spin-off listing, I will make every reasonable effort to ensure that I and other enterprises controlled by me (hereinafter referred to as "affiliated enterprises") other than Fangda Zhiyuan and its holding subsidiaries will not engage in the same or similar business as the main business of Fangda Zhiyuan and/or its holding subsidiaries. It will not engage in the same or

similar business as the main business of Fangda Zhiyuan and/or its holding subsidiaries through investment, acquisition, joint venture, merger and entrusted operation inside and outside China.

2. I will supervise and restrict the business activities of the affiliated enterprises. After the completion of the spin-off listing, if any business opportunities obtained by me and/or affiliated enterprises from any third party in the future constitute substantial competition with the main business of Fangda Zhiyuan and/or its holding subsidiaries, I and/or affiliated enterprises will immediately notify Fangda Zhiyuan and endeavor to facilitate Fangda Zhiyuan and/or its holding subsidiaries to obtain such business opportunities, and/or take other measures conducive to avoiding and resolving horizontal competition.

3. If I violate the above commitments and causes actual economic losses to Fangda Zhiyuan and/or its holding subsidiaries in the actual implementation process, I will bear the corresponding liability for compensation according to law.

The Letter of Commitment on Avoidance of Horizontal Competition issued by Fangda Zhiyuan is as follows:

"1. There is no horizontal competition that constitutes a material adverse effect between the Company and its controlled subsidiaries and Fangda Group and other enterprises controlled by Fangda Group other than Fangda Zhiyuan and its controlled subsidiaries (hereinafter referred to as " affiliated enterprises ").

2. The Company undertakes that, upon completion of the spin-off and listing, it will make every reasonable effort to ensure that it will not engage in the same or similar business as the principal business of Fangda Group and its affiliated enterprises, nor will it engage in the same or similar business as the principal business of Fangda Group and its affiliated enterprises through investment, acquisition, joint venture, merger, entrusted operation, etc. inside and outside China.

3. If the enterprise violates the above commitments in the actual implementation process, the company will bear the corresponding responsibilities according to law.

Therefore, after the spin-off, there is no horizontal competition between Fangda Group and Fangda Zhiyuan that constitutes a material adverse impact, and the spin-off and listing of Fangda Zhiyuan meets the requirements of the CSRC and the Shenzhen Stock Exchange on horizontal competition.

## (2) Associated Transactions

After the listing of Fangda Zhiyuan, the spin-off party, Fangda Group will still maintain the control of Dazhiyuan, the spin-off party, and Fangda Zhiyuan will still be a subsidiary within the scope of the consolidated statements of Fangda Group. The related party transactions of Fangda Group will not change due to the listing of Fangda Zhiyuan.

For Fangda Zhiyuan, after the spin-off and listing, Fangda Group is still the controlling shareholder of Fangda Zhiyuan, and the related party transactions between Fangda Zhiyuan and the company will still be included in the annual related party transactions of Fangda Zhiyuan. Fangda Zhiyuan and Fangda Group mainly have certain amount of related party transactions in property, installation, material procurement, lease of office space and factory buildings and current accounts. Such related party transactions are based on actual business needs, have reasonable business background, and do not have serious impact on independence or obvious unfairness.

After the spin-off, the related party transactions of Fangda Group will ensure the compliance, rationality and fairness of the related party transactions, maintain the independence of Fangda Group, and will not use the related party transaction to adjust financial indicators and damage the interests of Fangda Group. After the spin-off, the related party transactions of Fangda Zhiyuan will ensure the compliance, rationality and fairness of the related party transactions, maintain the independence of Fangda Zhiyuan, and will not use the related party transaction to adjust financial indicators and damage the interests of Fangda Zhiyuan.

In order to reduce and regulate the related party transactions after the spin-off, Fangda Investment, the controlling shareholder of Fangda Zhiyuan, issued the Letter of Commitment on Reducing and Regulating Related Party Transactions as follows:

"1. After the completion of this spin-off listing, try to avoid or reduce the related transactions between the enterprise and other enterprises controlled by the enterprise (hereinafter referred to as " affiliated enterprises ") other than Fangda Zhiyuan and its holding subsidiaries and Fangda Zhiyuan and its holding enterprises;

2. For the connected transactions with Fangda Zhiyuan and its controlled enterprises that cannot be avoided or occur due to reasonable reasons, the Company and/or its affiliated enterprises will follow the fair and reasonable pricing principles,

enter into agreements with Fangda Zhiyuan or its controlled subsidiaries in accordance with the law, perform legal procedures, and will not use such connected transactions to damage the interests of Fangda Zhiyuan and other shareholders;

3. The Company will not take advantage of its position as the controlling shareholder to seek the conditions or benefits that Fangda Zhiyuan and its holding enterprises give the Company and/or its affiliated enterprises superior to independent third parties in terms of business operation;

4. Upon completion of the spin-off and listing, the Company and/or its affiliated enterprises will avoid all acts of illegally occupying the funds and assets of Fangda Zhiyuan.

5. The Company and/or its affiliated enterprises will comply with the statutory decision-making procedures for approving related party transactions, such as the abstention of related directors and related shareholders from voting, in accordance with the relevant laws, regulations, normative documents and the relevant rules of stock exchanges, and fulfill the obligation of information disclosure in accordance with the law.

The Letter of Commitment on Reducing and Regulating Related Transactions issued by Fangda Group is as follows:

"1. After the completion of the spin-off listing, try to avoid or reduce the related party transactions between the Company and other enterprises controlled by the Company (hereinafter referred to as " affiliated enterprises ") other than Fangda Zhiyuan and its holding subsidiaries and Fangda Zhiyuan and its holding enterprises;

2. For the connected transactions with Fangda Zhiyuan and its controlled enterprises that cannot be avoided or occur due to reasonable reasons, the company and/or its affiliated enterprises will follow the fair and reasonable pricing principles, enter into agreements with Fangda Zhiyuan or its controlled subsidiaries in accordance with the law, perform legal procedures, and will not use such connected transactions to damage the interests of Fangda Zhiyuan and other shareholders;

3. The Company will not seek for Fangda Zhiyuan and its holding enterprises to provide the Company and/or its affiliated enterprises with conditions or benefits superior to those of independent third parties in terms of business operation;

4. Upon completion of the spin-off and listing, the company and/or its affiliated

enterprises will avoid all acts of illegally occupying the funds and assets of Fangda Zhiyuan;

5. The company and/or its affiliated enterprises will comply with the statutory decision-making procedures for approving related party transactions, such as the abstention of related directors and related shareholders from voting, in accordance with the relevant laws, regulations, normative documents and the relevant rules of stock exchanges, and fulfill the obligation of information disclosure in accordance with the law.

Xiong Jianming, the actual controller of Fangda Zhiyuan, issued the Letter of Commitment on Reducing and Regulating Related Transactions as follows:

"1. After the completion of this spin-off listing, try to avoid or reduce the related transactions between me and other enterprises controlled by me (hereinafter referred to as "affiliated enterprises") other than Fangda Zhiyuan and its holding subsidiaries and Fangda Zhiyuan and its holding enterprises;

2. For the connected transactions with Fangda Zhiyuan and its controlled enterprises that cannot be avoided or occur due to reasonable reasons, I and/or affiliated enterprises will follow the fair and reasonable pricing principles, enter into agreements with Fangda Zhiyuan or its controlled subsidiaries in accordance with the law, perform legal procedures, and will not use such connected transactions to damage the interests of Fangda Zhiyuan and other shareholders;

3. I will not take advantage of the status of actual controller to seek conditions or benefits that Fangda Zhiyuan and its holding enterprises give me and/or affiliated enterprises superior to independent third parties in terms of business operation;

4. After the completion of this spin-off and listing, I and/or affiliated enterprises will avoid all acts of illegally occupying the funds and assets of Fangda Zhiyuan.

5. I and/or affiliated enterprises will comply with the statutory decision-making procedures for approving related party transactions, such as the abstention of related directors and shareholders from voting, in accordance with the relevant laws, regulations, normative documents and the relevant rules of stock exchanges, and fulfill the obligation of information disclosure in accordance with the law.

The Letter of Commitment on Reducing and Regulating Related Party Transactions issued by Fangda Zhiyuan is as follows:



"1. After the completion of the spin-off listing, try to avoid and reduce related party transactions with Fangda Group and other enterprises controlled by Fangda Group (hereinafter referred to as " affiliated enterprises ") other than the Company and its controlled subsidiaries;

2. For the related party transactions with Fangda Group and its affiliated enterprises that cannot be avoided or occur with reasonable reasons, the Company will follow the principles of fair and reasonable pricing, enter into agreements with Fangda Group and its affiliated enterprises in accordance with the law, and perform legal procedures. The Company will not damage the legitimate rights and interests of the Company and other shareholders through related party transactions;

3. The Company will not seek or transfer conditions or benefits superior to those of independent third parties to Fangda Group and its affiliated enterprises in terms of business operation;

4. The Company and its controlling subsidiaries will, in accordance with the relevant laws, regulations, normative documents and the relevant rules of the stock exchange, comply with the legal decision-making procedures for approving related party transactions, such as the abstention of related directors and related shareholders from voting, and avoid the controlling shareholders and/or related enterprises occupying the funds and assets of the Company and its controlling subsidiaries in any illegal way.

To sum up, after the spin-off, there will be no related party transactions between Fangda Group and Fangda Zhiyuan that affect independence or are obviously unfair. The spin-off and listing of Fangda Zhiyuan meets the requirements of China Securities Regulatory Commission and Shenzhen Stock Exchange on related party transactions.

3. After the spin-off, the assets, finance and institutions of the listed company and the subsidiaries to be spun off are independent of each other, and there is no cross-appointment of senior management and financial personnel.

Both the Company and Fangda Zhiyuan have independent and complete operating assets with clear ownership; the Company has established an independent financial department and financial management system, and has independently registered, established accounts, accounted for and managed all its assets. The

organization of Fangda Zhiyuan is independent of the controlling shareholder and other related parties; The Company and Fangda Zhiyuan have sound functional departments and internal management organizations respectively, which exercise their functions and powers independently. The Company and Fangda Zhiyuan will maintain the independence of assets, finance and institutions. Both the Company and Fangda Zhiyuan have independent senior management and financial personnel, and there is no cross-appointment of senior management and financial personnel.

To sum up, after the spin-off, the assets, finance and institutions of the company and Fangda Zhiyuan are independent of each other, and there is no cross-appointment between senior management and financial personnel.

4. After the spin-off, there are no other serious defects in the independence of the listed company and its subsidiaries to be spun off.

Fangda Group and Fangda Zhiyuan have complete business system and the ability to operate independently directly facing the market, and there are no other serious defects in independence. This spin-off will enable Fangda Zhiyuan to further improve its corporate governance structure, continue to maintain independence from the company in terms of assets, business, institutions, finance and personnel, and enhance the integrity of its business system and its ability to operate independently directly in the market.

To sum up, after the spin-off, the company and Fangda Zhiyuan have no other serious defects in independence.

To sum up, the listing of Fangda Zhiyuan, the company's spin-off party, on the GEM of Shenzhen Stock Exchange meets the relevant requirements of the Rules for the Spin-off of Listed Companies (Trial) and is feasible.

This proposal needs to be submitted to the first extraordinary general meeting of the Company in 2022 for deliberation.

Voting results: 7 votes in favor, 0 votes against, and 0 abstentions.

**6. Reviewing and approving the proposal on spin-off of the subsidiary Fangda Zhiyuan Technology Co., Ltd. to the Growth Enterprise Market to safeguard the legitimate rights and interests of shareholders and creditors.**

The spin-off will not affect the controlling position of Fangda Zhiyuan. After the completion of this spin-off, Fangda Zhiyuan will still be included in the scope of the company's consolidated statements. It is expected that after the completion of this

spin-off, Fangda Zhiyuan will directly connect with the capital market, and can use the new listing platform to increase further investment in the research and development of core technology of rail transit screen door equipment, further accelerate development and innovation, and further enhance profitability and comprehensive competitiveness; From the perspective of performance improvement, the growth of Fangda Zhiyuan's performance will be synchronously reflected in the overall performance of the Company, thereby improving the profitability and stability of the Company; from the perspective of value discovery, the spin-off and listing of Fangda Zhiyuan will contribute to the full release of its intrinsic value, and the value of its equity held by the Company is expected to be further enhanced, and its liquidity will also be significantly improved; From the perspective of structural optimization, the spin-off listing of Fangda Zhiyuan will help to further broaden the financing channels, improve the overall financing efficiency of the company, and enhance the comprehensive strength of the company. In view of this, the listing of Fangda Zhiyuan on the GEM will have a positive impact on the interests of shareholders (especially minority shareholders), creditors and other stakeholders, and will be conducive to safeguarding the legitimate rights and interests of shareholders and creditors.

This proposal needs to be submitted to the first extraordinary general meeting of the Company in 2022 for deliberation.

Voting results: 7 votes in favor, 0 votes against, and 0 abstentions.

#### **7. Reviewing and approving the "Resolution on Maintaining the Independence and Sustainable Operation Ability of the Company".**

After careful analysis, careful investigation and full demonstration, the Board of Directors of the Company believes that the Company can continue to maintain its independence and sustainable operation ability after the spin-off and listing, as follows:

The assets between the Company and Fangda Zhiyuan are mutually independent and complete, and they are independent in terms of finance, institutions, personnel and business. They have a complete business system and the ability to operate independently directly facing the market, and there are no other serious defects in terms of independence. The spin-off and listing of Fangda Zhiyuan will not have any adverse impact on the independent operation of other business segments of the Company, nor will it affect the independence of the Company, which is in compliance

with the relevant requirements of the Rules Governing the Spin-off of Listed Companies (Trial).

At present, Fangda Zhiyuan is engaged in the production, sales and maintenance services of urban rail transit platform screen doors. Fangda Zhiyuan, a subsidiary of the Company, maintains a high degree of business independence from other business segments of the Company. The spin-off of Fangda Ziyuan to the Growth Enterprise Market of the Shenzhen Stock Exchange will not have a material impact on the continuous operation of other business segments of the Company. After the completion of this spin-off, the company will still control Fangda Ziyuan, and the financial situation and profitability of Fangda Ziyuan will still be reflected in the company's consolidated statements. Although this spin-off will lead to the dilution of the company's interests in Fangda Zhiyuan, through this spin-off, the development and innovation of Fangda Zhiyuan will be further accelerated, and the investment and financing capacity and market competitiveness will be further enhanced, which will help to improve the overall profitability of the company in the future.

To sum up, after this spin-off, the company and Fangda Zhiyuan can guarantee their independence and sustainability.

This proposal needs to be submitted to the first extraordinary general meeting of the Company in 2022 for deliberation.

Voting results: 7 votes in favor, 0 votes against, and 0 abstentions.

#### **8. Reviewing and approving the proposal on Fangda Zhiyuan Technology Co., Ltd. having the corresponding standardized operation capability.**

After careful analysis, careful investigation and full demonstration, the board of directors of the company considers that Fangda Zhiyuan has the corresponding standardized operation ability after the spin-off, as follows:

As a joint stock limited company under a listed company, Fangda Zhiyuan has a sound functional department and internal management organization, and the personnel and responsibilities of each organization are clear. Before submitting the application for initial public offering and listing, Fangda Zhiyuan will establish and improve relevant systems and institutions such as shareholders' meeting, board of directors, board of supervisors, independent directors and secretary of board of directors according to law, formulate and improve various internal control systems. It also strictly refers to the relevant laws, regulations and normative documents such as the

Securities Law and the GEM Listing Rules of Shenzhen Stock Exchange to regulate the operation of listed companies.

To sum up, Fangda Zhiyuan has the corresponding standardized operation capability after the spin-off.

This proposal needs to be submitted to the first extraordinary general meeting of the Company in 2022 for deliberation.

Voting results: 7 votes in favor, 0 votes against, and 0 abstentions.

### **9. Reviewing and approving the proposal on the completeness and compliance of the legal procedures for the spin-off and the validity of the legal documents submitted**

In accordance with the Company Law, the Securities Law, the Rules for the Spin-Off of Listed Companies (Trial) and other laws, regulations, normative documents and the articles of association, the Board of Directors of the Company has conducted a serious audit on the completeness and compliance of the company's performance of legal procedures and the effectiveness of the legal documents submitted, and the following is hereby explained:

In accordance with the relevant requirements of the Company Law, the Securities Law, the Rules for the Spin-Off of Listed Companies (Trial) and other laws, regulations and normative documents as well as the Articles of Association, the Company has carried out the necessary legal procedures at the present stage in respect of the matters relating to the Spin-off. Such legal procedures are complete, legal and valid. The legal procedures performed by the Company for the spin-off are complete and in compliance with the requirements of the relevant laws, regulations, normative documents and the Articles of Association. The legal documents submitted to the Shenzhen Stock Exchange are legal and valid.

In accordance with the provisions of relevant laws, regulations and normative documents, the relevant legal documents to be submitted for this spin-off. The Board of Directors and all directors of the Company make the following statements and warranties: The Company and all directors, supervisors and senior management warrant the truthfulness, accuracy and completeness of the contents of the Proposal of Fangda Group Co., Ltd. on the Spin-off of its subsidiary Fangda Zhiyuan Technology Co., Ltd. for listing on the Growth Enterprise Market, and shall be jointly and severally liable for any false records, misleading statements or material omissions in

the proposal.

The legal procedures performed by the Company for the spin-off are complete and in compliance with the requirements of the relevant laws, regulations, normative documents and the Articles of Association. The legal documents submitted to the relevant regulatory authorities are legal and valid.

This proposal needs to be submitted to the first extraordinary general meeting of the Company in 2022 for deliberation.

Voting results: 7 votes in favor, 0 votes against, and 0 abstentions.

#### **10. Reviewing and approving the proposal on purpose, commercial rationality, necessity and feasibility analysis of the spin-off**

According to the requirements of laws and regulations such as the Rules for the Spin-off of Listed Companies (Trial), the Company analyzes the purpose, commercial rationality, necessity and feasibility of this spin-off as follows:

##### 1. Purpose, commercial rationality and necessity of this spin-off

###### (1) National policy support

Spin-off of listed companies is an important means to optimize the allocation of resources in the capital market, which is conducive to straightening out the business structure, broadening financing channels, obtaining reasonable valuation and improving incentive mechanism, and is of positive significance to better serve scientific and technological innovation and high-quality economic development. On January 5, 2022, the China Securities Regulatory Commission officially promulgated the Rules for the Spin-off of Listed Companies (Trial Implementation), which came into effect on the date of promulgation. The promulgation and implementation of the Rules for the Spin-off of Listed Companies (Trial) provides the basis and policy support for the company to split its subsidiary Fangda Zhiyuan and list on the GEM of Shenzhen Stock Exchange. (2) Consolidate the core competitiveness of Fangda Zhiyuan and deepen the layout of the rail transit platform screen door industry The promulgation and implementation of the Rules for the Spin-off of Listed Companies (Trial) provides the basis and policy support for the company to split its subsidiary Fangda Zhiyuan and list on the GEM of Shenzhen Stock Exchange.

(2) Consolidate the core competitiveness of Fangda Zhiyuan and deepen the layout of the rail transit platform screen door industry

The business scope of Fangda Group covers high-end curtain wall systems and

materials, rail transit equipment and systems, solar photovoltaic power generation, real estate and other sectors. Its main products are energy-saving curtain walls and other high-end building curtain walls and aluminum materials, rail transit screen door systems.

Founded on August 22, 2003, Fangda Zhiyuan is a supplier and service provider of rail transit platform screen door system integrating R & D, design, manufacture, installation and technical services, and is a state-level high-tech enterprise. Fangda Zhiyuan's main business is the production, sales and maintenance services of platform screen doors for urban rail transit, which is different from other application fields of the company's products.

Based on the business strategic plan, Fangda Group will split and list Fangda Zhiyuan, which is conducive to their long-term development. After this split, Fangda Zhiyuan will strengthen the investment and development of core technology, enhance the strength of core technology, so as to strengthen the market competitiveness of Fangda Zhiyuan.

### (3) Broaden financing channels

This spin-off listing will provide an independent fund-raising platform for Fangda Zhiyuan. After the spin-off listing, Fangda Zhiyuan can directly obtain equity or debt financing from the capital market to meet the capital needs of existing business and future expansion, accelerate development and improve operating and financial performance, so as to provide higher investment returns for the company and Fangda Zhiyuan shareholders.

### (4) Release the intrinsic value to maximize the interests of all shareholders

This spin-off listing is conducive to improving the transparency of Fangda Zhiyuan's operation and finance and the level of corporate governance, providing shareholders and other institutional investors with a clearer business and financial situation of the company and Fangda Zhiyuan, which is conducive to the reasonable valuation of the company's different businesses in the capital market, so that the value of the company's high-quality assets can be fully reflected in the capital market, maximizing the interests of shareholders.

## 2. Feasibility of the spin-off

This spin-off complies with the relevant requirements of the Rules Governing the Spin-off of Listed Companies (Trial) for the domestic listing of the spin-off subsidiaries of listed companies, and is feasible.

This proposal needs to be submitted to the first extraordinary general meeting of the Company in 2022 for deliberation.

Voting results: 7 votes in favor, 0 votes against, and 0 abstentions.

**11. Reviewing and approving the "Resolution in relation to proposing to the shareholders' general meeting to authorize the board of directors and authorized persons of the board of directors to deal with matters relating to the spin-off of the Company".**

In order to ensure the smooth progress of matters related to the spin-off, the board of directors of the company intends to propose to the shareholders' meeting to authorize the board of directors and authorized persons of the board to handle matters related to the spin-off, including but not limited to:

1. Authorize the board of directors of the Company and its authorized persons to exercise the shareholder's rights in Fangda Zhiyuan on behalf of the Company and make resolutions related to the spin-off of Fangda Zhiyuan that should be made by the shareholders' meeting of the Company (except for matters that must be made by the shareholders' meeting as required by laws and regulations).

2. Authorize the board of directors of the Company and its authorized persons to exercise the shareholder's rights in Fangda Zhiyuan on behalf of the Company and make resolutions related to the spin-off of Fangda Zhiyuan that should be made by the shareholders' meeting of the Company (except for matters that must be made by the shareholders' meeting as required by laws and regulations).

3. To authorize the board of directors of the Company and its authorized persons to handle matters relating to the submission of relevant applications to the CSRC, the Stock Exchange and other relevant authorities in respect of the spin-off.

4. To authorize the board of directors of the Company and its authorized persons to decide on other specific matters related to the spin-off, including but not limited to engaging relevant intermediaries, signing, submitting and receiving necessary agreements and legal documents, and disclosing relevant information in accordance with applicable regulatory rules.

The validity period of the above authorization is 24 months, commencing from the date on which this resolution is considered and approved at the general meeting of the Company.

This proposal needs to be submitted to the first extraordinary general meeting of



the Company in 2022 for deliberation.

Voting results: 7 votes in favor, 0 votes against, and 0 abstentions.

## **12. Reviewing and approving the proposal on convening the First Extraordinary General Meeting of Shareholders in 2022**

It was agreed that the Company would convene the first extraordinary general meeting of 2022 at 2:30 p.m. on Wednesday, September 14, 2022 at the multi-functional conference hall on the first floor of Fangda Building, Keji South 12 Road, South District, High-tech Zone, Shenzhen by way of on-site voting and online voting.

For details, please refer to the Notice of the First Extraordinary General Meeting of 2022 published by the Company on the Securities Times, China Securities Journal, Shanghai Securities News, Hong Kong Commercial Daily (in English) and [www.cninfo.com.cn](http://www.cninfo.com.cn) on 30 August 2022.

Voting results: 7 votes in favor, 0 votes against, and 0 abstentions.

The above is for the attention of the shareholders.

Board of Directors of China Fangda Group Co., Ltd.

August 30, 2022