

China Fangda Group Co., Ltd.
Announcement on Investment and Construction of Fangda
(Ganzhou) Low Carbon Intelligent Manufacturing Headquarters
Base

The members of the Board and the Company acknowledge being responsible for the truthfulness, accuracy, and completeness of the announcement. No false record, misleading statement or significant omission is carried in this announcement.

I. Overview

In order to meet the needs of the Company's future operation and development, China Fangda Group Co., Ltd. (hereinafter referred to as "the Company" or "Fangda Group") signed the *Strategic Cooperation Framework Agreement* with the People's Government of Zhanggong District, Ganzhou City, Jiangxi Province, and the relevant announcement was disclosed on CNINFO on September 29, 2022.

On December 16, 2022, the Company held the 17th meeting of the 9th Board of Directors, which adopted the Proposal on Investing in the Construction of Fangda (Ganzhou) Low Carbon Intelligent Manufacturing Headquarters Base with 7 affirmative votes, 0 negative votes and 0 abstention votes, and agreed to use self raised funds to invest in the Construction of Fangda (Ganzhou) Low Carbon Intelligent Manufacturing Headquarters Base in Zhanggong District, Ganzhou City, Jiangxi Province, mainly producing PVDF aluminum veneer, nano aluminum veneer and other new materials Smart curtain wall system, BIPV photovoltaic building integrated system, aluminum alloy components, and precision steel components, with a total planned investment of RMB2.2 billion, are proposed to sign the Industrial Project Investment Contract (hereinafter referred to as "the Investment Contract" and "the Contract") with the People's Government of Zhanggong District, Ganzhou City, Jiangxi Province. This external investment does not constitute a connected transaction, nor a major asset restructuring as stipulated in the Measures for the Administration of Major Asset Restructuring of Listed Companies, and does not need to be submitted to the General Meeting of Shareholders for deliberation.

II. Introduction to the counterparty

The counterparty of this investment contract of the Company is the People's Government of Zhanggong District, Ganzhou City, Jiangxi Province. The Company has no

associated relationship with the People's Government of Zhanggong District, Ganzhou City, and has not had similar transactions with it in the past three years.

III. Main Content of the Investment Contract

Party A: People's Government of Zhanggong District, Ganzhou City

Party B: China Fangda Group Co., Ltd.

- (一) Project name: Fangda (Ganzhou) Low Carbon Intelligent Manufacturing Headquarters Base.
- (二) Investment content: mainly produce PVDF aluminum veneer, nano aluminum veneer and other new materials, smart curtain wall system, BIPV photovoltaic building integration system, aluminum alloy components, and precision steel components.
- (三) Investment scale: The total planned investment is RMB2.2 billion, including RMB1.2 billion for the first phase of the project, RMB660 million for fixed assets (land, equipment, plant, etc.), and RMB540 million for working capital.
- (四) Annual production target: 2 million square meters of PVDF aluminum veneer, 1.2 million square meters of smart curtain wall and BIPV system, 15,000 tons of aluminum alloy precision machining, 20,000 tons of precision steel structure, etc.
- (五) Company registration: Party B shall establish a project company in Zhanggong High tech Zone.
- (六) Intended site: Located in Shuixi Industrial Park, Zhanggong High tech Zone, the first phase covers an area of 258 mu, with a plot ratio of 1.5-2.5. The specific boundary site and parcel area are subject to the *State-owned Construction Land Use Right Transfer Contract* for the transferred land of the contract project. The land transfer is in the form of public bidding, auction and listing, and Party B is responsible for bidding matters.
- (七) Land supply conditions: Party A provides Party B with land with the standard of "six supplies and one leveling".
- (八) Land transfer: the project land is industrial land with a service life of 50 years (subject to the registration of real estate certificate).
- (九) Construction period: the first phase of the project shall be completed and put into operation within 18 months after the commencement of construction.
- (十) Policy:
 1. Party B and Party B's project company, on the premise of meeting the conditions, enjoy the policy of the *Announcement on Continuing the Enterprise Income Tax Policy of the Western Development* (Announcement No. 23, 2020, issued by the State Development and Reform Commission, the State Administration of Taxation, the Ministry of Finance).

2 Other policies:

Party A shall give Party B subsidies for infrastructure construction, equipment relocation, productive equipment, economic contribution, and loan discount.

(十一) Rights and obligations of Party A

1. Provide Party B with high-quality services and a good investment and development environment, and maintain Party B's normal production and operation order;

2. Assist Party B to go through the formalities of industrial and commercial registration and tax registration;

3. Coordinate with relevant departments to supervise and manage Party B's project construction, production and operation;

4. Party A supports Party B's declaration of energy consumption (water, electricity, natural gas, etc.) and environment (waste water, waste gas, etc.) indicators that meet relevant national standards within the scope of production capacity;

5. Party A provides support for the recruitment of employees, and provides special recruitment information docking services for universities, secondary vocational schools and vocational schools.

(十二) Rights and obligations of Party B

1. Have the property rights, business autonomy, labor autonomy and other rights granted by law;

2. Ensure that the business objectives of the investment project under this contract reach the agreement of this contract;

3. According to the approved planning and building scheme, the construction shall be started and completed and put into operation within the time limit agreed in the contract, and all construction of the project land shall be completed to ensure that the project investment agreed in the contract is in place;

4. Without the written consent of Party A, the project shall not be transferred in whole or in part to a third party; The rights and obligations under this Contract shall not be transferred in whole or in part to a third party without authorization; It is not allowed to arbitrarily change the production projects, business scope, investment content, industrial land and plant use as agreed in this contract;

5. Promise that the project company's registered place and main production and operation sites shall not move out of Zhanggong High tech Industrial Park within 10 years, and shall not stop production or business without legal reasons;

6. Party B shall not remove the equipment enjoying the equipment subsidy under this

contract from the project in Zhanggong District, Ganzhou;

7. In addition to the relevant preferential conditions agreed herein, Party B shall still enjoy other preferential policies of Jiangxi Province, Ganzhou City and Party A on the premise of meeting the conditions.

(十三) Liability for breach of contract

1. Party A's liability for breach of contract

After Party B transfers the land, Party A shall have the right to require Party A to take remedial measures or terminate the contract under any of the following circumstances:

(1) Without the consent of Party B, Party A makes major adjustments to the land area of the project.

(2) Without the consent of Party B, Party A uses the project land agreed in the contract for other purposes.

If Party B chooses to terminate this contract due to the aforementioned breach of contract by Party A, it shall be handled according to the following provisions:

(1) Party A shall return the transfer fee (without interest) paid by Party B for the adjusted part of the land to Party B.

(2) In addition to the responsibilities agreed in the contract, Party B shall also compensate for the relevant direct economic losses caused to Party B due to breach of contract.

2. Party B's liability for breach of contract

(1) In case of any of the following circumstances, Party B shall be deemed as a fundamental breach of contract, and Party A has the right to unilaterally terminate this contract. Party A (the natural resources department) has the right to take back the project land and will not make any compensation or compensation to Party B, and the rewards and subsidies enjoyed by Party B shall be returned to Party A.

(1.1) Party B fails to start construction or put the whole project into production within the time agreed in the contract due to Party B's reasons;

(1.2) Unauthorized transfer of rights and obligations involved in this contract to a third party;

(1.3) Unauthorized change of the use of industrial land for the project;

(1.4) Unauthorized change of the project investment content agreed in this contract;

(1.5) Party B fails to start the development of the project at least one year after the date of commencement of development agreed in this contract due to Party B's reasons; The development has started, but the area of land for development and construction accounts for

less than one-third of the total area of land for development and construction to be started, or the amount of investment accounts for less than 25 percent of the total investment, and the development and construction has been suspended for one year.

(2) If the project company fails to achieve the business objectives agreed in this contract, or fails to reach the agreed duration, or moves the equipment enjoying the equipment subsidies from the project in Zhanggong District, Ganzhou (involving the equipment subsidies) due to Party B's reasons, Party B does not enjoy the second paragraph of the support policy provisions of this contract, and Party B shall return all the support rewards and subsidies obtained from Party A to Party A. The interest shall be calculated at the bank's LPR benchmark interest rate for the same period from the date of acquisition.

(3) Party B shall pay the migrant workers' wage security fund according to law and pay the employment wages in a timely manner. In case of Party B's violation, Party B shall pay liquidated damages to Party A, and Party A may use the subsidies or any fees payable to Party B to pay the migrant workers' wages in arrears. Party B shall bear the responsibility for Party B's failure to perform the verification obligation on the amount of wages in arrears.

3. In case of force majeure events or changes in national laws and regulations, policy adjustments of the superior government, planning changes, environmental protection factors and other influences, resulting in the failure to perform this contract, both parties shall not be liable for breach of contract.

(十四) After the establishment of the project company, Party B shall coordinate the project company to issue a letter of commitment to Party A, promising that the project company will succeed to the rights and obligations agreed by Party B in this contract. If the project company does not issue a letter of commitment to Party A, it will not enjoy the second paragraph of the support policy provisions of this contract. Party B shall bear joint and several guarantee liability for all liabilities and obligations of the project company under the contract, and the guarantee period shall be three years from the date when the project company completes all liabilities and obligations of the project under the contract.

(十五) Both parties guarantee to keep the contents of this contract confidential. Without the written consent of one party, neither party shall disclose the contents of this contract to a third party.

(十六) Any dispute arising from the performance of this contract shall be settled by both parties through negotiation. If the negotiation fails, both parties agree to file a lawsuit to the people's court with jurisdiction where Party A is located.

(十七) This contract shall come into force after being reviewed and approved by the

board of directors of Party B and signed and sealed by both parties.

IV. Purpose of Foreign Investment and Its Impact on the Company

The external investment coincides with with the Company's strategic plan. If the project goes ahead smoothly, it will further promote the development of the Company's intelligent curtain wall system manufacturing business, PVDF aluminum veneer and other new material businesses, enhance the Company's competitiveness and sustainable development capabilities, and will benefit the Company's future development. The construction period of this project is long, and it will not have a significant impact on the company's financial situation and operating results in the short term.

The Company has no association with the People's Government of Zhanggong District, Ganzhou City, and the performance of the investment contract has no impact on the independence of the Company's business.

V.Risks in External Investment

The investment contract signed this time may have unpredictable risks such as changes in the market environment and industrial policy adjustments during the implementation of specific projects. The project investment amount, construction land, construction period, etc. are estimated values, which shall be subject to the actual situation.

The investment amount of this project is relatively large, and there is a risk that the project cannot be fully or partially implemented or delayed due to the fund not being available in time; At the same time, changes in financing, credit policies and other aspects during the project investment and construction may make the company face financial pressure and increase financial risk.

The Company still has to obtain the project land agreed in the contract through bidding, auction and listing procedures, which may lead to the risk that the bidding is unsuccessful and the agreed construction land cannot be obtained in the proposed area. In addition, the construction of the Project involves environmental protection, planning, construction and other related approval matters, which need to be approved by relevant competent authorities.

In view of the uncertainty of the delivery schedule and delivery time of the parcel of land and the completion time of the relevant approval items, the project construction process will also face various uncertainties, which will lead to greater uncertainty of whether the project can be completed and formally put into operation in accordance with the contract.

VI. Reference

(1) Resolutions of the 17th Meeting of the 9th Board of Directors of the Company;

(2) Investment Contract for Industrial Projects.

The above is for the attention of the shareholders.

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

December 17, 2022