

China Fangda Group Co., Ltd. Interim Report 2022 Summary

I. Important Declaration
The interim report summary is abstract from the interim report. Investors should base the annual report from the specified media to fully understand the Company's business achievements, financial status and future plans.

Non-standard auditing opinion
Applicable Inapplicable
Profit distribution pre-plan or capitalization plan in the period reviewed by the Board of Directors
Applicable Inapplicable

2. Financial Highlight
Whether the Company needs to make retroactive adjustment or restatement of financial data of previous years
Yes No

Table with 4 columns: Item, This report period, Same period last year, Year-on-year change (%). Rows include Turnover, Net profit, Net cash flow, etc.

3. Shareholders and shareholding

Table with 2 columns: Number of shareholders of common shares at the end of the report period, Number of shareholders of preferred stocks.

Table with 5 columns: Shareholder name, Nature of shareholder, Shareholding percentage, Shareholding number, Conditional shares.

4. Changes in controlling shareholder or actual controller

Changes in the controlling shareholder in the reporting period
Applicable Inapplicable

No change in the controlling shareholder in the reporting period
Change in the actual controller in the reporting period
Applicable Inapplicable

No change in the actual shareholder in the reporting period

5. Total number of preferred shareholders and shareholding of top 10 preferred shareholders by the end of the reporting period

No shareholder of preferred shares in the reporting period

6. Bonds existing on the approval date of interim report
Applicable Inapplicable

7. Details, please refer to Chapter 6 Important Matters in the full text of the Company's Interim Report 2022.

China Fangda Group Co., Ltd. Resolutions of the 15th Meeting of the 9th 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 15th meeting of the 9th 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.

The meeting was attended by seven directors who were supposed to attend. Supervisors and senior executives attended the meeting as nonvoting delegates.

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 on August 30, 2022.

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

2. Reviewing and approving the proposal on the listing of the 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 "Shenzhen Stock Exchange") for listing on the growth enterprise market (hereinafter referred to as "spin off listing").

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

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

(3) 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).

(4) 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.

(5) 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.

(6) 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.

(8) Other matters related to the issuance: The strategic placement, purpose of raised funds, underwriting method, offer 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 (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:

Table with 4 columns: Item, 2021, 2020, 2019. Rows include Net profit of Fangda Group, Net profit of Fangda Group attributable to shareholders of parent company, etc.

(四) 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 2021, 100% 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 Zhiyuan. 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) 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). Details are as follows:

Table with 4 columns: Item, Net profit attributable to the parent company in 2021, Net profit attributable to the equity (deducting non recurring profit and loss), Net assets as of December 31, 2021. Rows include Fangda Group, Fangda Zhiyuan, Proportion of equity of Fangda Zhiyuan, etc.

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 2021, 100% 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 Zhiyuan. 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). Details are as follows:

Table with 4 columns: Item, Net profit attributable to the parent company in 2021, Net profit attributable to the equity (deducting non recurring profit and loss), Net assets as of December 31, 2021. Rows include Fangda Group, Fangda Zhiyuan, Proportion of equity of Fangda Zhiyuan, etc.

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 Zhiyuan. 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 spin 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:

Table with 4 columns: No., Name of shareholder, Shareholding (share), Shareholding (%). Rows include Shenzhen Fangda Investment Partnership (Limited Partnership), Shenzhen Fangda Jianke Group Co., Ltd., Gong Qing Cheng Yingfa Investment Partnership Enterprise (Limited Partnership), etc.

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:

Table with 4 columns: No., Name of shareholder, Employment status / relationship, Proportion of shares held indirectly by Fangda Zhiyuan. Rows include Xiong Jianming, Xiong Xi, Song of Jingliang.

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 spin off is not allowed as stipulated in Article 4 (5) of the Rules for the Spin Off of Listed Companies (Trial).

(六) The listed company and 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 spin off 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 the subsidiaries before the spin off, except for those indirectly held by the directors, senior executives and their related parties of the listed company 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 of 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 of 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:

Table with 4 columns: No., Name of shareholder, Employment status / relationship, Proportion of shares held indirectly by Fangda Zhiyuan. Rows include Xiong Xi, Xiong Jianming, Xiong Haijing, Ouyang Kehua, Hu Zichun, Chen Hongzhang.

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

5. The 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 spin 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 spin off for overseas listing. After the spin-off, the assets, finance and institutions of the listed company and the subsidiaries to be spin 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 spin 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-voltage curtain wall systems, material, 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 Company and the subsidiaries to be spin 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 spin 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, 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. 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. 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. 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. 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. 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 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:

Table with 4 columns: No., Name of shareholder, Shareholding (share), Shareholding (%). Rows include Shenzhen Fangda Investment Partnership (Limited Partnership), Shenzhen Fangda Jianke Group Co., Ltd., Gong Qing Cheng Yingfa Investment Partnership Enterprise (Limited Partnership), etc.

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:

Table with 4 columns: No., Name of shareholder, Employment status / relationship, Proportion of shares held indirectly by Fangda Zhiyuan. Rows include Xiong Jianming, Xiong Xi, Song of Jingliang.

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 spin off is not allowed as stipulated in Article 4 (5) of the Rules for the Spin Off of Listed Companies (Trial).

(六) The listed company and 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 spin off 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 the subsidiaries before the spin off, except for those indirectly held by the directors, senior executives and their related parties of the listed company 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 of 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 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