

China Fangda Group Co., Ltd.
2016 Interim Report

Jul. 2016

I. Important Statement, Table of Contents and Definitions

The members of the Board and the Company guarantee that the interim report is free from any false information, misleading statement or material omission and are jointly and severally liable for the information's truthfulness, accuracy and integrity.

All the Directors have attended the meeting of the board meeting at which this report was examined.

The Company will distribute no cash dividends or bonus shares and has no reserve capitalization plan.

Mr. Xiong Jianming, the Chairman of Board, Mr. Lin Kebin, the Chief Financial Officer, and Mr. Chen Yonggang, the manager of accounting department declare: the Financial Report carried in this report is authentic and completed.

Forward-looking statements involved in this report including future plans do not make any material promise to investors. Investors should pay attention to investment risks.

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Definitions

Terms	Refers to	Description
Fangda Group, company, the Company	Refers to	China Fangda Group Co., Ltd.
Articles of Association	Refers to	Articles of Association of China Fangda Group Co., Ltd.
Meeting of shareholders	Refers to	Meetings of shareholders of China Fangda Group Co., Ltd.
Board of Directors	Refers to	Board of Directors of China Fangda Group Co., Ltd.
Supervisory Committee	Refers to	Supervisory Committee of China Fangda Group Co., Ltd.
Banglin Co.	Refers to	Shenzhen Banglin Technologies Development Co., Ltd.
Shilihe Co.	Refers to	Shenzhen Shilihe Investment Co., Ltd.
Shengjiu Co.	Refers to	Shengjiu Investment Ltd.
Fangda Jianke	Refers to	Shenzhen Fangda Jianke Group Co., Ltd.
Fangda Automatic	Refers to	Shenzhen Fangda Automation System Co., Ltd.
Fangda New Material	Refers to	Fangda New Materials (Jiangxi) Co., Ltd.
Fangda New Resource	Refers to	Shenzhen Fangda New Energy Co., Ltd.
Fang SOZN	Refers to	Guangdong Fangda SOZN Lighting Co., Ltd.
Shenyang Fangda	Refers to	Shenyang Fangda Semi-conductor Lighting Co., Ltd.
Shenzhen Woke	Refers to	Shenzhen Woke Semi-conductor Lighting Co., Ltd.
Fangda Aluminium	Refers to	Jiangxi Fangda New Type Aluminum Co., Ltd.

	to	
Dongguan Fangda New Material	Refers to	Dongguan Fangda New Material Co., Ltd.
Kexunda Co.	Refers to	Shenzhen Kexunda Software Co., Ltd.
Fangda Property	Refers to	Shenzhen Fangda Property Development Co., Ltd.
Chengdu Fangda Jianke	Refers to	Chengda Fangda Construction Technology Co., Ltd.
Shihui International	Refers to	Shihui International Holding Co., Ltd.
Shenyang Decoration	Refers to	Fangda Decoration Engineering (Shenyang) Co., Ltd.
CSRC	Refers to	China Securities Regulatory Commission
SZSE	Refers to	Shenzhen Stock Exchange

II. Company Profile

1. Company Profile

Stock ID	Fangda Group, Fangda B	Stock code	000055、200055
Modified stock ID (if any)	None		
Stock Exchange	Shenzhen Stock Exchange		
Chinese name	China Fangda Group Co., Ltd.		
English name (if any)	Fangda Group		
English name (if any)	CHINA FANGDA GROUP CO., LTD.		
English abbreviation (if any)	CFGC		
Legal representative	Xiong Jianming		

2. Contacts and liaisons

	Secretary of the Board	Representative of Stock Affairs
Name	Zhou Zhigang	Guo Linchen
Address	20F, Fangda Building, Kejinan 12 th Avenue, Hi-Tech Zone, Shenzhen	20F, Fangda Building, Kejinan 12 th Avenue, Hi-Tech Zone, Shenzhen
Tel.	86(755) 26788571 ext. 6622	86(755) 26788571 ext. 6622
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Email	zqb@fangda.com	zqb@fangda.com

3. Other Information

1. Liaison

Changes to the Company's registration address, office address, post code, website or email during the report period

Applicable Inapplicable

Company's registration address, office address, post code, website or email have not changed during the report period. See Annual Report 2015 for details.

2. Information disclosure and inquiring

Changes to the information disclosure and inquiring place

Applicable Inapplicable

Please refer to the 2015 annual report for the newspapers and websites where the Company's information is disclosed. The inquiry address of the interim report has remained unchanged during the report period.

3. Registration changes

Whether the registration has changed during the report period

Applicable Inapplicable

Please refer to 2015 annual report for the Company's registration date and address, business license No., tax registration No. and organization registration code, which have remained unchanged during the report period.

III Financial Highlight

1. Financial Highlight

The Company retroactively adjusts or restates financial statistics of the previous years because of changes in account policies and correction of accounting errors.

Yes No

	This report period	Same period last year	Year-on-year change (%)
Turnover (yuan)	1,009,456,049.75	1,150,115,523.53	-12.23%
Net profit attributable to shareholders of the listed company (yuan)	53,156,405.36	51,317,648.87	3.58%
Net profit attributable to the shareholders of the listed company and after deducting of non-recurring gain/loss (RMB)	44,265,089.57	35,487,052.40	24.74%
Net cash flow generated by business operation (RMB)	298,469,343.92	-274,712,071.19	
Basic earnings per share (yuan/share)	0.07	0.07	0.00%
Diluted Earnings per share (yuan/share)	0.07	0.07	0.00%
Weighted average net income/asset ratio	3.99%	4.07%	-0.08%
	End of the report period	End of last year	Year-on-year change
Total asset (RMB)	5,197,762,204.44	4,464,147,811.40	16.43%
Net profit attributable to the shareholders of the listed company (RMB)	1,298,007,705.19	1,319,496,334.84	-1.63%

2. Differences in accounting data under domestic and foreign accounting standards

1. Differences in net profits and assets in financial statements disclosed according to the international and Chinese account standards

Applicable Inapplicable

In RMB

	Net profit attributable to the shareholders of the listed company		Net profit attributable to the shareholders of the listed company	
	This period	Last period	Closing amount	Opening amount
On Chinese accounting standards	53,156,405.36	51,317,648.87	1,298,007,705.19	1,319,496,334.84
Items and amounts adjusted according International Accounting Standards				

On international accounting standards	53,156,405.36	51,317,648.87	1,302,771,103.43	1,324,259,733.08
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2. Differences in net profits and assets in financial statements disclosed according to the overseas and Chinese account standards

Applicable Inapplicable

There is no difference in net profits and assets in financial statements disclosed according to the international and Chinese account standards during the report period.

3. Explanation of the differences in accounting data under domestic and foreign accounting standards

Applicable Inapplicable

Net assets attributable to the listed company's shareholders calculated according to the IAS is RMB4,763,398.24 higher than that calculated according to the domestic accounting standards, mainly attributable to the capitalization of borrow expenses before the domestic Enterprise Accounting Standard was implemented on January 1, 2007.

3. Accidental gain/loss item and amount

Applicable Inapplicable

In RMB

Items	Amount	Notes
Non-current asset disposal gain/loss (including the write-off part for which assets impairment provision is made)	-2,385,055.21	
Subsidies accounted into the current income account (except the government subsidy closely related to the enterprise's business and based on unified national standard quota)	1,545,204.08	
Gain from entrusted investment or assets management	109,920.54	
Gain/loss from change of fair value of transactional financial asset and liabilities, and investment gains from disposal of transactional financial assets and liabilities and sellable financial assets, other than valid period value instruments related to the Company's common businesses	-413,383.46	
Gain/loss from change of fair value of investment property measured at fair value in follow-up measurement	10,576,793.91	
Other non-business income and expenditures other than the above	2,703,089.56	
Less: Influenced amount of income tax	3,297,963.39	
Influenced amount of minority shareholders' equity (after-tax)	-52,709.76	

Total	8,891,315.79	--
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Explanation statement should be made for accidental gain/loss items defined and accidental gain/loss items defined as regular gain/loss items according to the Explanation Announcement of Information Disclosure No. 1 - Non-recurring gain/loss mentioned.

Applicable Inapplicable

No circumstance that should be defined as recurrent profit and loss according to *Explanation Announcement of Information Disclosure No. 1 - Non-recurring gain/loss* occurs in the report period.

IV Board of Directors' Report

1. Summary

In 2016 H1, the Chinese economic growth continued slowing, while the recovery of the global economy remained weak. Despite the adverse external economic condition, the Company has managed to realize the H1 operation target. During the report period, despite the large number of remaining orders, the Company recorded operating revenue of RMB1,009,456,000, down 12.23% year on year due to the weather. The net profit attributable to owners of the parent company is RMB531,564,000, up 3.58% year on year. The net profit after deducting accidental gain/loss is RMB44,65,100, up 24.74% year on year. The earnings from main business reached RMB298,469,300. The profit from main businesses has continued increasing in the report period. By the end of the report period, the Company had secured orders worth RMB3,356,124,700, which 332.47% of the operating revenue in H1 2016, paving the way for the Company to complete the whole year's sales target.

1. Curtain wall system and material business continues growing

The Company has continued pursuing for better quality and performance and has developed a series of world-class projects. The Company's curtain wall systems and materials have won wide recognition among customers, become one of the most popular energy-saving high-end curtain wall system and material brands in China. In H1, the Company continues to win a larger market share by providing customized products and focuses on the South China region with Shenzhen as the core city and customers with high quality and creditability. In the report period, the Company has won a series of energy-saving high-end curtain wall and aluminium plate supply contracts including the Beijing Vanke Tongzhou Taihu, Shanghai Vanke Jade Bingjiang, Wuxi Wanda Mall Phase II, Chengdu Lingdi Center Phase II, Lanzhou International Trade Center Phase II and Shenzhen Kexing Tech Park Zone D. During the report period, the reserve of curtain wall system and material orders reaches RMB2.193 billion, paving the way for the long-term growth of the Company. The Company proactively organizes design, purchase, production and engineering to transfer orders of high-end curtain wall systems and materials into operation revenue, thus lowering the impacts of the adverse weather condition in H1. During the report period, the Company has completed projects including Nanchang Wanda Mall Business Center, Shenzhen Wenbo Building, Nanjing Jinrun Plaza, Chengdu Yintai Alibaba, Shenzhen Zhonghai Modern Art Gallery and City Planning Exhibition Hall. Nanchang Wanda Mall Business Center is featured by the blue and white porcelain style and great engineering difficulties. The project shows the Company's outstanding curtain wall design and engineering expertise.

2. Gold opportunities for the rail transport equipment industry

In H1, thanks to the one-belt-one-road policy and Made in China 2025 Plan, the Company has grasped a leading position in the domestic subway screen door market and has started to compete with global leaders in overseas markets. In the report period, the Company has won a series of screen door and safety door projects including the MTR SCL Phase II screen door and East Rail Line safety door project (including maintenance), Indian Noida subway, and Malaysia Kuala Lumpur subway line No.2 and Wuhan subway line No.7 phase I. The MTR subway screen door order is the global largest subway screen door order in terms of the order amount. The Company has made a great leap in the overseas market. In the future, the Company will accelerate the overseas market development. The screen door business enjoys a rosy development outlook in the overseas market. In H1, the operation revenue from the screen door business reaches RMB164,147,600, up 69.28% year on year. The Company has won bids worth RMB668 million. The order reverse totals RMB1.16 billion by the end of H1, which is 708% of the operation revenue from the screen door business in 2016 H1.

In the report period, the Shenzhen subway line No.11, Dongguan subway line No.2 and Fuzhou subway line No.1 were put into operation with outstanding operation record. The screen door systems used on these projects have won high recognition and safeguard citizens and passengers.

Currently, more and more urban railway transportation projects have been implemented. The railway transport equipment

industry will enjoy explosive growth. The Company, as the industry leader in terms of the screen door technology, brand, services and market share, will benefit from the strong growth of the industry. Over recent years, the percentage of operation revenue of the railway transportation business has continued increasing in the Company. Moreover, the Company has proactively started to provide the subway maintenance services. Currently, the business has taken a shape and will become a new income source of the Company. As more subway lines enter the maintenance period, the sector has a bright growth outlook. In addition, the Company has put great efforts to develop the railway transport advertising and intelligent systems to extend the railway transport equipment industry chain, explore more profit sources and share the benefit of the development of the sector.

3. Issuance approved to push forward the development of the new energy industry

During the report period, the Company continues developing the PV industry as scheduled. The Jiangxi Pingxiang Luxi Xuanfeng 20MWp distributed PV power plant and Nanchang Jiangxi Isuzu Automobile parking lot roof 6.3MWp distributed PV power generation project have been connected to the power grid and start power generation. The fund raised by from the Company's non-public share issuance will be used to fund the PV power plants projects with a total capacity of 39.3MWp and replenish the Company's working capital. The Company received the approval from the CSRC on June 12. On August 1, the new shares will become listed. The total fund raised is RMB469,899,992.60. The issuance will further boost the development of the solar power PV business, bring stable income and profit for the Company, and improve the Company's profitability and competitiveness.

4. Fangda Town renovation project construction and sales

The construction area of the Fangda Town renovation project is about 330,000 m², with four office buildings, a four-floor commercial podium and four floors underground. According to the development plan, 100,000m² will be sold and another 100,000m² will be leased. The Fangda Town were put into sales in January 2016. The sales amount is RMB1.59 billion. The project will be completed by the end of 2016 and delivered in 2016 and 2017. The project will substantially increase the Company's assets, bring stable cash flow and lease income for the Company, supporting the Company's future demand for capital.

5. Others

In the report period, the Company won three awards including the Dual-Outstanding Enterprise, and Quality Improvement and Harmonious Employment Relationship. The railways transport station screen door system is elected as the National Torch Program Industry Pilot Project. Jiangxi New Material Company is elected as the Jiangxi Quality AAA Rating Enterprise and Nanchang Hi-Tech Zone Outstanding Enterprise.

2. Main business analysis

Year-on-year changes in major financial data

In RMB

	This report period	Same period last year	YOY change (%)	Cause of change
Turnover	1,009,456,049.75	1,150,115,523.53	-12.23%	
Operation cost	831,307,619.61	940,487,258.35	-11.61%	
Sales expense	25,417,302.84	41,009,137.46	-38.02%	Mainly due to decrease in the advertising expense
Administrative expense	73,800,752.02	75,547,311.64	-2.31%	
Financial expenses	17,587,854.56	25,609,734.67	-31.32%	Mainly due to decrease in interest expense
Income tax expenses	8,901,695.41	16,168,196.04	-44.94%	Mainly due to the different income tax rates

				applied to subsidiaries
R&D investment	44,158,340.87	39,856,514.35	10.79%	
Cash flow generated by business operations, net	298,469,343.92	-274,712,071.19	-208.16%	Mainly to the pre-sales increase of the Fangda Plaza
Cash flow generated by investment activities, net	-117,405,175.95	148,325,056.01	-179.15%	Mainly due to purchase financial products
Net cash flow generated by financing activities	-61,649,037.60	236,132,790.12	-126.11%	Mainly due to repayment of bank borrowings and dividend distributed to shareholders
Net increase in cash and cash equivalents	119,824,986.63	109,732,694.75	9.20%	

Major changes in profit composition or sources during the report period

Applicable Inapplicable

The profit composition or sources of the Company have remained largely unchanged during the report period.

Delay of future development and plan disclosed in the Company's IPO prospectus, fund raising prospectus and capital reorganization report into this report period

Applicable Inapplicable

No future development and plan disclosed in the Company's IPO prospectus, fund raising prospectus and capital reorganization report is delayed into this report period.

Implementation of business plans disclosed in previous periods in this period

During the report period, despite the large number of remaining orders, the Company recorded operating revenue of RMB1,009,456,000, down 12.23% year on year due to the weather. The net profit attributable to owners of the parent company is RMB531,564,100, up 3.58% year on year. The net profit after deducting accidental gain/loss is RMB44,65,100, up 24.74% year on year. The earnings from main business continue growing rapidly. By the end of the report period, the Company had secured orders worth RMB,3356,124,700, which 332% of the operating revenue in H1 2016, paving the way for the Company to complete the whole year's sales target.

In H1, due to the adverse weather condition, the operating revenue from the curtain wall system and material business is RMB813 million, down 11.90% year on year. The order reserve is RMB2.193 billion, which is 270% of the operating revenue in H1 2016, underpinning the development of the curtain wall system and material business in the whole year. The screen door business continues growing rapidly. In the period, the Company has won bids worth RMB668 million. By the end of the H1 2016, the order reserve reaches RMB1.16 billion, which is 708% of the income from the business in H1 2016. During the report period, the operating revenue of the business reaches RMB164,147,600, up 69.28% year on year. The Company continues developing the PV industry as scheduled. The Jiangxi Pingxiang Luxi Xuanfeng 20MWp distributed PV power plant and Nanchang Jiangxi Isuzu Automobile parking lot roof 6.3MWp distributed PV power generation project have been connected to the power grid and start power generation. The non-public share issuance has been approved in writing by CSRC on June 12. A total of 32,184,931 new shares will be listed on August 1, 2016 to raise RMB469,899,992.60. The Fangda Town were put into sales in January 2016. The sales amount is RMB1.59 billion. The project will be completed by the end of 2016 and delivered in 2016 and 2017.

3. Business composition

In RMB

	Turnover	Operation cost	Gross margin	Year-on-year change in operating revenue	Year-on-year change in operating costs	Year-on-year change in gross margin
Industry						
Metal production	812,907,799.80	678,546,934.35	16.53%	-11.90%	-11.22%	-0.64%
Railroad industry	164,147,627.33	129,473,720.68	21.12%	69.28%	75.52%	-2.80%
Product						
Curtain wall system and materials	812,907,799.80	678,546,934.35	16.53%	-11.90%	-11.22%	-0.64%
Metro screen door	164,147,627.33	129,473,720.68	21.12%	69.28%	75.52%	-2.80%
District						
Domestic	964,838,386.59	804,906,937.31	16.58%	-13.31%	-12.69%	-0.59%

4 Core Competitiveness Analysis

(1) Curtain wall system and material

1. Expertise and brand competitiveness

In response to the national call for energy saving and emission reduction, the Company has aggressively develop solar electric and optimal and energy-saving low-carbon curtain walls, developing a series of domestic and global leading solar and energy-saving curtain wall products. The Company owns 395 curtain wall and material patents (including 30 invention patents) and one software copyright, ranking top among domestic peers. It has achieved many firsts in the industry and created incomparable brand equity, making it an optimal choice in the domestic high-end curtain wall and material market. FANGDA is a nationwide well-known trademark in China.

2. Focusing on the high-end market to edge out competitors

Amid the fierce market competition, the Company has focused on the high-end energy-saving curtain wall market and technical integration to improve high-end project quality. Moreover, it has focused resources on high-end curtain wall engineering and won several Luban awards, Zhan Tianyou Civil Engineering awards and Classic Construction for the 50th Anniversary of the Foundation of the People's Republic of China, High-Quality Construction, White Magnolia Prize and Customer Satisfactory Engineering and the title of "Top 10 Competitive Chinese Curtain Wall Provider". The Company has build a leading brand and created a clear edge in the high-end curtain wall market.

3. Well-developed industry base landscape

Thanks to continued investment in facilities, the Company has established a national business landscape with Shenzhen as the headquarters, Dongguan Songshanhu as the base in the south, Beijing in the north, Chengdu in the southwest and Shanghai and Nanchang in the east. The Dongguan Songshanhu and Nanchang bases are the largest and most advanced curtain wall system and material production bases in China and across the world, fueling the Company to increase its market share and competitiveness.

4. General solutions

The Company has integrated the design, production, management and engineering of curtain wall systems to enjoy

technological, cost, quality and service advantages.

(2) Rail transport equipment business

1. National development strategy

In 2015, the rail transport equipment is listed in the Made in China 2025 plan as a key industry. The 13th Five-Year Plan specifies that the rail construction will be reinforced to promote the advanced railway equipment manufacturing industry. The One-Belt-One-Road strategy has become a national development strategy. The National Reform and Development Committee indicated that 50 cities will have rail transport in 2020 with a total mileage of 6,000 km. The industry enjoys a rosy outlook under the background.

2. Technical advantage

Through continued independent innovation, the Company has developed the global leading metro screen door system with full intellectual property right and broken the monopoly of overseas competitors. The Company has also compiled the *Rail Transport Station Screen Door Standard*, which is the first of its kind in China. The standard was approved in April 2006 and was implemented on March 1, 2007. As the first standard in the industry in China, the standard has played a key role in guiding the development of China's rail transport screen door industry and enabled the Company a dominant lead in the industry. Currently, the Company has 226 metro screen door patents, including 47 invention patents. The Company also has eight computer software copyrights.

3. Brand equity

So far, the Company has undertaken railway screen door projects in most domestic cities, Hong Kong, Taipei and Singapore. The Fangda screen door system has grasped a leading market share and established incomparable brand influence thanks to its patents, standard and maintenance services. The Company has emerged as the Chinese No.1 and global No.3 screen door provider, building a large competitive edge in the global market.

(3) New energy industry

The new energy business mainly comprises solar power PV application, PV construction and LED industry.

1. Technical advantage

With more than ten years' experience in developing solar energy PV power generating curtain wall technology, the Company is the earliest company that masters the intelligent property right in the designing, production and integration of solar energy PV curtain wall systems and is a pioneer in the application of PV curtain wall technology. The Company built the first solar energy PV integrated building curtain wall system in China – Shenzhen Fangda Building photoelectric curtain wall system.

2. Relation with other industries

Distributed solar power PV power generation is closely related to the Company's existing businesses. Most distributed solar power PV systems are closely related to construction. Moreover, the Company has more than 10 years' experience in electrical product integration. The Company also has more than 20 years' experience in construction management and has the level-1 construction curtain wall engineering qualification and electrical installation engineering qualification.

(4) Real Estate

The Fangda Town renovation project is well-positioned and enjoys express transport, unique landscape resources, preferential policies and moderate competition in the district. The project will buoy the Company's net assets and total assets, bring strong cash flows for the Company, provide capital support for the development of businesses, and gain experience in the real-estate development industry.

VI. Investment

1. External equity investment

(1) External investment

Applicable Inapplicable

The Company made no external investment in the report period.

(2) Financial enterprise share held

Applicable Inapplicable

The Company held no stake in financial companies in the report period.

(3) Securities investment

Applicable Inapplicable

Securities	Code	Abbreviation	Initial investment cost	Number of shares held at beginning of the period (share)	Opening shareholding	Number of shares held at end of the period (share)	Closing shareholding	Closing book value (RMB)	Gain/loss (RMB)	Accounting item	Source
Stock	00702	Sino Oil and Gas Holdings Ltd	16,263,675.00	82,680,000	0.33%	82,680,000	0.21%	14,132,823.12	-413,383.46	Transactional financial assets	Purchase
Total			16,263,675.00	82,680,000	--	82,680,000	--	14,132,823.12	-413,383.46	--	--
Disclosure date of approval by the Board of Directors of securities investment			11.03.14								
Disclosure date of securities investment approval by the Shareholders' Meeting (if any)											

(4) Notes to shareholding in other listed companies

Applicable Inapplicable

The Company holds no stock of other list companies in the report period.

2. Trust wealth management, investment in derivatives and entrustment loan

(1) Wealth management

Applicable Inapplicable

In RMB10,000

Trustee	Relations	Related	Type of	Amount	Start date	End date	Earning	Principal	Impairme	Estimate	Actual
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	hip	transactio n	product				recognitio n method	recovered actually	nt provision (if any)	return	gain/loss in the report period
Bank of China	Non-affili ated party	No	Earning-p rotected	2,500	05.02.16	15.02.16	Annual yield 2%	2,500		1.37	1.37
Bank of China	Non-affili ated party	No	Earning-p rotected	600	06.02.16	15.02.16	Annual yield 2%	600		0.3	0.3
Bank of China	Non-affili ated party	No	Earning-p rotected	400	06.02.16	15.02.16	Annual yield 2.10%	400		0.21	0.21
Bank of China	Non-affili ated party	No	Principal and interest protected	4,000	02.02.16	15.02.16	Annual yield 2.40%	4,000		3.42	3.42
Bank of China	Non-affili ated party	No	Principal and interest protected	5,000	22.03.16	06.04.16	Annual yield 2.251%	5,000		5.16	5.16
Bank of China	Non-affili ated party	No	Principal and interest protected	8,800	31.05.16	05.07.16	Annual yield 2.7%			22.78	0
Bank of China	Non-affili ated party	No	Principal and interest protected	1,100	06.02.16	15.02.16	Annual yield 2%	1,100		0.54	0.54
Total				22,400	--	--	--	13,600		33.78	11
Source of fund				Self-owned fund							
Principal and return due but not covered				0							
Lawsuit (if any)				None							
Disclosure date of approval announcement (if any)				11.03.14							
Disclosure date of Shareholders' Meeting approval announcement (if any)											

(2) Derivative investment

√ Applicable □ Inapplicable

In RMB10,000

Derivative investment operator	Relationship	Related transaction	Type	Initial amount	Start date	End date	Initial investment amount	Amount in this period	Amount sold in this period	Impairment provision (if any)	Closing investment amount	Proportion of closing investment amount in the closing net assets in the report period	Actual gain/loss in the report period
Shanghai Futures Exchange	None	No	Shanghai aluminum	5,297.096	01.01.16	15.12.16	0	5,297.09	3,098.03		2,199.06	1.69%	279.98
Total				5,297.09	--	--	0	5,297.09	3,098.03		2,199.06	1.69%	279.98
Capital source				Self-owned fund									
Lawsuit (if any)				None									
Disclosure date of derivative investment approval by the Board of Directors (if any)													
Disclosure date of derivative investment approval by the Shareholders' Meeting (if any)													
Risk analysis and control measures for the derivative holding in the report period (including without limitation market, liquidity, credit, operation and legal risks)				To prevent the risk of fluctuation of raw material prices, the Company adopted the aluminum futures exchanged at the domestic futures exchange to provide hedging for aluminum as a raw material for the Company. The Company has set up and implemented the Provincial Regulations on China Fangda Group Domestic Futures Hedging to prevent risks.									
Changes in the market price or fair value of the derivative in the report period, the analysis of the derivative's fair value should disclose the method used and related assumptions and parameters.				Fair value of derivatives are measured at open prices in the futures market									
Material changes in the accounting policies and rules related to the				No									

derivative in the report period compared to last period	
Opinions of independent directors on the Company's derivative investment and risk controlling	None

(3) Trusted loans

Applicable Inapplicable

The Company borrowed no trust loan in the report period.

3. Use of raised capital

Applicable Inapplicable

The Company used no raised capital in the report period.

4. Analysis of major subsidiaries and joint-stock companies

Applicable Inapplicable

Major subsidiaries and joint-stock companies

In RMB

Company	Type	Industry	Main products or services	Registered capital	Total assets	Net assets	Turnover	Operation profit	Net profit
Fangda Jianke	Subsidiary	Construction and decoration industry	Curtain wall system	500,000,000	2,719,343,979.72	772,966,316.65	729,638,335.87	49,230,433.68	40,210,496.65
Fangda Automatic	Subsidiary	Railroad industry	Metro screen door	105,000,000	533,839,459.70	238,486,049.13	165,186,777.29	16,417,639.47	14,199,971.96

5. Major projects of non-raised capital

Applicable Inapplicable

The Company has no major project financed not by raised capital in the report period.

VI. Forecast of operating performance between January and September in 2016

Warning and reasons of possible net loss or substantial change from the last period between the beginning of the year and the end of the next report period

Applicable Inapplicable

VII. Statement of the Board on the “non-standard auditors’ report issued by the CPA on the current report period

Applicable Inapplicable

VIII. Statement of the Board of Directors on the Non-standard Auditor’s Report for H1 2014

Applicable Inapplicable

IX. Implementation of Profit Distribution of the Company in the Report Period

Profit distribution plans implemented during the report period, especially cash dividend and reserve capitalization plans

Applicable Inapplicable

The 2015 Profit Distribution Proposal was approved on the 20th meeting of the 7th Board of Director held on April 22, 2016 and will be confirmed after being reviewed at the 2015 General Shareholders' Meeting held on May 17, 5, 2016. A cash dividend of RMB1.00 (tax inclusive) will be paid on each ten shares to all shareholders on the basis of 756,909,905 shares with a total amount of RMB75,690,990.50. The planning, review and implementation procedure of the profit distribution complies with related laws and regulations and the Company’s Articles of Association. The profit distribution plan was implemented on May 31, 2016 (see the Announcement on Implementation of the 2014 Equity Distribution Plan 2016-25).

Explanation of Cash Dividend Distribution Policies	
Comply with the Articles of Association or resolution made at the General Shareholders' Meeting	Yes
Clear and definite distribution standard and proportion	Yes
Decision-making procedure and mechanism	Yes
Independent directors fulfill their duties	Yes
Middle and small shareholders express their opinions and claims. Their rights are well protected.	Yes
Cash dividend distribution policies are adjusted or revised according to law	Yes

X. Profit Distribution and Reserve Capitalization Plan in the Report Period

Applicable Inapplicable

The Company distributed no cash dividends or bonus shares and has no reserve capitalization plan.

XI. Reception of investigations, communications, or interviews in the reporting period

Applicable Inapplicable

Time/date	Place	Way	Visitor	Visitor	Main content involved and materials provided

12.01.16	Shenzhen	Onsite investigation	Institution	Changjiang Securities, Harvest Fund, UBS SDIC and Chang'an Trust	Business and future development
07.03.16	Shenzhen	Onsite investigation	Institution	Guotai Junan Securities	Business and future development
11.03.16	Shenzhen	Onsite investigation	Institution	GF Securities	Business and future development
16.03.16	Shenzhen	Onsite investigation	Institution	GS Fund, Guotai Asset Management, First Seafront Fund, SZ Capital, ZX Asset Management, Great Wall Fund, Shenzhen Jishi Capital, Qianhai Shangzheng Fund, Ping An Leasing and Winfast Holding	Business and future development
13.05.16	Shenzhen	Onsite investigation	Institution	GS Fund, Guosen Securities and China Merchants Securities	Business and future development
24.05.16	Shenzhen	Onsite investigation	Institution	Huatai Securities, Pacific Securities, StarRock Investment and Eminent Capital	Business and future development

V Significant Events

I. Corporate Governance

The corporate governance complies with the Company Law and related requirements of CSRC.

II. Lawsuit

Significant lawsuit and arbitration

Applicable Inapplicable

The Company has no significant lawsuit or arbitration affair in the report period.

Other lawsuit

Applicable Inapplicable

III. Media questioning

Applicable Inapplicable

The Company has no significant affair that arouses media questioning.

IV. Bankruptcy and capital reorganizing

Applicable Inapplicable

The Company has no bankruptcy or reorganization events in the report period.

V. Assets trade

1. Assets acquisition

Applicable Inapplicable

The Company required no assets in the report period.

2. Assets acquisition

Applicable Inapplicable

The Company sold no assets in the report period.

3. Enterprise merger

Applicable Inapplicable

The Company merged no company in the report period.

VI. Implementation and influences of share equity incentive program

Applicable Inapplicable

The Company made or implemented no option incentive scheme in the report period.

VII. Material related transactions

1. Related transactions related to routine operation

Applicable Inapplicable

The Company made no related transaction related to daily operating in the report period.

2. Related transactions related to assets transactions

Applicable Inapplicable

The Company made no related transaction of assets requisition and sales in the report period.

3. Related transactions related to joint external investment

Applicable Inapplicable

The Company made no related transaction of joint external investment in the report period.

4. Related credits and debts

Applicable Inapplicable

The Company had no related debt in the report period.

5. Other related transactions

Applicable Inapplicable

The Company has no other significant related transaction in the report period.

VIII. Non-operating capital use by the controlling shareholder or related parties in the reporting term

Applicable Inapplicable

The controlling shareholder and its affiliates occupied no capital for non-operating purpose of the Company during the report period.

IX. Significant contracts and performance

1. Asset entrusting, leasing, contracting

(1) Asset entrusting

Applicable Inapplicable

The Company made no custody in the report period.

(2) Contracting

Applicable Inapplicable

The Company made no contract in the report period

(3) Leasing

Applicable Inapplicable

Leasing

The investment real estate is used as external leasing. The rental income in the report period is RMB12,367,600.

Projects that create gains accounting for over 10% of the Company's total profit in the report period

Applicable Inapplicable

The Company leased no projects that create gains accounting for over 10% of the Company's total profit in the report period.

2. Guarantee

Applicable Inapplicable

In RMB10,000

External guarantees made by the Company (exclude those made for subsidiaries)								
Guarantee provided to	Date of disclosure	Guarantee amount	Actual date of occurring (signing date of agreements)	Actual amount of guarantee	Type of guarantee	Term	Completed or not	Related party
Guarantee between the Company and its subsidiaries								
Guarantee provided to	Date of disclosure	Guarantee amount	Actual date of occurring (signing date of agreements)	Actual amount of guarantee	Type of guarantee	Term	Completed or not	Related party
Fangda Jianke	27.03.15	71,000	19.06.15	20,386.76	Joint liability	since engage of contract to 2 years upon due of debt	No	No
Fangda Jianke	27.03.15	26,000	10.10.15	19,729.1	Joint liability	since engage	No	No

						of contract to 2 years upon due of debt		
Fangda Jianke	27.03.15	40,000	17.09.15	32,627.56	Joint liability	since engage of contract to 2 years upon due of debt	No	No
Fangda Jianke	01.07.15	20,000	22.07.15	15,000	Joint liability	since engage of contract to 2 years upon due of debt	No	No
Fangda Jianke	27.03.15	15,000	30.12.15	24,796.66	Joint liability	since engage of contract to 2 years upon due of debt	No	No
Fangda Automatic	27.03.15	20,000	24.09.15	14,476.69	Joint liability	since engage of contract to 2 years upon due of debt	No	No
Fangda Automatic	27.03.15	5,000	21.10.15	2,830.12	Joint liability	since engage of contract to 2 years upon due of debt		No
Fangda New Material	27.03.15	6,200	27.09.15	3,170.36	Joint liability	since engage of contract to 2 years upon due of debt	No	No
Fangda New Material	26.04.16	8,000	19.05.16	524.6	Joint liability	since engage of contract to 2 years upon due of debt	No	No
Fangda Property	23.03.13	130,000	03.02.15	48,652.41	Joint liability	since engage of contract to 2 years upon due of debt	No	No
Total of guarantee to subsidiaries approved in the report term (B1)			333,000	Total of guarantee to subsidiaries actually occurred in the report term (B2)				134,698.79
Total of guarantee to subsidiaries approved as of the report term (B3)			595,200	Total of balance of guarantee actually provided to the subsidiaries as of end of report				182,194.26

			term (B4)					
Guarantee provided to subsidiaries								
Guarantee provided to	Date of disclosure	Guarantee amount	Actual date of occurring (signing date of agreements)	Actual amount of guarantee	Type of guarantee	Term	Completed or not	Related party
Total of guarantee provided by the Company (total of the above three)								
Total of guarantee approved in the report term (A1+B1+C1)		333,000		Total of guarantee occurred in the report term (A2+B2+C2)		134,698.79		
Total of guarantee approved as of end of report term (A3+B3+C3)		595,200		Total of guarantee occurred as of the end of report term (A4+B4+C4)		182,194.26		
Percentage of the total guarantee occurred (A4+B4+C4) on net asset of the Company				140.36%				
Including:								

(1) Incompliant external guarantee

Applicable Inapplicable

The Company made no incompliant external guarantee in the report period.

3. Other significant contract

Applicable Inapplicable

The Company entered into no other significant contract in the report.

4. Other related transactions

Applicable Inapplicable

The Company entered into no other significant contract in the report period.

X. Commitments of shareholders with over 5% of shares made in the report term or carried over from previous terms

Applicable Inapplicable

The Company and shareholders with more than 5% stakes in the Company made no guarantee in the report period or before report period but remaining effective in the report period.

XI. Engaging and dismissing of CPA

Whether the interim financial report is audited

Yes No

The interim report for H1 2015 has not been audited.

XII. Punishment and rectification

Applicable Inapplicable

The Company received no penalty and made no correction in the report period.

XIII. Delisting due to law violation

Applicable Inapplicable

The Company has no risks of delisting due to violating laws in the report period.

XIV. Other material events

Applicable Inapplicable

The Company implements non-public A-share issuance to raise fund for three PV power plant projects with a total capacity of 39.3MWp and for working capital. The issuance was approved by CSRC on June 12, 2016. After the issuance, 32,184,931 new shares will be listed on Shenzhen Stock Exchange on August 1, 2016. The issuance will raise a total 469,899,992.60. After the issuance expense of 10,030,772.72 is deducted, the net raised amount is 459,869,219.88.

XV. Corporate bonds

Bonds publicly issued and listed in a securities exchange, immature or not fully paid by the approval date of the annual report

No

VI Changes in Share Capital and Shareholders

1. Changes in shares

In share

	Before the change		Change (+,-)					After the change	
	Amount	Proportion	Issued new shares	Bonus shares	Transferred from reserves	Others	Subtotal	Amount	Proportion
I. Shares with trade restriction conditions	972,042	0.13%						972,042	0.13%
3. Other domestic shares	972,042	0.13%						972,042	0.13%
Domestic natural person shares	972,042	0.13%						972,042	0.13%
II. Shares without trading limited conditions	755,937,863	99.87%						755,937,863	99.87%
1. Common shares in RMB	419,986,675	55.49%						419,986,675	55.49%
2. Foreign shares in domestic market	335,951,188	44.38%						335,951,188	44.38%
III. Total of capital shares	756,909,905	100.00%						756,909,905	100.00%

Reasons

Applicable Inapplicable

Approval of the change

Applicable Inapplicable

Share transfer

Applicable Inapplicable

Impacts on financial indicators including basic and diluted earnings per share, net assets per share attributable to common shareholders of the company in the most recent year and period

Applicable Inapplicable

Others that need to be disclosed as required by the securities supervisor

Applicable Inapplicable

Statement of changes in share number and shareholder structure, assets and liabilities structure

Applicable Inapplicable

2. Shareholders and shareholding

In share

Number of shareholders of common shares at the end of the report period		33,234		Number of shareholders of preferred stocks of which voting rights recovered in the report period (if any) (note 8)			0	
Shareholders holding 5% of the Company's common shares or top-10 shareholders								
Shareholder	Nature of shareholder	Shareholding percentage	Number of common shares held at the end of the report period	Change in the reporting period	Conditional common shares	Unconditional common shares	Pledging or freezing	
							Share status	Amount
Shenzhen Banglin Technologies Development Co., Ltd.	Domestic non-state legal person	9.09%	68,774,273	0		68,774,273	Pledged	25,090,000
Shengjiu Investment Ltd.	Foreign legal person	6.51%	49,256,030	1,394,300		49,256,030		
GUOTAI JUNAN SECURITIES(HONGKONG) LIMITED	Foreign legal person	4.64%	35,133,346	1,498,456		35,133,346		
Huang Jupei	Domestic natural person	3.58%	27,069,147	16,389,347		27,069,147		
Shenzhen Shilihe Investment Co., Ltd.	Domestic non-state legal person	2.36%	17,860,992	0		17,860,992		
Zhou Shijian	Domestic natural person	2.14%	16,213,500	0		16,213,500		
Huabao Trust Co., Ltd. – Tiangao Capital No.1 Trust Program	Others	1.77%	13,398,471	-4,384,311		13,398,471		

National Social Security Fund - Yi Liu Portfolio	Others	1.63%	12,341,452	New		12,341,452		
China Life Insurance – Dividend – Personal Dividend – 005L-FH002 Shen	Others	1.48%	11,200,467	New		11,200,467		
Shenwan Hongyuan Securities (Hong Kong) Co., Ltd.	Foreign legal person	1.35%	10,221,928	1,688,742		10,221,928		
A strategic investor or ordinary legal person becomes the Top10 common share shareholder due a stock issue	None							
Notes to top ten shareholder relationship or "action in concert"	Among the shareholders, Shenzhen Banglin Technology Development Co., Ltd. and Shengjiu Investment Co., Ltd. are parties action-in-concert. Shenzhen Banglin Technology Development Co., Ltd. and Shenzhen Shilihe Investment Co., Ltd. are related parties. The Company is not notified of other action-in-concert or related parties among the other holders of current shares.							
Top 10 shareholders of unconditional common shares								
Shareholder	Amount of common shares without sales restriction	Category of shares						
		Category of shares	Amount					
Shenzhen Banglin Technologies Development Co., Ltd.	68,774,273	RMB common shares	68,774,273					
Shengjiu Investment Ltd.	49,256,030	Foreign shares listed in domestic exchanges	49,256,030					
GUOTAI JUNAN SECURITIES(HONGKONG) LIMITED	35,133,346	Foreign shares listed in domestic exchanges	35,133,346					
Huang Jupei	27,069,147	RMB common shares	27,069,147					
Shenzhen Shilihe Investment Co., Ltd.	17,860,992	RMB common shares	17,860,992					

Zhou Shijian	16,213,500	RMB common shares	16,213,500
Huabao Trust Co., Ltd. – Tiangao Capital No.1 Trust Program	13,398,471	RMB common shares	13,398,471
National Social Security Fund - Yi Liu Portfolio	12,341,452	RMB common shares	12,341,452
China Life Insurance – Dividend – Personal Dividend – 005L-FH002 Shen	11,200,467	RMB common shares	11,200,467
Shenwan Hongyuan Securities (Hong Kong) Co., Ltd.	10,221,928	Foreign shares listed in domestic exchanges	10,221,928
No action-in-concert or related parties among the top10 unconditional common share shareholders and between the top10 unconditional common share shareholders and the top10 common share shareholders	Among the shareholders, Shenzhen Banglin Technology Development Co., Ltd. and Shengjiu Investment Co., Ltd. are parties action-in-concert. Shenzhen Banglin Technology Development Co., Ltd. and Shenzhen Shilihe Investment Co., Ltd. are related parties. The Company is not notified of other action-in-concert or related parties among the other holders of current shares.		
Top-10 common share shareholders participating in margin trade (if any)	Zhou Shijian holds 16,213,500 shares of the Company through the client credit trade securities account of GF Securities; Huang Jupei holds 27,068,147 shares of the Company through the client credit trade securities account of GF Securities;		

Agreed re-purchasing by the Company's top 10 shareholders of common shares and top 10 shareholders of unconditional common shares in the report period

Yes No

No agreed re-purchasing by the Company's top 10 shareholders of common shares and top 10 shareholders of unconditional common shares in the report period

3. 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 report period

Change in the actual controller in the report period

Applicable Inapplicable

No change in the actual shareholder in the report period

4. Statement on share increasing proposal raised by the shareholders or their action-in-concert parties in the reporting period

Applicable Inapplicable

Name of shareholder/ action-in-concern parties	Number of shares to be increased	Proportion of shares to be increased	Actual number of shares increased	Actual proportion of shares increased	Initial disclosure date of the share increase plan	Disclosure date of the share increase plan implementation completion
Shengjiu Investment Ltd.			1,394,300	0.18%		

VII Preferred Shares

Applicable Inapplicable

The Company had no preferred share in the report period.

VIII Particulars about the Directors, Supervisors, and Senior Management

1. Changes in shareholding of Directors, Supervisors and Senior Management

Applicable Inapplicable

The Company's Directors, supervisors and senior management shareholding has remained unchanged during the report period. For details, please refer to the 2015 annual report.

2. Changes in the Directors, Supervisors and Senior Executives

Applicable Inapplicable

Name	Job	Type	Date	Reason
Huang Yaying	Independent director	Resigned	16.02.16	Huang Yaying has resigned due to person reasons
Deng Lei	Independent director	Engaged	16.02.16	

IX Financial Statements

1. Auditor's report

Whether the interim report is audited

Yes No

The financial statements for H1 2014 have not been audited.

2. Financial statements

Unit for statements in notes to financial statements: RMB yuan

1. Consolidated Balance Sheet

Prepared by: China Fangda Group Co., Ltd.

30.06.16

In RMB

Items	Closing balance	Opening balance
Current asset:		
Monetary capital	493,964,032.83	400,953,337.32
Settlement provision		
Outgoing call loan		
Financial assets measured at fair value with variations accounted into current income account	14,132,823.12	14,546,206.58
Derivative financial assets	1,230,425.00	
Notes receivable	47,343,893.07	97,247,660.56
Account receivable	1,551,238,398.45	1,405,718,134.89
Prepayment	56,531,691.04	30,057,063.90
Insurance receivable		
Reinsurance receivable		
Provisions of Reinsurance contracts receivable		
Interest receivable		
Dividend receivable		
Other receivables	65,363,959.30	53,095,948.46

Repurchasing of financial assets		
Inventory	1,617,759,559.46	1,346,591,303.53
Assets held for sales		
Non-current assets due in 1 year		
Other current assets	141,047,232.11	11,395,718.05
Total current assets	3,988,612,014.38	3,359,605,373.29
Non-current assets:		
Loan and advancement provided		
Sellable financial assets		
Investment held until mature		
Long-term receivable		
Long-term share equity investment	13,089,903.05	10,489,680.93
Investment real estate	346,392,822.12	335,328,805.74
Fixed assets	569,067,513.53	462,648,998.51
Construction in process	3,750,749.87	15,134,390.90
Engineering materials		
Disposal of fixed assets	1,153.28	5,326.79
Productive biological assets	0.00	
Gas & petrol	0.00	
Intangible assets	93,275,946.13	95,062,982.48
R&D expense	0.00	
Goodwill	19,826,696.97	19,826,696.97
Long-term amortizable expenses	6,189,054.29	6,614,788.88
Deferred income tax assets	71,382,139.03	65,926,810.52
Other non-current assets	86,174,211.79	93,503,956.39
Total of non-current assets	1,209,150,190.06	1,104,542,438.11
Total of assets	5,197,762,204.44	4,464,147,811.40
Current liabilities		
Short-term loans	961,000,000.00	1,147,957,775.82
Loans from Central Bank		
Deposit received and held for others		
Call loan received		
Financial liabilities measured at fair value with variations accounted into		

current income account		
Derivative financial liabilities	0.00	
Notes payable	457,832,318.50	303,527,639.63
Account payable	919,784,128.12	867,628,355.65
Prepayment received	735,300,828.78	130,574,319.85
Selling of repurchased financial assets		
Fees and commissions payable		
Employees' wage payable	19,593,607.83	40,942,428.05
Taxes payable	54,591,332.32	67,533,433.70
Interest payable	2,730,895.79	3,241,834.43
Dividend payable		
Other payables	63,200,925.69	82,677,346.81
Reinsurance fee payable		
Insurance contract provision		
Entrusted trading of securities		
Entrusted selling of securities		
Liabilities held for sales		
Non-current liabilities due in 1 year	0.00	
Other current liabilities	98,425,600.00	98,425,600.00
Total current liabilities	3,312,459,637.03	2,742,508,733.94
Non-current liabilities:		
Long-term loans	486,524,108.36	300,395,582.06
Bond payable		
Including: preferred stock		
Perpetual bond		
Long-term payable	0.00	
Long-term employees' wage payable		
Special payables		
Anticipated liabilities	2,166,815.26	1,921,446.51
Deferred earning	12,634,303.65	12,284,195.68
Deferred income tax liabilities	75,951,028.86	72,994,768.34
Other non-current liabilities	0.00	

Total of non-current liabilities	577,276,256.13	387,595,992.59
Total liabilities	3,889,735,893.16	3,130,104,726.53
Owner's equity:		
Share capital	756,909,905.00	756,909,905.00
Other equity tools		
Including: preferred stock		
Perpetual bond		
Capital reserves	79,099,713.38	79,099,619.14
Less: Shares in stock		
Other miscellaneous income	1,137,692.88	91,831.63
Special reserves		
Surplus reserves	51,123,554.51	51,123,554.51
Common risk provisions		
Retained profit	409,736,839.42	432,271,424.56
Total of owner's equity belong to the parent company	1,298,007,705.19	1,319,496,334.84
Minor shareholders' equity	10,018,606.09	14,546,750.03
Total of owners' equity	1,308,026,311.28	1,334,043,084.87
Total of liabilities and owner's interest	5,197,762,204.44	4,464,147,811.40

Legal representative: Xiong Jianming

CFO: Lin Keping

Accounting Manager: Chen Yonggang

2. Balance Sheet of the Parent Company

In RMB

Items	Closing balance	Opening balance
Current asset:		
Monetary capital	29,081,661.89	25,833,130.83
Financial assets measured at fair value with variations accounted into current income account		
Derivative financial assets		
Notes receivable		
Account receivable	22,865.24	345,960.74
Prepayment	18,722.97	67,893.61
Interest receivable		

Dividend receivable	0.00	
Other receivables	467,620,601.31	375,591,349.76
Inventory		
Assets held for sales		
Non-current assets due in 1 year		
Other current assets	412,618.96	990,624.25
Total current assets	497,156,470.37	402,828,959.19
Non-current assets:		
Sellable financial assets		
Investment held until mature		
Long-term receivable		
Long-term share equity investment	970,300,871.25	967,700,649.13
Investment real estate	300,742,128.44	290,288,531.53
Fixed assets	56,338,183.59	57,647,245.73
Construction in process		
Engineering materials		
Disposal of fixed assets		
Productive biological assets		
Gas & petrol		
Intangible assets	1,719,390.63	1,907,601.33
R&D expense		
Goodwill		
Long-term amortizable expenses	350,828.68	403,800.10
Deferred income tax assets	37,531,668.21	37,948,384.39
Other non-current assets	220,000,000.00	220,000,000.00
Total of non-current assets	1,586,983,070.80	1,575,896,212.21
Total of assets	2,084,139,541.17	1,978,725,171.40
Current liabilities		
Short-term loans	350,000,000.00	350,000,000.00
Financial liabilities measured at fair value with variations accounted into current income account		
Derivative financial liabilities		
Notes payable		
Account payable	606,941.85	606,941.85

Prepayment received	993,045.60	748,421.47
Employees' wage payable	887,531.32	1,868,710.30
Taxes payable	482,400.87	1,338,421.09
Interest payable	597,481.86	726,993.55
Dividend payable		
Other payables	327,982,995.35	155,183,721.49
Liabilities held for sales		
Non-current liabilities due in 1 year		
Other current liabilities	98,425,600.00	98,425,600.00
Total current liabilities	779,975,996.85	608,898,809.75
Non-current liabilities:		
Long-term loans		
Bond payable		
Including: preferred stock		
Perpetual bond		
Long-term payable		
Long-term employees' wage payable		
Special payables		
Anticipated liabilities		
Deferred earning		
Deferred income tax liabilities	123,725,075.40	120,953,378.63
Other non-current liabilities		
Total of non-current liabilities	123,725,075.40	120,953,378.63
Total liabilities	903,701,072.25	729,852,188.38
Owner's equity:		
Share capital	756,909,905.00	756,909,905.00
Other equity tools		
Including: preferred stock		
Perpetual bond		
Capital reserves	38,599,058.00	38,598,963.76
Less: Shares in stock		
Other miscellaneous income	91,831.63	91,831.63
Special reserves		

Surplus reserves	51,123,554.51	51,123,554.51
Retained profit	333,714,119.78	402,148,728.12
Total of owners' equity	1,180,438,468.92	1,248,872,983.02
Total of liabilities and owner's interest	2,084,139,541.17	1,978,725,171.40

3. Consolidated Income Statement

In RMB

Items	Amount occurred in the current period	Occurred in previous period
1. Total revenue	1,009,456,049.75	1,150,115,523.53
Incl. Business income	1,009,456,049.75	1,150,115,523.53
Interest income		
Insurance fee earned		
Fee and commission received		
2. Total business cost	964,818,829.76	1,114,562,764.23
Incl. Business cost	831,307,619.61	940,487,258.35
Interest expense		
Fee and commission paid		
Insurance discharge payment		
Net claim amount paid		
Net insurance policy reserves provided		
Insurance policy dividend paid		
Reinsurance expenses		
Business tax and surcharge	6,357,728.12	17,537,240.22
Sales expense	25,417,302.84	41,009,137.46
Administrative expense	73,800,752.02	75,547,311.64
Financial expenses	17,587,854.56	25,609,734.67
Asset impairment loss	10,347,572.61	14,372,081.89
Plus: gains from change of fair value ("-" for loss)	10,163,410.45	35,445,761.31
Investment gains ("-" for loss)	-289,857.34	1,547,997.68
Incl. Investment gains from affiliates and joint ventures	-399,777.88	1,256,994.94

Exchange gains (“-“ for loss)		
3. Operational profit (“-“ for loss)	54,510,773.10	72,546,518.29
Plus: non-operational income	6,363,729.16	3,425,924.45
Incl. Loss from disposal of non-current assets	68,572.07	50,854.12
Less: non-operational expenditure	3,344,545.43	15,643,131.79
Incl. Loss from disposal of non-current assets	2,453,627.28	504,805.05
4. Gross profit (“-“ for loss)	57,529,956.83	60,329,310.95
Less: Income tax expenses	8,901,695.41	16,168,196.04
5. Net profit (“-“ for net loss)	48,628,261.42	44,161,114.91
Net profit attributable to the owners of parent company	53,156,405.36	51,317,648.87
Minor shareholders' equity	-4,528,143.94	-7,156,533.96
6. After-tax net amount of other misc. incomes	1,045,861.25	-1,229,057.50
After-tax net amount of other misc. incomes attributed to parent's owner	1,045,861.25	-1,229,057.50
(1) Other misc. incomes that cannot be re-classified into gain and loss		
1. Change in net liabilities or assets due to re-measurement set benefit program		
2. Shares enjoyed in other misc. incomes that cannot be reclassified into gain and loss by the invested entity under the equity law		
(2) Other misc. incomes that will be re-classified into gain and loss	1,045,861.25	-1,229,057.50
1. Shares enjoyed in other misc. incomes that cannot be reclassified into gain and loss by the invested entity under the equity law		
2. Change in the fair value of financial asset for sale		
3 Held-to-mature investment reclassified as gain and loss in the financial assets for sales		

4. Effective part in the gain and loss of arbitrage of cash flow	1,045,861.25	-1,229,057.50
5. Translation difference of foreign exchange statement		
6. Others		
After-tax net of other misc. income attributed to minority shareholders		
7. Total of misc. incomes	49,674,122.67	42,932,057.41
Total of misc. incomes attributable to the owners of the parent company	54,202,266.61	50,088,591.37
Total misc gains attributable to the minor shareholders	-4,528,143.94	-7,156,533.96
8. Earnings per share:		
(1) Basic earnings per share	0.07	0.07
(2) Diluted earnings per share	0.07	0.07

Net profit contributed by entities merged under common control in the report period was RMB , net profit realized by parties merged during the previous period is RMB .

Legal representative: Xiong Jianming CFO: Lin Kebing Accounting Manager: Chen Yonggang

4. Income Statement of the Parent Company

In RMB

Items	Amount occurred in the current period	Occurred in previous period
1. Turnover	14,499,890.63	15,377,309.73
Less: Operation cost	1,019,406.36	1,670,215.88
Business tax and surcharge	1,220,187.64	1,227,826.65
Sales expense		
Administrative expense	11,552,747.84	11,276,930.71
Financial expenses	3,559,630.74	5,120,806.86
Asset impairment loss	15,181.55	1,246,405.99
Plus: gains from change of fair value ("-" for loss)	10,453,596.91	32,768,907.31
Investment gains ("-" for loss)	-394,353.22	1,312,956.58
Incl. Investment gains from affiliates and joint ventures	-399,777.88	1,256,994.94
2. Operational profit ("-" for loss)	7,191,980.19	28,916,987.53

Plus: non-operational income	3,342,189.74	751,855.29
Incl. Loss from disposal of non-current assets		3,581.20
Less: non-operational expenditure	89,374.82	3,104.40
Incl. Loss from disposal of non-current assets		1,932.08
3. Gross profit (“-“ for loss)	10,444,795.11	29,665,738.42
Less: Income tax expenses	3,188,412.95	7,629,682.78
4. Net profit (“-“ for net loss)	7,256,382.16	22,036,055.64
5. After-tax net amount of other misc. incomes		
(1) Other misc. incomes that cannot be re-classified into gain and loss		
1. Change in net liabilities or assets due to re-measurement set benefit program		
2. Shares enjoyed in other misc. incomes that cannot be reclassified into gain and loss by the invested entity under the equity law		
(2) Other misc. incomes that will be re-classified into gain and loss		
1. Shares enjoyed in other misc. incomes that cannot be reclassified into gain and loss by the invested entity under the equity law		
2. Change in the fair value of financial asset for sale		
3 Held-to-mature investment reclassified as gain and loss in the financial assets for sales		
4. Effective part in the gain and loss of arbitrage of cash flow		
5. Translation difference of foreign exchange statement		
6. Others		
6. Total of misc. incomes	7,256,382.16	22,036,055.64

7. Earnings per share:		
(1) Basic earnings per share		
(2) Diluted earnings per share		

5. Consolidated Cash Flow Statement

In RMB

Items	Amount occurred in the current period	Occurred in previous period
1. Net cash flow from business operations:		
Cash received from sales of products and providing of services	1,543,342,196.26	880,753,505.06
Net increase of customer deposits and capital kept for brother company		
Net increase of loans from central bank		
Net increase of inter-bank loans from other financial bodies		
Cash received against original insurance contract		
Net cash received from reinsurance business		
Net increase of client deposit and investment		
Increase in proposal of financial assets measured at fair value with variations accounted into current income account		
Cash received as interest, processing fee, and commission		
Net increase of inter-bank fund received		
Net increase of repurchasing business		
Tax refunded	638,256.40	1,487,373.49
Other cash received from business operation	61,030,313.38	37,271,825.34
Sub-total of cash inflow from business operations	1,605,010,766.04	919,512,703.89

Cash paid for purchasing products and services	979,343,688.52	922,181,248.55
Net increase of client trade and advance		
Net increase of savings in central bank and brother company		
Cash paid for original contract claim		
Cash paid for interest, processing fee and commission		
Cash paid for policy dividend		
Cash paid to and for the staff	128,733,391.35	141,611,724.17
Taxes paid	110,327,435.35	54,257,534.98
Other cash paid for business activities	88,136,906.90	76,174,267.38
Sub-total of cash outflow from business operations	1,306,541,422.12	1,194,224,775.08
Cash flow generated by business operations, net	298,469,343.92	-274,712,071.19
2. Cash flow generated by investment:		
Cash received from investment recovery	186,000,000.00	331,500,000.00
Cash received as investment profit	109,920.54	2,491,002.79
Net cash retrieved from disposal of fixed assets, intangible assets, and other long-term assets	9,183,213.10	134,190.00
Net cash received from disposal of subsidiaries or other operational units		
Other investment-related cash received		
Sub-total of cash inflow generated from investment	195,293,133.64	334,125,192.79
Cash paid for construction of fixed assets, intangible assets and other long-term assets	34,548,309.59	31,982,236.78
Cash paid as investment	277,000,000.00	113,700,000.00
Net increase of loan against pledge		
Net cash paid for acquiring		

subsidiaries and other operational units		
Other cash paid for investment	1,150,000.00	40,117,900.00
Subtotal of cash outflows	312,698,309.59	185,800,136.78
Cash flow generated by investment activities, net	-117,405,175.95	148,325,056.01
3. Cash flow generated by financing activities:		
Cash received from investment		
Incl. Cash received from investment attracted by subsidiaries from minority shareholders		
Cash received from borrowed loans	761,128,526.30	707,903,670.40
Cash received from bond placing		
Other cash received from financing activities	31.03	
Subtotal of cash inflow from financing activities	761,128,557.33	707,903,670.40
Cash paid to repay debts	709,500,000.00	352,000,000.00
Cash paid as dividend, profit, or interests	112,636,475.36	64,660,840.58
Incl. Dividend and profit paid by subsidiaries to minority shareholders		
Other cash paid for financing activities	641,119.57	55,110,039.70
Subtotal of cash outflow from financing activities	822,777,594.93	471,770,880.28
Net cash flow generated by financing activities	-61,649,037.60	236,132,790.12
4. Influence of exchange rate changes on cash and cash equivalents	409,856.26	-13,080.19
5. Net increase in cash and cash equivalents	119,824,986.63	109,732,694.75
Plus: Balance of cash and cash equivalents at the beginning of term	247,739,243.78	102,638,232.19
6. Balance of cash and cash equivalents at the end of the period	367,564,230.41	212,370,926.94

6. Cash Flow Statement of the Parent Company

In RMB

Items	Amount occurred in the current period	Occurred in previous period
1. Net cash flow from business operations:		
Cash received from sales of products and providing of services	10,967,653.17	11,243,204.83
Tax refunded		
Other cash received from business operation	465,710,548.11	515,148,759.29
Sub-total of cash inflow from business operations	476,678,201.28	526,391,964.12
Cash paid for purchasing products and services	1,004,529.87	2,136,699.94
Cash paid to and for the staff	7,228,487.72	7,189,717.90
Taxes paid	2,510,775.42	1,394,750.88
Other cash paid for business activities	380,887,024.06	469,504,100.24
Sub-total of cash outflow from business operations	391,630,817.07	480,225,268.96
Cash flow generated by business operations, net	85,047,384.21	46,166,695.16
2. Cash flow generated by investment:		
Cash received from investment recovery	61,000,000.00	30,000,000.00
Cash received as investment profit	6,776,424.69	8,963,295.02
Net cash retrieved from disposal of fixed assets, intangible assets, and other long-term assets	300,000.00	4,190.00
Net cash received from disposal of subsidiaries or other operational units		
Other investment-related cash received		
Sub-total of cash inflow generated from investment	68,076,424.69	38,967,485.02
Cash paid for construction of fixed assets, intangible assets and other	46,348.61	963,791.92

long-term assets		
Cash paid as investment	64,000,000.00	
Net cash paid for acquiring subsidiaries and other operational units		
Other cash paid for investment		40,000,000.00
Subtotal of cash outflows	64,046,348.61	40,963,791.92
Cash flow generated by investment activities, net	4,030,076.08	-1,996,306.90
3. Cash flow generated by financing activities:		
Cash received from investment		
Cash received from borrowed loans	350,000,000.00	50,000,000.00
Cash received from bond placing		
Other cash received from financing activities	31.03	
Subtotal of cash inflow from financing activities	350,000,031.03	50,000,000.00
Cash paid to repay debts	350,000,000.00	
Cash paid as dividend, profit, or interests	85,187,480.03	34,570,863.79
Other cash paid for financing activities	641,119.57	1,171,039.70
Subtotal of cash outflow from financing activities	435,828,599.60	35,741,903.49
Net cash flow generated by financing activities	-85,828,568.57	14,258,096.51
4. Influence of exchange rate changes on cash and cash equivalents	-360.66	
5. Net increase in cash and cash equivalents	3,248,531.06	58,428,484.77
Plus: Balance of cash and cash equivalents at the beginning of term	25,583,130.83	22,006,065.49
6. Balance of cash and cash equivalents at the end of the period	28,831,661.89	80,434,550.26

7. Statement of Change in Owners' Equity (Consolidated)

Amount of the Current Term

In RMB

Items	Current period												
	Owners' Equity Attributable to the Parent Company											Minor shareholders' equity	Total of owners' equity
	Share capital	Other equity tools			Capital reserves	Less: Shares in stock	Other miscellaneous income	Special reserves	Surplus reserves	Common risk provisions	Retained profit		
		Preferred share	Perpetual bond	Others									
1. Balance at the end of last year	756,909,905.00				79,099,619.14		91,831.63		51,123,554.51		432,271,424.56	14,546,750.03	1,334,043,084.87
Plus: Changes in accounting policies													
Correction of previous errors													
Consolidation of entities under common control													
Others													
2. Balance at the beginning of current year	756,909,905.00				79,099,619.14		91,831.63		51,123,554.51		432,271,424.56	14,546,750.03	1,334,043,084.87
3. Amount of change in current term ("—" for decrease)					94.24		1,045,861.25				-22,534,585.14	-4,528,143.94	-26,016,773.59
(1) Total of misc. incomes							1,045,861.25				53,156,405.36	-4,528,143.94	49,674,122.67
(2) Investment or decreasing of capital by owners					94.24								94.24
1. Common shares contributed by shareholders													
2. Capital contributed by other equity													

instrument holders													
3. Amount of shares paid and accounted as owners' equity													
4. Others					94.24								94.24
(3) Profit allotment											-75,690,990.50		-75,690,990.50
1. Providing of surplus reserves													
2. Common risk provision													
3. Allotment to the owners (or shareholders)											-75,690,990.50		-75,690,990.50
4. Others													
(4) Internal transferring of owners' equity													
1. Capitalizing of capital reserves (or to capital shares)													
2. Capitalizing of surplus reserves (or to capital shares)													
3. Making up losses by surplus reserves													
4. Others													
(5) Special reserves													
1. Provided this year													
2. Used this term													
(6) Others													
4. Balance at the end of this period	756,909,905.00				79,099,713.38	0.00	1,137,692.88	0.00	51,123,554.51	0.00	409,736,839.42	10,018,606.09	1,308,026,311.28

Amount of Last Year

In RMB

Items	Last period												
	Owners' Equity Attributable to the Parent Company											Minor shareholders' equity	Total of owners' equity
	Share capital	Other equity tools			Capital reserves	Less: Shares in stock	Other miscellaneous income	Special reserves	Surplus reserves	Common risk provisions	Retained profit		
Preferred share		Perpetual bond	Others										
1. Balance at the end of last year	756,909,905.00				79,099,220.38		91,831.63		48,842,080.76		349,987,825.69	65,603,764.53	1,300,534,627.99
Plus:													
Changes in accounting policies													
Correction of previous errors													
Consolidation of entities under common control													
Others													
2. Balance at the beginning of current year	756,909,905.00				79,099,220.38		91,831.63		48,842,080.76		349,987,825.69	65,603,764.53	1,300,534,627.99
3. Amount of change in current term ("-" for decrease)							-1,229,057.50				28,610,351.72	-7,156,533.96	20,224,760.26
(1) Total of misc. incomes							-1,229,057.50				51,317,648.87	-7,156,533.96	42,932,057.41
(2) Investment or decreasing of capital by owners													
1. Common shares contributed by shareholders													
2. Capital contributed by													

other equity instrument holders													
3. Amount of shares paid and accounted as owners' equity													
4. Others													
(3) Profit allotment										-22,707,297.15		-22,707,297.15	
1. Providing of surplus reserves													
2. Common risk provision													
3. Allotment to the owners (or shareholders)										-22,707,297.15		-22,707,297.15	
4. Others													
(4) Internal transferring of owners' equity													
1. Capitalizing of capital reserves (or to capital shares)													
2. Capitalizing of surplus reserves (or to capital shares)													
3. Making up losses by surplus reserves													
4. Others													
(5) Special reserves													
1. Provided this year													
2. Used this term													
(6) Others													
4. Balance at the end of this period	756,909,905.				79,099,220.38		-1,137,225.87		48,842,080.76	0.00	378,598,177.41	58,447,230.57	1,320,759,388.

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8. Statement of Change in Owners' Equity (Parent Company)

Amount of the Current Term

In RMB

Items	Current period										
	Share capital	Other equity tools			Capital reserves	Less: Shares in stock	Other miscellaneous income	Special reserves	Surplus reserves	Retained profit	Total of owners' equity
		Preferred share	Perpetual bond	Others							
1. Balance at the end of last year	756,909,905.00				38,598,963.76		91,831.63		51,123,554.51	402,148,728.12	1,248,872,983.02
Plus: Changes in accounting policies											
Correction of previous errors											
Others											
2. Balance at the beginning of current year	756,909,905.00				38,598,963.76		91,831.63		51,123,554.51	402,148,728.12	1,248,872,983.02
3. Amount of change in current term ("-" for decrease)					94.24					-68,434,608.34	-68,434,514.10
(1) Total of misc. incomes										7,256,382.16	7,256,382.16
(2) Investment or decreasing of capital by owners					94.24						94.24
1. Common shares contributed by shareholders											
2. Capital contributed by other equity instrument holders											

3. Amount of shares paid and accounted as owners' equity											
4. Others					94.24						94.24
(3) Profit allotment										-75,690,990.50	-75,690,990.50
1. Providing of surplus reserves											
2. Allotment to the owners (or shareholders)										-75,690,990.50	-75,690,990.50
3. Others											
(4) Internal transferring of owners' equity											
1. Capitalizing of capital reserves (or to capital shares)											
2. Capitalizing of surplus reserves (or to capital shares)											
3. Making up losses by surplus reserves											
4. Others											
(5) Special reserves											
1. Provided this year											
2. Used this term											
(6) Others											
4. Balance at the end of this period	756,909,905.00				38,599,058.00		91,831.63		51,123,554.51	333,714,119.78	1,180,438,468.92

Amount of Last Year

In RMB

Items	Last period									
	Share	Other equity tools	Capital	Less:	Other	Special	Surplus	Retaine	Total of	

	capital	Preferred share	Perpetual bond	Others	reserves	Shares in stock	miscellaneous income	reserves	reserves	d profit	owners' equity
1. Balance at the end of last year	756,909,905.00				38,598,565.00		91,831.63		48,842,080.76	404,322,761.53	1,248,765,143.92
Plus:											
Changes in accounting policies											
Correction of previous errors											
Others											
2. Balance at the beginning of current year	756,909,905.00				38,598,565.00		91,831.63		48,842,080.76	404,322,761.53	1,248,765,143.92
3. Amount of change in current term ("-" for decrease)										-671,241.51	-671,241.51
(1) Total of misc. incomes										22,036,055.64	22,036,055.64
(2) Investment or decreasing of capital by owners											
1. Common shares contributed by shareholders											
2. Capital contributed by other equity instrument holders											
3. Amount of shares paid and accounted as owners' equity											
4. Others											
(3) Profit allotment										-22,707,297.15	-22,707,297.15
1. Providing of											

surplus reserves											
2. Allotment to the owners (or shareholders)										-22,707,297.15	-22,707,297.15
3. Others											
(4) Internal transferring of owners' equity											
1. Capitalizing of capital reserves (or to capital shares)											
2. Capitalizing of surplus reserves (or to capital shares)											
3. Making up losses by surplus reserves											
4. Others											
(5) Special reserves											
1. Provided this year											
2. Used this term											
(6) Others											
4. Balance at the end of this period	756,909,905.00				38,598,565.00		91,831.63		48,842,080.76	403,651,520.02	1,248,093,902.41

III. General Information

China Fangda Group Co., Ltd. (the "Company" or the "Group") is a joint stock company registered in Shenzhen, Guangdong and was approved by the Government of Shenzhen with Document 深府办函 (1995) 194号, and was founded, on the basis of Shenzhen Fangda Construction Material Co., Ltd., by way of share issuing in October 1995. The Registration No. of the Company's business license is: 440301501124785; with a registered capital of RMB756,909,905; registered address: Fangda Building, Kejinan Road 12, High-tech Zone, Shenzhen. Mr. Xiong Jianming is the legal representative.

The Company issued foreign currency shares (B shares) and local currency shares (A shares) and listed in November 1995 and April 1996 respectively in Shenzhen Stock Exchange.

The Company has established a corporate governance structure that comprises shareholders' meeting, board of directors and supervisory committee. Currently, the Company sets up the President Office, Administrative Department, HR Department, Enterprise

Management Department, Financial Department, Audit and Supervisory Department, Securities Department, Technology Department and IT Department and has established subsidiaries including Fangda Decoration, Fangda Automatic, Fangda Jiangxi New Material, Shenyang Fangda, Fangda Property and Fangda New Energy.

The business nature and main business operations of the Company and subsidiaries (“the Group”) include (1) production and sales of curtain wall materials, design, production and installation of construction curtain walls; (2) assembly and production of subway screen doors; (3) development and operation of real estate projects on land, of which rights have been obtained lawfully; (4) R&D, installation and sales of PV devices, design and installation of PV power plants, R&D, design, production, sales and installation of lights, electric auxiliaries and other equipment, LED products and metal products.

The financial statements and notes are approved at the 22nd meeting of the 7th term of the Board held on July 19, 2016.

The consolidation scope for the consolidated financial statements includes the Company and all subsidiaries. The entities newly consolidated this period include one sub-subsidiary and Fangda Automation (Hong Kong) Co., Ltd. Ganzhou Longneng New Energy Co., Ltd. is written off this period. See Note VIII. Change to the Consolidation Scope and Note IX. Disclosure of Interest in Other Entities for details.

IV. Basis for the preparation of financial statements

1. Preparation basis

The financial statements are prepared according to the enterprise financial standard and guidelines, interpretation and other related regulations (“the Standard”) issued by the Ministry of Finance. The Group has also disclosed related financial information according to the requirement of the Regulations of Information Disclosure No.15 – General Provisions for Financial Statements (Revised in 2014) issued by the CSRC.

The Group prepares the financial statements based on continuous operation.

The Group's auditing is based on the accrual basis. Except for some financial instruments and property held for investment, the financial statements are prepared based on historical costs. In case of any asset impairment, the impairment provision will be made as required.

2. Continuous operation

The Group has the continuous operation capability within at least 12 months from the end of the report period.

V. Significant Account Policies and Estimates

Specific accounting policy and estimate prompt:

The Group determines the accounting policies and income recognition policies for investment real estate according to the production and business features. For details, see Note 5. 13 and Note 5. 22.

1. Statement of compliance to the Enterprise Accounting Standard

The financial report and statements are prepared with compliance to the requirement of the Enterprise Accounting Standard. They reflect the financial position as of 30.06.16, and business performance and cash flow situation in Year 2016 of the Company frankly

and completely.

2. Fiscal Period

The fiscal year of the Group is the solar calendar year, that is from January 1 to December 31.

3. Operation period

The operation period of the Group is 12 months.

4. Bookkeeping standard money

The Group takes RMB as the standard currency for bookkeeping.

5. Accounting treatment of the entities under common and different control

(1) Consolidation of entities under common control

Assets and liabilities obtained by the merging party are calculated at their book value with the merged parties at the merger day in the consolidated financial statement of the merging party in addition to the adjustment made given the difference in accounting policies. The differences between the book value of net assets and the book value of consideration price (or the total of face value of share issued) are adjusted to the capital reserve (share capital premium). If the share capital premium is not enough to offset the difference, it will be adjusted to the retained gains.

Enterprise merger under common control through multiple transactions

In separate financial statements, the initial investment cost is the book value of the merged party's net assets that can be shared by the merging party in the consolidated financial statements of the final controlling party according to the shareholding percentage on the merging date; adjust the capital surplus (share premium) according to the difference between the initial investment cost and the book value of the held investment before merger plus the book value of the consideration paid on the merger date. Where the capital surplus falls short, the retained income should be adjusted.

In consolidated financial statements, assets and liabilities obtained by the merging party from the merged party should be measured at the book value in the final controlling party's consolidated financial statements other than the adjustment made due to differences in accounting policies; adjust the capital surplus (share premium) according to the difference between the initial investment cost and the book value of the held investment before merger plus the book value of the consideration paid on the merger date. Where the capital surplus falls short, the retained income should be adjusted. Changes in recognized related profit and loss, other misc. incomes and other owner's equity between the later one of the date when the original stock equity was obtained and the date when the merged party and merging party become under the common control should respectively write down the retained profit in beginning of the report period or current period's profit or loss.

(2) Consolidation of entities under different control

For merger of entities under different control, the merger cost is the fair value of the asset paid, liability undertaken, and equity securities issued for exchanging of control power over the entities at the day of acquisition. On the acquisition day, the assets and

liabilities (if any) acquired by the Group from the acquired party are recognized on the fair value.

If the merger costs exceed the fair value of the recognizable net assets of the acquired party in the merger, it is recognized as goodwill and measured based the costs after the accumulative impairment provision is deducted; if the the fair value exceeds the costs, it is included in the income statement for the period after being re-examined.

Where there is new or further evidence on the condition existing on the acquisition date 12 months later and adjustment needs to be made, the good will should be adjusted and merged.

(3) Treatment of related transaction fee in enterprise merger

Agency expenses and other administrative expenses such as auditing, legal consulting, or appraisal services occurred relating to the merger of entities are accounted into current income account when occurred. The transaction fees of equity certificates or liability certificates issued by the purchaser for payment for the acquisition are accounted at the initial amount of the certificates.

6. Preparation of Consolidated Financial Statements

(1) Consolidation scope

The consolidate scope of consolidated financial statements is determined based on control. Control means the power possessed by the Group on invested entities to share variable returns by participating in related activities of the invested entities and to impact the amount of the returns by using the power. Subsidiaries are enterprises controlled by the Company.

(2). Preparation of Consolidated Financial Statements

The consolidated financial statements are prepared by the Company based on financial statements of the Company and subsidiaries and according to other related information. During preparation of consolidated financial statements, the accounting policies and period of the Company and subsidiaries must be the same. Major transactions and balances between companies are offset.

Subsidiaries and businesses increased because of merger of enterprises under the common control during the report period are deemed consolidated into the consolidate scope from the date of becoming controlled by the final party. The operating result and cash flows of the subsidiaries and businesses from the date of becoming controlled by the final party should be incorporated into the consolidate income statement and consolidate cash flow statement.

For subsidiaries and businesses increased because of merger of enterprises not under the common control, their incomes, expenses and profits between the date of acquisition and end of the report period should be incorporated into the consolidated income statement, and the cash flows should be incorporated into the consolidated cash flow statement.

The part of the shareholders' equity in subsidiaries not owned the Company are separately listed under the shareholders' equity as minority shareholders' equity in the consolidated balance sheet. The part of the subsidiaries' net profits and losses for the current period that belongs to minority shareholders is listed as minority shareholders' profits and losses under net profit in the consolidated income statement. If the losses of subsidiaries shared by the minority shareholders exceed the part of the owners' equity of the subsidiaries at the beginning of the period, the excessive part will offset the minority shareholders' equity.

(3) Acquisition of subsidiary minority interests

The difference between the investment cost of the long-term equity obtained from acquisition of minority interests and the share of net assets in the subsidiary calculated continuously based on the increased shareholding percentage, and the difference between the

disposal income obtained from the partial disposal of the subsidiary's equity investment without losing the control power and the share of net assets in the subsidiary calculated continuously based on the increased shareholding percentage should be adjusted and consolidated in the capital surplus in the consolidated balance sheet. Where the capital surplus falls short, the retained income should be adjusted.

(4) Treatment of loss of subsidiaries' control power

For loss of control over subsidiaries due to disposal of partial equity investment or other reasons, the remaining equity should be re-measured at the fair value on the date of loss of the control power; the sum of the consideration obtained from the disposal of stock equity and the fair value of the remaining equity, minus the sum of the share of the net assets' book value calculated continuously from the acquisition date according to the original shareholding percentage and the goodwill should be recorded in the investment gain of the current period of the loss of control power.

Other misc. incomes related to the equity investment in the original subsidiary is transferred to the current period's profit and loss when the control power is lost, except for the other misc. incomes generated by remeasurement and resetting of earning plan or change in the net assets by the invested party.

7. Recognition of cash and cash equivalents

Cash refers to cash on hand and deposits that can be used at any time for payment. Cash equivalent refers to the investments with short term, strong liquidity and small risk of value fluctuation that are held by the Group and easily converted into cash with known amount.

8. Foreign exchange business and foreign exchange statement translation

Trades of the Group made in foreign currencies are translated into RMB basing on the spot exchange rate on the date when the trade is conducted.

At the balance sheet date, foreign currency items are translated on the spot exchange rate of the balance sheet date. The exchange differences caused by the difference in exchange rates on the balance sheet date and initial recognizing date or previous balance sheet date are included in the current profits and losses. Non-monetary items accounted in foreign currency and on historical costs are exchanged with the spot exchange rate on the transaction date. Non-monetary items accounted in foreign currency and on fair value are exchanged with the spot exchange rate on the determination date of the fair value. The exchange difference between the accounting standard-currency amount and the original accounting standard-currency amount are included in the current profits and losses.

9. Financial instrument

Financial instrument refers to a company's financial assets and contracts that form other units of financial liabilities or equity instruments.

(1) Recognition and derecognition of financial instrument

The Group recognizes a financial asset or liability when it becomes one party in the financial instrument contract.

Financial asset is derecognized when:

- (1) The contractual right to receive the cash flows of the financial assets is terminated;
- (2) The financial asset is transferred and meets the following derecognition condition.

When partial or all of the current responsibilities attached to such financial liabilities, the partial or all of the financial liabilities are derecognized. When the Group (debtor) and creditor enter into an agreement to replace the existing financial liabilities by undertaking new financial liabilities and the contract terms for the new financial liabilities are essentially different from those for the existing one, the existing financial liabilities will be derecognized and new financial liabilities will be recognized.

Financial asset transactions in regular ways are recognized and de-recognized on the transaction date.

(2) Classification and measurement of financial assets

Financial assets of the Group are categorized as: financial assets measured at fair value with variations accounted into current income account, loans and account receivables. Financial assets are measured at the fair value at the initial recognition. For financial assets measured at fair value with variations accounted into current income account, related transaction expenses are accounted into the current income. For other financial assets, the related transaction expenses are accounted into the initial recognized amounts.

Financial assets measured at fair value with variations accounted into current income account

It includes transactional financial assets and financial assets measured by fair value and with variations accounted into current gain/loss account at initial recognition. The financial assets are further measured by fair value with the gain/loss created by variations in fair value and related dividends and interest accounted into the current gain/loss account.

Receivables

Receivables refer to non-derivative financial assets without quotations but with fixed recoverable amount or can be confirmed, including receivable accounts and other receivables (Note V. 10). Receivables adopt the effective interest method and are further measured by amortized cost. Gain/loss generated at final recognition, impairment or amortization is accounted into the current gain/loss account.

(3) Classification and measurement of financial liabilities

The Group's financial liabilities are mainly other financial liabilities

Other financial liabilities adopt the effective interest method and are further measured by amortized cost. Gain/loss generated at final recognition or amortization is accounted into the current gain/loss account.

(4) Fair value of financial instrument

For financial assets or liabilities in an active market, the Group determines their fair value based on quotations in the active market. If there is no active market, the Company uses evaluation techniques to determine the fair value.

(5) Impairment of financial assets

Financial assets measured at fair value with variations accounted into current income account. The Group checks the book value of

financial assets on the balance sheet date. Impairment provision will be made in case of objective evidence proving impairment to the financial assets. Objective evidence proving impairment to the financial assets refers to events actually occur after the initial recognition of financial assets, with influence on the estimated future cash flows of the financial assets and can be reliably measured by the Group.

Objective evidence proving impairment to the financial assets includes the following observable situations:

- ① Severe financial difficulties in the issuer or debtor;
- ② The debtor violates the contract or defaults or delays the payment of the interest or principal;
- ③ The Group makes compromise to the debtor with financial difficulties due to economic or legal consideration;
- ④ The debtor may go bankruptcy or conduct other financial reorganization;
- ⑤ The financial assets can no longer be traded in an active market due to material financial difficulties in the issuer;
- ⑥ It cannot be recognized whether the cash flow of an asset in a group of financial assets has decreased. However, according to open data, it can be evaluated that the estimated future cash flow of the group of financial assets has decreased and the decrease can be measured, including:
 - The payment capacity of the debtor of the financial assets continues weakening;
 - Situations that may lead to the payment failure of the financial assets happen in the country or region where the debtor is located;
- ⑦ Significant adverse changes occurs to the technical, market, economic or legal environment of the debtor, leading to that the equity instrument investor may not be able to recover the investment;
- ⑧ Other objective evidence that can prove the impairment of the financial assets

Financial assets measured at amortized cost

If there is objective evidence proving impairment to the financial assets, the book value of the financial assets will be written down to the present value of the estimated future cash flow (excluding undiscovered future credit loss). The write-down amount is accounted into the current gain/loss account. The present value of the estimated future cash flow is determined by the original effective discount rate with the value of the guarantee considered.

Conduct impairment test separately for major financial assets. If there is objective evidence suggesting impairment, determine the impairment loss and account it into the current gain/loss account. Conduct impairment test for other financial assets including financial assets combination with similar credit risk features. Test financial assets without impairment separately (including major and minor financial assets) and conduct impairment test in the financial assets combination with similar credit risk features. Conduct impairment test for financial assets separately recognized as impaired excluding financial assets combination with similar credit risk features.

After the Group recognizes impair loss to financial assets measured by amortized cost, if there is object evidence suggesting that the value of the financial assets is restored objectively due to an event after the loss, the recognized impairment loss can be reversed and accounted into the current gain/loss account. The book value after the reversal must not exceed the amortized cost of the financial assets on the reversal date assuming that no impairment provision was made.

(6) Transfer of financial assets

The transfer of financial assets refers to transferring or delivering the financial assets to another party (receiver) other than the issuing party of the financial assets.

Recognition of the financial asset is terminated as soon as all of the risks and rewards attached to the financial asset have been transferred to the receiver. Whereas if all of the risks and rewards attached to the financial assets are reserved, recognition of the financial asset shall not be terminated.

When the Group neither transfers nor reserve almost all risks and rewards attached to the financial assets, it will be handled as: When the controlling power over the financial asset is given up, the financial assets will be derecognized and the generated assets and liabilities will be recognized; when the controlling power is not given up, financial asset and related liability shall be recognized according to the extent the Company is involving in the financial asset.

(7) Deduction of financial assets and liabilities

When the Group has the legal right to deduct recognized financial assets and liabilities, can exercise the legal right, and the Group plans to settle them in net, liquidate and repay the financial assets and liabilities, the amount after the deduction will be presented in the balance sheet. Exception for the deducted part, other financial assets and liabilities are separately presented in the balance sheet.

10. Receivables**(1) Receivables with major individual amount and bad debt provision provided individually**

Judging basis or standard of major individual amount	For the current year, the Company recognizes project receivables over RMB8 million (inclusive) as “individual receivable with large amount” while recognizes product receivables over RMB2 million (included) as “individual receivable with large amount” and other receivables over RMB1 million (included) as “individual receivable with large amount”.
Provision method for account receivable with major individual amount and bad debt provision provided individually	The Company performs impairment examination individually on each large amount receivables, and recognizes impairment and provides bad debt provision when the impairment is recognized based on objective evidence. Those not impaired are accounted along with the minor amount receivables and recognized in risk groups.

(2) Recognition and providing of bad debt provisions on groups

Group	Method of bad debt provision
Account age	Aging method

Receivables adopting the aging method in the group:

Applicable Inapplicable

Age	Providing rate for receivable account	Providing rate for other receivables
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Within 1 year (inclusive)	3.00%	3.00%
1-2 years	10.00%	10.00%
2-3 years	30.00%	30.00%
Over 3 years	50.00%	50.00%

Receivables adopting the balance percentage method in the group

Applicable Inapplicable

Receivables adopting other methods in the group

Applicable Inapplicable

(3) Receivables with not major individual amount and bad debt provision provided individually

Reasons for separate bad debt provision	Long account age or deterioration of customer creditability
Method of bad debt provision	According to the difference between the present value of future cash flow and the book value

11. Inventories

(1) Classification of inventories

The Group's inventories include purchased materials, raw materials, low-value consumables, OEM materials, products in process, semi-finished goods, finished goods, inventory, development products, and construction in process.

(2) Pricing of delivering inventory

Inventories are measured at cost when procured. Raw materials, products in process, commodity stocks in transit and sel-made semi-finished products are measured by the weighted average method.

Construction contracts are measured by the effective cost, including direct and indirect expenses generated before the contracts are fulfilled. Costs generated and recognized accumulatively by construction in process and settled payment are listed in the balance sheet as offset net amounts. The excessive part of the sum of the generated costs and recognized gross profit (loss) over the settled payment is listed inventories; the excessive part of the settled payment over the sum of the generated costs and recognized gross profit (loss) is listed as the prepayment received.

Travel and bidding expenses generated by execution of contracts, if they can be separated and reliably measured and it is likely to enter into contracts, are accounted as the contract cost when the contracts are entered into; or into the current gain/loss account if the conditions are not met.

The development costs include land transfer payment, infrastructure and facility costs, installation engineering costs, borrows before completion of the development and other costs during the development process.

(3) Recognition of inventory realizable value and providing of impairment provision

The realizable net value of inventory is the estimated sales prices of the inventory less costs to be incurred until the completion, estimated sales expense and taxes. The realizable net value of inventory should be recognized based on solid evidence with the purpose of the inventory and after-balance-sheet-date events taken into consideration.

If the inventory cost is higher than the realizable net value on the balance sheet date, the inventory depreciation provision should be made. The Group makes inventory depreciation provision for separate or a type of inventory. If factors affecting the inventory value disappear on the balance sheet date, the depreciation provision made should be reversed to the original value.

(4) Inventory system

The Group uses perpetual inventory system.

(5) Amortizing of low-value consumables and packaging materials

Low-value consumables are amortized on on-off amortization basis at using.

12. Long-term share equity investment

The Group's long-term equity investment includes control on invested entities and significant impacts on equity investment. Invested entities on which the Group has significant impacts are associates of the Group.

(1) Recognition of initial investment costs

Long-term equity investment generated by enterprise merger: for long-term equity investment obtained by merger of enterprises under common control, the obtained share of book value of the interests of the merged party's owner in the consolidated financial statements on the merger date is the investment costs; for long-term equity investment obtained by merger of enterprises not under common control, the merger cost is the investment cost.

For long-term equity investment obtained by cash, the actually paid consideration is the initial investment cost.

(2) Subsequent measurement and recognition of gain/loss

Investments by the Company in subsidiaries are calculated using the cost method; in joint ventures are calculated using the equity method.

For the long-term equity investment measured on the cost basis, except for the announced cash dividend or profit included in the practical cost or price when the investment was made, the cash dividends or profit distributed by the invested entity are recognized as investment gains in the current gain/loss account.

When the equity method is used to measure long-term equity investment, the investment cost will not be adjusted if the investment cost of the long-term equity investment is larger than the share of fair value of the recognizable assets of the invested entity. When it is smaller than the share of fair value of the recognizable assets of the invested entity, the book value will be adjusted and the difference is included in the current gains of the investment.

When the equity method is used, the current investment gain is the share of the net gain realized in the current year that can be shared or borne, recognized as investment gain and other misc. income. The book value of the long-term equity investment is adjusted accordingly. The book value of the long-term equity investment should be accordingly decreased based on the share of profit or cash dividend announced by the invested entity; according to other changes in the owner's equity except for net profit and

loss, other misc income and profit distribution of the invested entity, adjust the book value of the long-term equity investment and record it in the capital surplus (other capital surplus). When the share of the net gains that can be enjoyed is recognized, it is recognized after the net profit of the invested entity is adjusted based on the fair value of the recognizable assets of the invested entity according to the Company's accounting policies and accounting period.

Where substantial influence on invested entities is imposed or joint control is implemented due to increase in investment, the sum of the fair value of the original equity and increased investment on the conversion date is the initial investment cost under the equity method. The difference between the fair value and book value of the original equity on the conversion date and the accumulative change in the fair value originally accounted in other misc. income should be transferred into the profit and loss of the current period using the equity method.

Where joint control or substantial influence on invested entities is lost due to disposal of part of investment, the remaining equity after the disposal should be treated according to the Enterprise Accounting Standard No.22 – Recognition and Measurement of Financial Instruments from the date of losing the joint control or substantial influence. The difference between the fair value and book value should be accounted the profit and loss of the current period. For other misc. incomes of original share equity investment determined using the equity method, when the equity method is no longer used, it should be treated based on the same basis of the treatment of related assets or liability of the invested entities; the other owners' interests related to the original share equity investment should be transferred to gain/loss of the current period.

Where the disposal of part of the equity investment leads to loss of control on the invested entity, and the remaining equity after the disposal can impose common control or significant impacts on the invested entity, use the equity method and make adjustment as if the equity method was used when the remaining equity was acquired. If not, perform accounting treatment according to provisions in the Enterprise Accounting Standard No.22 – Recognition and Measurement of Financial Tools. The difference between the fair value and book value on the date of losing control should be transferred into the profit and loss of this period.

Where the Company's shareholding decreases and the Company loses the control due to increased investment by another investor, but the Company can still impose common control or significant impacts on the invested entity, the share of increased net assets of the invested entity that can be shared by the Company should be calculated based on the new shareholding, the difference between the net assets and original book value of the original long-term equity investment should be recorded in the profit and loss of this period and adjusted as if equity method was used when it was acquired according to the new shareholding proportion.

Internal transaction gain not realized between the Company and affiliates is measured according to the shareholding proportion and the investment gains is recognized after deduction. The unrealized internal transaction loss between the Company and the invested entity is the impairment loss of transferred assets and should not be written off.

(3) Basis for recognition of major influence on invested entities

Major influence refers to the power to participate in decision-making of financial and operation policies of a company, but cannot control or jointly control the making of the policies. When considering whether the Company can impose significant impacts on the invested entity, impacts of conversion of shares with voting rights held directly or indirectly by the investor and voting rights that can be executed in this period held by the investor and other party into shares of the invested entity should be considered.

When Company directly or indirectly holds 20% (inclusive) but less than 50% of the shares with voting rights of the invested entity, it is generally considered that the Company can impose significant impacts unless there is clear evidence proving that the Company shall not participate in the production and business decision making of the company; when the Company holds less than 20% of the shares with voting rights, it is generally not considered that the Company has significant impacts on the invested entity,

unless there is clear evidence proving the contrary.

(4) Impairment examination and providing of impairment provision

See Note V. 18 for the assets impairment provision method for investment in subsidiaries and joint ventures.

13. Investment real estates

Measuring mode of investment real estate

Measurement at fair value

Basis of choosing the measurement at fair value

Investment real estates of the Group are buildings leased.

For investment real estate with an active real estate transaction market and the Group can obtain market price and other information of same or similar real estate to reasonably estimate the investment real estates' fair value, the Group will use the fair value mode to measure the investment real estate subsequently. Variations in fair value are accounted into the current gain/loss account.

The fair value of investment real estate is determined with reference to the current market prices of same or similar real estates in active markets; when no such price is available, with reference to the recent transaction prices and consideration of factors including transaction background, date and district to reasonably estimate the fair value; or based on the estimated lease gains and present value of related cash flows.

For an investment real estate whose fair value is proven unable to be obtained continuously and reliably by objective evidence, the real estate will be measured at cost basis until it is disposed and no residual value remains as assumed.

The difference of the proceeds from sales, transfer, retirement or destruction of investment real estates with book value and related taxes deducted is accounted into the current gain/loss account.

14. Fixed assets

(1) Recognition conditions

Fixed assets is defined as the tangible assets which are held for the purpose of producing goods, providing services, lease or for operation & management, and have more than one accounting year of service life. The fixed assets can only be recognized when economic interests related to the fixed assets are very likely to flow into the company and the costs of the fixed assets can be reliably measured. The Group measures fixed assets at the actual costs when the fixed assets are obtained

(2) Depreciation method

Type	(2) Depreciation method	Service year	Residual rate	Annual depreciation rate %
Houses & buildings	Average age	35-45	10	2-2.57
Mechanical equipment	Average age	10	10	9

Transportation facilities	Average age	5	10	18
Electronics and other devices	Average age	5	10	18
PV power plants	Average age	20	5	4.75

15. Construction in process

The Group recognizes the cost of construction in process according to the actual construction expense, including necessary engineering expenses, borrowing costs to be capitalized before the engineering reaches the preset service condition and other related costs.

Construction in process will be transferred to fixed assets when it reaches the preset service condition.

See Note V. 18 for the provision method for construction in process.

16. Borrowing expenses

(1) Recognition principles for capitalization of borrowing expenses

Borrowing expenses occurred to the Group that can be accounted as purchasing or production of asset satisfying the conditions of capitalizing, are capitalized and accounted as cost of related asset. Borrowing expenses start to be capitalized when all of the followings are satisfied:

(1) Asset expense has already occurred. Asset expenses include cash payment, non-cash asset transferring, or undertaking of debt with interest done for purchasing or producing of assets;

(2) The borrowing expense has already occurred;

(3) Purchasing or production activity, which is necessary for the asset to reach the useful status, has already started.

(2) During borrowing expense capitalization

When the asset satisfying the capitalizing conditions has reached its usable or sellable status, capitalizing of borrowing expenses shall be terminated. Borrowing expenses incurred after assets that meet capitalization conditions reach the service or sales conditions are accounted into the current gain/loss account according to the actual amounts.

If the construction or production of assets satisfying the capitalizing conditions is suspended abnormally for over 3 months, capitalizing of borrowing expenses shall be suspended. During the normal suspension period, borrowing expenses will be capitalized continuously.

(3) Calculation of the capitalization amount of borrowing expense

Interest expenses generated by special borrowings less the interests income obtained from the deposit of unused borrowings or investment gains from temporary investment is capitalized; the capitalization amount for general borrowing is determined based on the capitalization rate which is the exceeding part of the accumulative assets expense over weighted average of the assets expense of the special borrowing/used general borrowing. The capitalization ratio is the weighted average interest rate of general borrowings.

In the capitalization period, the exchange difference of special borrowings in foreign currencies should be fully capitalized. The exchange difference should be recorded in the profit and loss of this period.

17. Intangible assets

(1) Pricing method, service life and depreciation test

The Group's intangible assets include land using rights, trademarks, patent, special technologies, and software.

Intangible assets are initially measured at costs and the useful life will be determined when obtained. Where the useful life is limited, the intangible assets will be amortized within the predicted useful life by using the amortization method that can reflect predicted realization way of the economic benefit of the assets; whether the realization way cannot be reliably confirmed, use the straight-line method. If the useful life is uncertain, the intangible assets are not amortized.

Intangible assets with limited useful life are amortized as followings:

Type	Useful life	Basis of amortization	Notes
Land using right	Beneficial age	Average age	
Trademarks and patents	10	Average age	
Proprietary technology	10	Average age	
Computer software	5, 10 years	Average age	

At the end of each year, the Group will reexamine the useful life and amortization basis of intangible assets with limited useful life. If they change, adjust the prediction and handle it according to accounting estimate changes.

On the balance sheet day, if the intangible assets become unlikely to bring future economic benefits for the Group, transfer all the intangible assets' book value into the current gain/loss account.

See Note V. 18 for the impairment provision method for intangible assets.

(2) Accounting policies for internal R&D expenses

The Group divides internal R&D project expenses into research and development expenses.

The research expenses are accounted the current gain/loss account.

Development expenses can only be capitalized when the following conditions are satisfied: the technology is feasible for use or sales; there is the intention to use or sell the intangible assets; it can be proven that the product generated by the intangible assets is demanded or the intangible assets in demanded; if the intangible is used internally, it can be proven that it is useful; with necessary technical and financial resources and other resources to complete the development of the intangible assets and the intangible assets can be used or sold; the development expense can be reliably measured. If not, the development expense is accounted into the current gain/loss account.

If a research project meets the above-mentioned conditions and passes the technical and economic feasibility study, the project will enter the development stage.

Expenses in the development stage capitalized are listed as development expense on the balance sheet and transferred to intangible

assets when the project reaches the useful condition.

18. Assets impairment

The Group uses the cost mode to continue measuring the assets impairment to investment real estate, fixed assets construction in progress, intangible assets and goodwill (except for the inventories, investment real estate measured by the fair value mode, deferred income tax assets and financial assets). The method is determined as follows:

The Group judges whether there is a sign of impairment to assets on the balance sheet day. If such sign exists, the Group estimates the recoverable amount and conducts the impairment test. Impairment test is conducted annually for goodwill generated by mergers and intangible assets that have not reached the useful condition no matter whether the impairment sign exists.

The recoverable amount is determined by the higher of the net of fair value minus disposal expense and the present value of the predicted future cash flow. The Group estimates the recoverable amount on the individual asset item basis; whether it is hard to estimate the recoverable amount on the individual asset item basis, determine the recoverable amount based on the asset group that the assets belong to. The assets group is determined by whether the main cash flow generated by the group is independent from those generated by other assets or assets groups.

When the recoverable amount of the assets or assets group is lower than its book value, the Group writes down the book value to the recoverable amount, the write-down amount is accounted into the current income account and the assets impairment provision is made.

For goodwill impairment test, the book value of goodwill generated by mergers is amortized through reasonable measures since the purchase day to related asset groups; those cannot be amortized to related assets groups are amortized to related combination of asset groups. The related asset groups or combination of asset groups refer to those that can benefit from the synergistic effect of mergers and must not exceed to the reporting range determined by the Group.

When the impairment test is conducted, if there is sign of impairment to the asset group or combination of asset groups related to goodwill, first perform impair test for asset group or combination of asset groups without goodwill and calculate the recoverable amount and recognize the related impairment loss. Then conduct impairment test on those with goodwill, compare the book value with recoverable amount. If the recoverable amount is lower than the book value, recognize the impairment loss of the goodwill.

Once recognized, the asset impairment loss cannot be written back in subsequent accounting period.

19. Long-term amortizable expenses

The Group's long-term amortizable expenses are measured at the actual costs and amortized averagely based on the beneficial term. For long-term amortizable expenses that are not beneficial in the subsequent account periods, the residual value is fully accounted into the current gain/loss account.

20. Staff remuneration

(1) Accounting of operational leasing

A. Scope of staff remuneration

Staff remuneration is the compensation paid by the employer to the staff for the services they provide or for termination of the working relationship. Staff remuneration includes short-term remuneration and post-employment welfare.

B. Short-term remuneration

The Group pays for the medical insurance, job injury insurance and breeding insurance and housing fund according to employees' wages and bonus and recognizes them as liabilities, which are recorded into the profit and loss or related assets costs in the current period. If the liabilities cannot be fully paid within 12 months upon the end of the report period in which the employees provide service, and the financial impacts are substantial, the liabilities should be measured at the discounted amount.

(2) Accounting of post-employment welfare

The post-employment welfare of the Group is a defined plan, which means that the Company does not need to assume any responsibility after making fixed contribution to an independent fund. The defined plan includes basic pension and unemployment insurance. The contribution of the plan is recognized as liabilities and recorded in the profit and loss of this period or related assets costs.

(3) Accounting of dismiss welfare

Where the Group provides dismiss welfare for employees, the staff remuneration liabilities is recognized on the earlier one of the following two date: when the Group cannot cancel the dismiss welfare provided for termination of employment or layoff; when the Group recognizes the costs or expenses of reorganization related to the payment of dismiss welfare.

21. Anticipated liabilities

When responsibilities occurred in connection to contingent issues, and all of the following conditions are satisfied, they are recognized as expectable liability in the balance sheet:

- (1) This responsibility is a current responsibility undertaken by the Group;
- (2) Execution of this responsibility may cause financial benefit outflow from the Group;
- (3) Amount of the liability can be reliably measured.

Expected liabilities are initially measured at the best estimation on the expenses to exercise the current responsibility. The book value of expected liability is revised at balance sheet day, and adjustment will be made to reflect current best estimation.

22. Revenue

(1) General principles

1. Sales of goods

When all of the following conditions are satisfied, the sales of goods are recognized as sales income according to the contract amount received or receivable from the buyer: (1) Main risks and rewards attached to the ownership of the goods have been transferred to the buyer; (2) No succeeding power of administration or effective control is reserved which are usually attached to ownership; (3) Amount received can be reliably measured; (4) Related financial benefit may inflow to the Company; (5) Relative

costs, occurred or will occur, can be reliably measured.

2. Providing of labor service

If they are not in the same year, then use the estimation on percentage basis when it is possible.

The completion percentage is the costs occurred on the total cost.

The reliable estimation of the result of providing of labor service must meet the following conditions: A. the revenue can be reliably measured; B. the economic benefit is very likely to flow into the company; C. the completion can be determined reliably; D. costs incurred or will be incurred can be reliably measured.

If the result cannot be reliably estimated, use the service cost amount of the compensation obtained or will be obtained to recognize the revenue of the providing of labor service and recognize the incurred labor service cost as the current expense. If no compensation can be obtained for incurred labor service cost, no revenue can be recognized.

3. Demising of asset using rights

The revenue is recognized when the financial benefit in connection with the demising of asset using right was received and the amount can be reliably measured.

4. Construction contracts

On the balance sheet day, the Group recognizes the contract income and costs using the completion percentage method if the result of the construction contract can be reliably estimated. If not, such contracts are treated differently. If the contract cost can be recovered, the revenue is recognized according to the actual contract costs that can be recovered and the contract cost is recognized as the current expense; if not, the contract cost is recognized as the current expense and no revenue is recognized.

If the estimated total costs exceed the total revenue, the Group recognizes the estimated loss as the current expense.

The completion percentage is determined by the share of the costs incurred in the total cost.

The reliable estimation of the result of a construction contract must meet the following conditions: A. the revenue can be reliably measured; B. the economic benefit is very likely to flow into the company; C. the completion cost can be clearly distinguished and determined reliably; D. the completion and costs that will be incurred for completion of the contract can be reliably recognized.

(2) Specific revenue recognition method

① Construction contracts

Metro screen door projects of the Company and Shenzhen Fangda Automatic System, and curtain wall project of Fangda Jianke are individual construction contracts. They are accounted by the following means:

Construction contracts completed within a fiscal year are recognized for their income and cost upon completion.

Income and expenses of the construction contracts carried over-year are recognized on percentage basis at balance sheet day

when all of the following conditions are satisfied: contract income can be reliably measured, relative financial benefit can inflow to the Company; progress of the project and costs to complete the contract can be reliably recognized; cost occurred to complete the contract can be clearly distinguished and reliably measured, which enables comparing of actual cost with predicted cost.

Contract costs are direct and indirect expenses occurred since the date when the contract is engaged till the completion day. The competition percentage is determined by the share of the costs incurred in the total cost.

Construction contracts completed in current term are recognized for income according to the actual total income of the contract less income recognized in previous terms; meanwhile, the total costs of the contract less costs recognized in previous terms are recognized as current contract costs. If the total contract cost is predicted to be greater than the predicted total income, the predicted loss shall be recognized as current cost instantly.

② Sales product

Revenue of products for domestic sales is recognized when the Group delivers the products and receives the sales payment or obtains the payment voucher; revenue for products for overseas sales is recognized at departure of the products.

23. Government subsidy

(1) Judgment basis and accounting treatment of assets-related government subsidy

Government subsidies related to assets are obtained by the Group to purchase, build or formulate in other manners long-term assets; or subsidies related to benefits.

For subsidies that can formulate long-term assets without clear government regulations, the part of the subsidies corresponding to the asset value will be measured as assets-related government subsidies, while the rest of them will be measured as benefit-related government subsidies. Where it is difficult to distinguish them from each other, the whole subsidies will be measured as benefit-related government subsidies.

Government subsidies in connection with capital are recognized as deferred income, and amortized straight to its useful life, and accounted into current income account.

(2) Judgment basis and accounting treatment of return-related government subsidy

Government subsidies in connection with gains, which are used to cover current expenses or losses, are recognized as current gain/loss, if used to cover future expenses or losses, recognized as deferred gains, and recorded to current income account to the period when the expenses are recognized. Government subsidy measured at the nominal amount is accounted into current income account.

If a recognized government subsidy needs to be returned, if there are relative deferred gains, the balance of deferred gains will be setoff, the exceeded part shall be recorded into current income account; if there is no relative deferred gain, record to current income account directly.

24. Deferred income tax assets and deferred income tax liabilities

Income tax includes current and deferred income tax. Except for the adjustment goodwill generated by mergers or deferred income tax related to transactions or events directly accounted into the owners' equity, income tax is accounted as income tax

expense into the current gain/loss account.

The Group uses the temporary difference between the book value of the assets and liabilities on the balance sheet day and the tax base and the liabilities method to recognize the deferred income tax.

The taxable temporary difference recognizes the related deferred income tax liabilities, unless the taxable temporary difference is created by the following transactions:

(1) Initial recognition of goodwill, or of assets or liabilities generated in transactions with the following features: the transaction is not a merger and the transaction does not affect the accounting profit or taxable proceeds;

(2) For taxable temporary difference related to investment in subsidiaries and affiliates, the reversal timing for the temporary difference can be controlled and the difference is unlikely to be reversed in the foreseeable future.

For deductible temporary difference, deductible loss and tax deduction that can be accounted in subsequent years, the Group recognizes the incurred deferred income tax assets to the extent to the future income tax proceeds that is very likely to be received for deducting deductible temporary difference, deductible loss and tax deduction, unless the deductible temporary difference is generated in following transactions:

(1) the transaction is not a merger and the transaction does not affect the accounting profit or taxable proceeds;

(2) for the taxable temporary difference related to investment in subsidiaries and affiliates, the corresponding deferred income tax assets are recognized when the following condition is met: the temporary difference is very likely to be reversed in the foreseeable future and it is very likely to receive the taxable proceeds that can be used to deduct the deductible temporary difference.

On the balance sheet day, the Group measures the deferred income tax assets and liabilities with the tax rate applicable during the predicted period during which the assets are recovered or the liabilities are paid off and reflects the income tax influence of the assets recovery and liabilities repayment way on the balance sheet day.

On the balance sheet day, the Group re-examines the book value of the deferred income tax assets. If it is unlikely to have adequate taxable proceeds to reduce the benefits of the deferred income tax assets, less the deferred income tax assets' book value. When there is adequate taxable proceeds, the lessened amount will be reversed.

25. Leasing

(1) Accounting of operational leasing

A. The Group is the lessor

Rentals from operational leasing are recognized as current gains on straight basis to the periods of leasing. Initial direct expenses are recorded to current income account.

B. The Group is the lessee

Rentals in operational leasing are recorded to relative capital cost or current income account on straight basis to the periods of leasing. Initial direct expenses are recorded to current income account.

26. Other significant accounting policies and estimates

Accounting of hedging

When the hedging relationship is initially specified, the Group officially specifies the related hedging relationships with official documents recording the hedging relationships, risk management targets and hedging strategies. The documents record hedging tools, hedged items or transactions, nature of risks, and how the Company values the effectiveness of the fair value change caused by risks. The Group forecasts that the hedging are highly effective in offsetting the fair value changes. The Group will continue review the effectiveness of the hedging relationships to ensure that the effectiveness of the hedging relationships in the report period.

Some derivative financial tool transactions are provide effective economic hedging against risks under the Group's risk management situation. However, they do not comply with the conditions for using hedging accounting and are treated at derivative financial tools held for transactions. Their fair value is recorded in gain and loss.

27. Major changes in accounting policies and estimates

(1) Changes in accounting policies

Applicable Inapplicable

(2) Changes in major accounting estimates

Applicable Inapplicable

28. Others

29. Significant accounting judgment and estimate

The Group continuously reviews significant accounting judgment and estimate adopted for the reasonable forecast of future events based on its historical experience and other factors.

Significant accounting judgment and assumptions that may lead to major adjustment of the book value of assets and liabilities in the next accounting year are listed as follows:

(1) Goodwill impairment

The Group judges whether there is impairment to goodwill at least annually. This required valuation of the use value of the asset groups with goodwill. While estimating the use value, the Group needs to estimate the cash flow from the asset group in the future and choose the proper discount rate to calculate the present value of the future cash flow.

(2) Estimate of fair value

The Group uses fair value to measure investment real estate and needs to estimate the fair value of investment real estate at least quarterly. This requires the management to reasonably estimate the fair value of the investment real estate with the help of valuation experts.

(3) Deferred income tax assets

If there is adequate taxable profit to deduct the loss, the deferred income tax assets should be recognized by all the unused tax loss. This requires the management to make a lot of judgment to forecast the time and amount of future taxable profit and determine the amount of the deferred tax assets based on the taxation strategy.

(4) Construction contracts

The Group recognizes income based on the completion of individual construction contract. The management determines the completion percentage based on the actual cost in the total budget and forecasts the contract income. The starting and completion dates of construction contracts fall in different account periods. The Group will review and adjust contract income and cost estimation in budgets (if the actual contract income is less than the estimate or actual contract cost, contract estimation loss provision will be made).

VI. Taxation

1. Major taxes and tax rates

Tax	Tax basis	Tax rate
VAT	Taxable income	6%、13%、17%
Business tax	Taxable income	3%、5%
City maintenance and construction tax	Taxable turnover	1%、5%、7%
Enterprise income tax	Taxable income	15%、16.5%、25%
Education surtax	Taxable turnover	3%
Local education surtax	Taxable turnover	2%

Tax rates applicable for different tax payers

Tax payer	Income tax rate
The Company	25%
Shenzhen Fangda Jianke Group Co., Ltd.	15%
Shenzhen Fangda Automation System Co., Ltd.	15%
Shenzhen Woke Semi-conductor Lighting Co., Ltd.	25%
Fangda New Materials (Jiangxi) Co., Ltd.	15%
Jiangxi Fangda New Type Aluminum Co., Ltd.	25%
Shenyang Fangda Semi-conductor Lighting Co., Ltd.	25%
Dongguan Fangda New Material Co., Ltd.	25%
Shenzhen Kexunda Software Co., Ltd.	12.5%
Chengda Fangda Construction Technology Co., Ltd.	15%
Fangda Decoration Engineering (Shenyang) Co., Ltd.	25%
Shenzhen Fangda Property Development Co., Ltd.	25%
Shenzhen Fangda New Energy Co., Ltd.	25%

Guangdong Fangda SOZN Lighting Co., Ltd.	25%
Shenzhen Fangda Property Management Co., Ltd.	25%
Shenzhen Qianhai Kechuangyuan Software Co., Ltd.	15%
Jiangxi Fangda Property Development Co., Ltd.	25%
Ganzhou Longneng New Energy Co., Ltd.	25%
Pingxiang Fangda Luxin New Energy Co., Ltd.	25%
Pingxiang Xiangdong Fangda New Energy Co., Ltd.	25%
Nanchang Xinjian Fangda New Energy Co., Ltd.	25%
Dongguan Fangda New Energy Co., Ltd.	25%
Fangda Automation (Hong Kong) Co., Ltd.	16.5%

2. Tax preference

(1) According to the Certification of High-tech Enterprise issued by Shenzhen Commission of Technological Innovation, Shenzhen Commission of Finance, Shenzhen National Tax Bureau, and Shenzhen Local Tax Bureau on 19.06.15, Fangda Jianke was entitled to enjoy a tax preference of enterprise income tax of 15% for three years (2015-2017) since the qualifications were awarded.

(2) According to the Certification of High-tech Enterprise issued by Shenzhen Commission of Technological Innovation, Shenzhen Commission of Finance, Shenzhen National Tax Bureau, and Shenzhen Local Tax Bureau on 19.06.15, Fangda Decoration was entitled to enjoy a tax preference of enterprise income tax of 15% for three years (2015-2017) since the qualifications were awarded.

(3) According to the Certification of High-tech Enterprise issued by Jiangxi Ministry of Science and Technology, Jiangxi Ministry of Finance, Jiangxi National Tax Bureau, and Jiangxi Local Tax Bureau on 25.09.15, Fangda New Material was entitled to enjoy a tax preference of enterprise income tax of 15% for three years (2015-2017) since the qualifications were awarded.

(4) On December 25, 2013, Kexunda was certified by Shenzhen Nanshan National Tax Bureau as a software and integrated circuit designer according to the Shenzhen National Tax Reduction Registration [2013] No.739 and will enjoy exemption from the enterprise income tax for two years and 50% reduction of the same tax for another three years from the year that the company starts making a net profit. Kexunda started making profits in 2013 and therefore starts to enjoy the exemption. 50% reduction in 2016

(5) On November 7, 2014, Chengdu Fangda was certified by Sichuan Xinjin National Tax Bureau as an encourage industry company in the west China (Xin Jin National Tax Doc. [zzy024]) and started to enjoy a tax rate of 15%.

(6) On November 2, 2015, Dongguan New Energy was certified by Dongguan National Tax Bureau Songshanhu branch as the national supported public infrastructure project according to the Song Shan Hu Tax Doc [2015] 3305. The company is exempted from enterprise income tax for three years and halfly exempted for another three years. In 2015, the company entered the exemption period.

(7) According the Notice of Providing Guangdong Hengqing New District, Fujian Pingtan Pilot Zone and Shenzhen Qianhai Shenzhen-Hong Kong Modern Service Cooperation Zone with Tax Preference Policies, Kechuangyuan Software enjoys an income tax rate of 15%.

(8) On March 2, 2016, according to the document issued by Luxi National Tax Bureau, the PV power generation project undertaken by Pingxiang Fangda Luxin New Energy Co., Ltd, became the infrastructure project supported by the central government. the

company enjoys a three-year enterprise income tax relief and 50% reduction for another three years. In 2016, the company entered the exemption period.

(9) On 02.06.16, according to the document issued by Nanchang Xinjian District National Tax Bureau, the PV power generation project undertaken by Nanchang Xinjian Fangda New Energy Co., Ltd, became the infrastructure project supported by the central government. the company enjoys a three-year enterprise income tax relief and 50% reduction for another three years. In 2016, the company entered the exemption period.

VII. Notes to the consolidated financial statements

1. Monetary capital

In RMB

Items	Closing balance	Opening balance
Inventory cash:	18,968.85	28,072.46
Bank deposits	361,783,369.83	266,315,876.39
Other monetary capital	132,161,694.15	134,609,388.47
Total	493,964,032.83	400,953,337.32
Including: total amount deposited in overseas	5,838,686.27	5,722,165.37

Other note

(1) A bank deposit of RMB457,119.83 of Fangda SOZN was frozen by the court due to a lawsuit.

(2) The closing balance of the book value of the other monetary capital of RMB132,161,694.15 is mainly the futures, bank acceptance bill and guarantee deposit and investment, including a deposit of RMB125,942,682.59. The deposit and frozen deposit shall not be treated as cash and cash equivalent in the preparation of cash flow statements.

2. Financial assets measured at fair value with variations accounted into current income account

In RMB

Items	Closing balance	Opening balance
Transactional financial assets	14,132,823.12	14,546,206.58
Investment in equity tools	14,132,823.12	14,546,206.58
Total	14,132,823.12	14,546,206.58

Others:

The closing balance is the fair value of the shares of SINO OIL & GAS acquired by Shihui International Holding Co., Ltd.

3. Derivative financial assets

Applicable Inapplicable

In RMB

Items	Closing balance	Opening balance
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Hedging tools	1,230,425.00	
Total	1,230,425.00	

Others:

The hedging tools are mainly the float profit of the Shanghai aluminum futures purposed by the Group for hedging.

4. Notes receivable

(1) Classification of notes receivable

In RMB

Items	Closing balance	Opening balance
Bank acceptance	8,987,900.00	10,289,884.74
Commercial acceptance	38,355,993.07	86,957,775.82
Total	47,343,893.07	97,247,660.56

(2) The Group has no endorsed or discounted immature receivable notes at the end of the period.

In RMB

Items	De-recognized amount	Not de-recognized amount
Bank acceptance	57,159,591.85	
Total	57,159,591.85	

5. Account receivable

(1) Account receivable disclosed by categories

In RMB

Type	Closing balance					Opening balance				
	Remaining book value		Bad debt provision		Book value	Remaining book value		Bad debt provision		Book value
	Amount	Proportion	Amount	Provision rate		Amount	Proportion	Amount	Provision rate	
Recognition and providing of bad debt provisions on groups	1,769,099,272.43	99.53%	218,427,873.98	12.35%	1,550,671,398.45	1,611,975,331.93	99.41%	206,824,197.04	12.83%	1,405,151,134.89
Account receivable with minor individual amount and bad debt provision provided individually	8,401,991.28	0.47%	7,834,991.28	93.25%	567,000.00	9,541,655.45	0.59%	8,974,655.45	94.06%	567,000.00

Total	1,777,501,263.71	100.00%	226,262,865.26	12.70%	1,551,238,398.45	1,621,516,987.38	100.00%	215,798,852.49	13.31%	1,405,718,134.89
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Account receivable with major individual amount and bad debt provision provided individually at the end of the period:

Applicable Inapplicable

In the group, the account receivable of which bad debt provision is made through the account aging method:

Applicable Inapplicable

In RMB

Age	Closing balance		
	Account receivable	Bad debt provision	Provision rate
Sub-item of within 1 year			
Subtotal for less than 1 year	1,035,044,611.13	31,051,338.33	3.00%
1-2 years	366,541,563.92	36,654,156.39	10.00%
2-3 years	165,149,806.49	49,544,941.95	30.00%
Over 3 years	202,363,290.89	101,177,437.31	50.00%
Total	1,769,099,272.43	218,427,873.98	12.35%

Group recognition basis:

Account receivable adopting the balance percentage method in the group

Applicable Inapplicable

Account receivable adopting other methods in the group:

(2) Bad debt provision made, returned or recovered in the period

A bad debt provision of RMB10,426,012.77 was made in the period. RMB0.00 was recovered or reversed.

(3) Balance of top 5 accounts receivable at the end of the period

The total balance of top-five accounts receivable at the end of the period is RMB204,369,066.75, accounting for 11.50% of the total remaining balance of all accounts receivable. The bad debt provision made at the end of the period is RMB9,168,545.93.

6. Prepayment

(1) Account age of prepayments

In RMB

Age	Closing balance		Opening balance	
	Amount	Proportion	Amount	Proportion
Less than 1 year	46,582,659.66	82.40%	23,448,649.55	73.89%

1-2 years	5,550,072.69	9.82%	3,490,224.16	12.05%
2-3 years	3,013,006.67	5.33%	1,418,149.13	5.15%
Over 3 years	1,385,952.02	2.45%	1,700,041.06	8.91%
Total	56,531,691.04	--	30,057,063.90	--

Explanation of non-settlement of significant prepayments with an accounting age of more than 1 year:

(2) Balance of top 5 prepayments at the end of the period

The total of top5 prepayments in terms of the prepaid entities in the period is RMB15,013,300.76, accounting for 26.56% of the total prepayments at the end of the period.

7. Other receivables

(1) Other receivables disclosed by categories

In RMB

Type	Closing balance					Opening balance				
	Remaining book value		Bad debt provision		Book value	Remaining book value		Bad debt provision		Book value
	Amount	Proportion	Amount	Provision rate		Amount	Proportion	Amount	Provision rate	
Recognition and providing of bad debt provisions on groups	79,248,170.41	99.82%	13,884,211.11	17.52%	65,363,959.30	65,503,587.52	99.78%	12,407,639.06	18.94%	53,095,948.46
Other receivables with minor individual amount and bad debt provision provided individually	146,100.95	0.18%	146,100.95	100.00%		146,100.95	0.22%	146,100.95	100.00%	0.00
Total	79,394,271.36	100.00%	14,030,312.06	17.67%	65,363,959.30	65,649,688.47	100.00%	12,553,740.01	19.12%	53,095,948.46

Other receivables with major individual amount and bad debt provision provided individually at the end of the period:

Applicable Inapplicable

In the group, the other receivables of which bad debt provision are made through the account aging method:

Applicable Inapplicable

In RMB

Age	Closing balance		
	Other receivables	Bad debt provision	Provision rate
Sub-item of within 1 year			

Subtotal for less than 1 year	43,101,949.82	1,289,459.82	3.00%
1-2 years	12,409,679.80	1,240,967.99	10.00%
2-3 years	2,572,510.61	771,753.18	30.00%
Over 3 years	21,164,030.18	10,582,030.12	50.00%
Total	79,248,170.41	13,884,211.11	17.52%

Group recognition basis:

Other receivables adopting the balance percentage method in the group:

Applicable Inapplicable

Other receivables adopting other methods in the group

Applicable Inapplicable

(2) Bad debt provision made, returned or recovered in the period

A bad debt provision of RMB1,521,902.93 was made in the period. RMB0.00 was recovered or reversed.

(3) Other receivables are disclosed by nature

In RMB

By nature	Closing balance of book value	Opening balance of book value
Deposit	38,627,646.08	36,529,862.27
Construction borrowing and advanced payment	13,434,423.68	17,242,358.04
Staff borrowing and petty cash	6,094,442.72	3,062,219.75
Receivable refund of VAT		80,888.90
Others	21,237,758.88	8,734,359.51
Total	79,394,271.36	65,649,688.47

(4) Balance of top 5 other receivables at the end of the period

In RMB

Entity	By nature	Closing balance	Age	Percentage (%)	Balance of bad debt provision at the end of the period
Lanzhou Railway Transport Co., Ltd.	Performance deposit	6,931,316.60	Less than 1 year	9.00%	207,939.50
Wang Weihong	Engineering contracting payment	4,944,388.15	3-5 years	6.23%	2,436,976.26
Xin Song	Engineering contracting payment	2,620,327.61	Over 3 years	3.30%	1,310,163.81

Zeng Liang	Installation borrowing	2,345,324.74	Within 1 year, 1-2 years	2.95%	151,921.11
Zhejiang Baoye Construction Group Co., Ltd.	Deposit	1,500,000.00	Less than 1 year	1.89%	45,000.00
Total	--	18,341,357.10	--	23.10%	4,152,000.68

8. Inventories

(1) Classification of inventories

In RMB

Items	Closing balance			Opening balance		
	Remaining book value	Depreciation provision	Book value	Remaining book value	Depreciation provision	Book value
Raw materials	100,676,202.26	7,030,968.49	93,645,233.77	85,916,458.16	7,069,471.61	78,846,986.55
Product in process	8,485,541.05		8,485,541.05	6,971,619.92		6,971,619.92
Finished goods in stock	18,047,070.77	5,492,755.53	12,554,315.24	18,325,455.59	5,513,219.11	12,812,236.48
Assets unsettled for finished construction contracts	195,939,264.98	1,830,742.67	194,108,522.31	226,526,505.83	1,830,742.67	224,695,763.16
Low price consumable	97,882.79		97,882.79	69,223.68		69,223.68
OEM materials	2,957,939.00	1,218,716.77	1,739,222.23	8,791,959.78	1,218,716.77	7,573,243.01
Goods delivered	30,397,939.74		30,397,939.74	986,708,925.20		986,708,925.20
Development cost	1,276,730,902.33		1,276,730,902.33	28,913,305.53		28,913,305.53
Total	1,633,332,742.92	15,573,183.46	1,617,759,559.46	1,362,223,453.69	15,632,150.16	1,346,591,303.53

(2) Inventory depreciation provision

In RMB

Items	Opening balance	Increase in this period		Decrease in this period		Closing balance
		Provision	Others	Recover or write-off	Others	
Raw materials	7,069,471.61			38,503.12		7,030,968.49
Finished goods in	5,513,219.11			20,463.58		5,492,755.53

stock						
Assets unsettled for finished construction contracts	1,830,742.67					1,830,742.67
OEM materials	1,218,716.77					1,218,716.77
Total	15,632,150.16			58,966.70		15,573,183.46

(3) Balance at the end of the period includes capitalization of borrowing expense

The balance at the end of the period includes capitalization of borrowing expense of RMB65,615,732.80.

(4) Assets unsettled for finished construction contracts at the end of the period

In RMB

Items	Amount
Accumulative occurred costs	6,516,738,107.40
Accumulative recognized gross margin	1,351,236,573.89
Less: estimated loss	1,830,742.67
Settled amount	7,672,035,416.31
Assets unsettled for finished construction contracts	194,108,522.31

9. Other current assets

In RMB

Items	Closing balance	Opening balance
Input tax to be deducted	21,711,044.20	11,083,687.96
Bank financial products	88,000,000.00	
Prepaid income tax	4,870,410.15	312,030.09
Other prepaid taxes	26,465,777.76	
Total	141,047,232.11	11,395,718.05

10. Long-term share equity investment

In RMB

Invested entity	Opening balance	Change (+,-)								Closing balance	Balance of impairment
		Increased investment	Decreased investment	Investment gain and loss	Other miscellaneous	Other equity change	Cash dividend or profit	Impairment provision	Others		

				recognized using the equity method	income adjustment		announced				provision at the end of the period
1. Joint venture											
2. Associate											
Shenzhen Ganshang Joint Investment Co., Ltd.	8,511,197.98			-104,832.11						8,406,365.87	
Shenzhen Huihai Yirong Internet Service Co., Ltd.	1,978,482.95	3,000,000.00		-294,945.77						4,683,537.18	
Subtotal	10,489,680.93	3,000,000.00		-399,777.88						13,089,903.05	
Total	10,489,680.93	3,000,000.00		-399,777.88						13,089,903.05	

11. Investment real estates

(1) Investment real estate measured at costs

√ Applicable □ Inapplicable

Items	Houses & buildings	Land using right	Construction in process	Total
I. Book value				
1. Opening balance	37,176,315.46			37,176,315.46
2. Increase in this period	969,999.67			969,999.67
(1) External purchase	969,999.67			969,999.67
(2) Transfer-in from inventory\fixed assets\construction in progress				

(3) Increase due to enterprise merger				
3. Decrease in this period				
(1) Purchase				
Other transfer-out				
4. Closing balance	38,146,315.13			38,146,315.13
II. Accumulative depreciation and amortization				
1. Opening balance	6,462,722.25			6,462,722.25
2. Increase in this period	482,777.20			482,777.20
(1) Provision or amortization	482,777.20			482,777.20
(2) Other increases				
3. Decrease in this period				
(1) Purchase				
Other transfer-out				
4. Closing balance	6,945,499.45			6,945,499.45
III. Impairment provision				
1. Opening balance				
2. Increase in this period				
(1) Provision				
3. Decrease in this period				
(1) Purchase				
Other transfer-out				
4. Closing balance				
IV. Book value				
1. Closing book value	31,200,815.68			31,200,815.68
2. Opening book value	30,713,593.21			30,713,593.21

value				
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(2) Investment real estate measured at fair value

√ Applicable □ Inapplicable

In RMB

Items	Houses & buildings	Land using right	Construction in process	Total
I. Opening balance	304,615,212.53			304,615,212.53
II. Change in this period	10,576,793.91			11,064,016.38
Add: external purchase				
Transfer-in from inventory\fixed assets\construction in progress				
Increase due to enterprise merger				
Less: disposal				
Other transfer-out				
Change in fair value	10,576,793.91			10,576,793.91
III. Closing balance	315,192,006.44			315,192,006.44

12. Fixed assets**(1) Fixed assets**

In RMB

Items	Houses & buildings	PV power plants	Mechanical equipment	Transport equipment	Electronics and other devices	Total
I. Original book value:						
1. Opening	385,847,642.37	11,976,788.22	247,336,323.55	23,991,910.96	61,711,430.90	730,864,096.00

balance						
2. Increase in this period	4,754,584.02	119,004,106.84	271,827.99		956,780.42	124,987,299.27
(1) Purchase	4,754,584.02		271,827.99		956,780.42	5,983,192.43
(2) Transfer-in of construction in progress		119,004,106.84				119,004,106.84
(3) Increase due to enterprise merger						
3. Decrease in this period	5,261,300.00		3,995,619.57	858,315.98	278,406.21	10,393,641.76
(1) Disposal or retirement	5,261,300.00		3,995,619.57	858,315.98	278,406.21	10,393,641.76
4. Closing balance	393,644,815.07	130,980,895.06	235,566,334.99	22,443,141.81	62,822,566.58	845,457,753.51
II. Accumulative depreciation						
1. Opening balance	44,529,102.62	142,224.36	164,822,823.46	12,742,115.74	29,046,564.97	251,282,831.15
2. Increase in this period	4,977,656.99		3,075,191.28	1,316,336.72	3,446,364.96	12,815,549.95
(1) Provision	4,977,656.99		3,075,191.28	1,316,336.72	3,446,364.96	12,815,549.95
3. Decrease in this period	248,046.22		3,500,757.61	712,338.40	179,265.23	4,640,407.46
(1) Disposal or retirement	248,046.22		3,500,757.61	712,338.40	179,265.23	4,640,407.46
4. Closing balance	49,258,713.39	142,224.36	164,397,257.13	13,346,114.06	32,313,664.70	259,457,973.64
III. Impairment provision						
1. Opening balance	277,744.50		16,654,521.84			16,932,266.34
2. Increase in this period						
(1) Provision						
3. Decrease in this period						

(1) Disposal or retirement						
4. Closing balance	277,744.50		16,654,521.84			16,932,266.34
IV. Book value						
1. Closing book value	335,804,468.50	130,838,670.70	62,560,753.00	9,787,480.92	30,076,140.41	569,067,513.53
2. Opening book value	341,318,539.75	11,834,563.86	82,513,500.09	11,249,795.22	32,664,865.93	479,581,264.85

(2) Temporary idle fixed assets

In RMB

Items	Book value	Accumulative depreciation	Impairment provision	Book value	Notes
Houses & buildings	46,833,628.81	7,104,241.18	277,744.50	39,451,643.13	
Others	113,772,312.12	79,420,106.64	15,300,132.34	19,052,073.14	
Total	160,605,940.93	86,524,347.82	15,577,876.84	58,503,716.27	

(3) Fixed assets without ownership certificate

In RMB

Items	Book value	Reason
Houses in Urumuqi for offsetting debt	559,555.61	Applying for
Yuehai Office Building C 502	151,900.92	Historical reasons
Shenyang Fangda extension workshop	16,820,962.74	Entering into liquidation
Shenyang Fangda dorm and workshop 2#	7,794,937.64	Entering into liquidation
Dinning hall and power station of Shenyang Fangda	3,745,179.28	Entering into liquidation

13. Construction in process

(1) Construction in progress

In RMB

Items	Closing balance			Opening balance		
	Remaining book value	Impairment provision	Book value	Remaining book value	Impairment provision	Book value
Xinjin energy	817,512.71		817,512.71	816,356.71		816,356.71

saving environmental protection curtain wall project						
Xuanfeng 20MWp PV power plant project				10,257,959.91		10,257,959.91
Xiabu 20MWp PV power plant project	1,703,080.57		1,703,080.57	1,657,715.18		1,657,715.18
Isuzu part place PV power plant project				1,093,343.24		1,093,343.24
Engineering project management platform	1,214,622.61		1,214,622.61	761,792.44		761,792.44
Dongguan Songshanhu showroom No.1 display				531,689.44		531,689.44
Shangbu 18MWp PV power plant project	15,533.98		15,533.98	15,533.98		15,533.98
Total	3,750,749.87		3,750,749.87	15,134,390.90		15,134,390.90

(2) Changes in major construction in process in this period

In RMB

Project	Budget	Opening balance	Increase in this period	Amount transferred to fixed assets in this period	Other decrease in this period	Closing balance	Proportion of accumulative engineering investment in the budget	Project progress	Accumulative capitalized interest	Including: capitalized interest for the current period	Interest capitalization rate	Capital source
Xuanfeng	93,103,100.00	10,257,959.91	78,214,784.41	88,472,744.32				100%				Others

20MWp PV power plant project												
Isuzu part place PV power plant project	30,871,7 94.87	1,093,34 3.24	29,438,0 19.22	30,531,3 62.46				100%				Others
Total	123,974, 894.87	11,351,3 03.15	107,652, 803.63	119,004, 106.78			--	--				--

14. Disposal of fixed assets

In RMB

Items	Closing balance	Opening balance
Mechanical equipment	1,153.28	5,326.79
Total	1,153.28	5,326.79

15. Intangible assets

(1) Intangible assets

In RMB

Items	Land using right	Patent	Unpatented technologies	Others	Total
I. Book value					
1. Opening balance	98,015,399.41	9,397,295.85	24,019,238.42	7,803,625.02	139,235,558.70
2. Increase in this period	119,932.56	28,072.55		140,493.47	288,498.58
(1) Purchase	119,932.56	24,022.55		140,493.47	284,448.58
(2) Internal R&D		4,050.00			4,050.00
(3) Increase due to enterprise merger					
3. Decrease in this					

period					
(1) Purchase					
4. Closing balance	98,135,331.97	9,425,368.40	24,019,238.42	7,944,118.49	139,524,057.28
II. Accumulative amortization					
1. Opening balance	13,336,868.22	4,429,481.31	16,296,147.25	4,584,215.67	38,646,712.45
2. Increase in this period	986,262.22	400,554.47	285,994.44	402,723.80	2,075,534.93
(1) Provision	986,262.22	400,554.47	285,994.44	402,723.80	2,075,534.93
3. Decrease in this period					
(1) Purchase					
4. Closing balance	14,323,130.44	4,830,035.78	16,582,141.69	4,986,939.47	40,722,247.38
III. Impairment provision					
1. Opening balance			5,525,863.77		5,525,863.77
2. Increase in this period					
(1) Provision					
3. Decrease in this period					
(1) Purchase					
4. Closing balance			5,525,863.77		5,525,863.77
IV. Book value					
1. Closing book value	83,812,201.53	4,595,332.62	1,911,232.96	2,957,179.02	93,275,946.13
2. Opening book value	84,678,531.19	4,967,814.54	2,197,227.40	3,219,409.35	95,062,982.48

Intangible asset formed by internal R&D of the period takes up 2.05% in the closing total book value of intangible assets.

16. Goodwill

(1) Original book value of goodwill

In RMB

Invested entity or item of goodwill	Opening balance	Increase		Decrease		Closing balance
Shenzhen Woke	8,197,817.29					8,197,817.29
Fangda SOZN	26,279,395.89					26,279,395.89
Total	34,477,213.18					34,477,213.18

(2) Goodwill impairment provision

In RMB

Invested entity or item of goodwill	Opening balance	Increase		Decrease		Closing balance
Shenzhen Woke	8,197,817.29					8,197,817.29
Fangda SOZN	6,452,698.92					6,452,698.92
Total	14,650,516.21					14,650,516.21

Test process of goodwill impairment, parameters and recognition method of goodwill impairment loss:

- The Company acquired the 100% control power over Shenzhen Woke Co. by merger of enterprise under common control in May 2007. The difference between the initial investment cost and recognizable fair value of the investee has formed the goodwill of RMB8,197,817.29. For Shenzhen Woke was not in good business operation for successive years, impairment provision has been provided fully upon the goodwill.
- The Company acquired the 60% control power over Fangda SOZN by merger of enterprise under common control in August 2014. The difference between the initial investment cost of RMB48 million and recognizable fair value of the investee has formed the goodwill of RMB26,279,395.89. A impairment provision of RMB6,452,698.92 is made.

17. Long-term amortizable expenses

In RMB

Items	Opening balance	Increase in this period	Amortized amount in this period	Other decrease	Closing balance
Epoxy floor	796,522.13		81,002.25		715,519.88
Plant and dormitory decoration	596,230.09		187,456.61		408,773.48
Upgrading of workshop rented by Fangda Jianke	202,118.38		20,554.41		181,563.97

Nanchang Branch					
Renovation of office and plants rented by Chengdu Fangda	1,301.80		1,301.80		
Jinshan factory renovation of Fangda Jianke Shanghai Branch	302,154.50		54,937.08		247,217.42
Expense of renovation of leased fixed assets by Fangda Property Development	222,948.81		55,737.18		167,211.63
Dongguan separation project	233,451.85		38,908.68		194,543.17
Upgrading of workshop rented by Fangda SOZN	2,494,310.08		879,343.52		1,614,966.56
Anti-junk email module service fee	16,506.46		8,253.30		8,253.16
Fangda Building Floor #5 wiring project	38,023.68		15,209.52		22,814.16
Xuanfeng Chayuan village and Zhuyuan village land transfer compensation	1,304,327.46		26,801.28		1,277,526.18
Membership fee	300,000.00		2,500.02		297,499.98
Others	106,893.64	1,486,408.70	540,137.64		1,053,164.70
Total	6,614,788.88	1,486,408.70	1,912,143.29		6,189,054.29

18. Differed income tax assets and differed income tax liabilities

(1) Non-deducted deferred income tax assets

In RMB

Items	Closing balance		Opening balance	
	Deductible temporary difference	Deferred income tax assets	Deductible temporary difference	Deferred income tax assets
Assets impairment	229,329,215.08	39,109,870.85	216,918,204.09	37,575,529.18

provision				
Unrealized profit of internal transactions	15,558,720.13	4,434,648.02	23,008,088.13	3,788,898.02
Deductible loss	97,795,450.71	23,837,543.92	85,665,697.71	20,944,182.55
Reserved expense	2,111,203.01	316,680.46	2,153,753.44	323,063.02
Reserved wage	2,064,886.02	309,732.90	3,519,976.72	527,996.51
Deferred earning	2,510,116.35	608,898.43	2,563,904.83	619,823.84
Anticipated liabilities	2,166,815.26	325,022.28	1,921,446.51	288,216.98
Advertisement fee	6,244,187.94	1,561,046.99	3,847,702.76	961,925.69
Adjustment of fair value of investment real estate	5,857,967.87	878,695.18	5,981,164.89	897,174.73
Total	363,638,562.37	71,382,139.03	345,579,939.08	65,926,810.52

(2) Non-deducted deferred income tax liabilities

In RMB

Items	Closing balance		Opening balance	
	Taxable temporary difference	Deferred income tax liabilities	Taxable temporary difference	Deferred income tax liabilities
Adjustment of fair value of investment real estate	303,065,860.44	75,766,465.11	291,979,073.34	72,994,768.34
Valuation of derivative financial tools	1,230,425.00	184,563.75		
Total	304,296,285.44	75,951,028.86	291,979,073.34	72,994,768.34

(3) Details of unrecognized deferred income tax assets

In RMB

Items	Closing balance	Opening balance
Deductible temporary difference	51,292,862.48	51,201,110.67
Deductible loss	162,801,363.62	151,155,750.92
Total	214,094,226.10	202,356,861.59

(4) Deductible losses of the un-recognized deferred income tax asset will expire in the following years

In RMB

Year	Closing amount	Opening amount	Notes
2016	19,999,060.04	19,999,060.04	

2017	20,241,373.78	20,241,373.78	
2018	11,130,985.83	11,130,985.83	
2019	11,662,409.08	11,662,409.08	
2020	88,121,922.19	88,121,922.19	
2021	11,645,612.70		
Total	162,801,363.62	151,155,750.92	--

Others:

19. Other non-current assets

In RMB

Items	Closing balance	Opening balance
Prepaid house and equipment amount	83,809,259.92	91,863,898.92
Input tax to be deducted	1,604,951.87	1,640,057.47
Prepayment of intangible assets	760,000.00	
Total	86,174,211.79	93,503,956.39

Others:

- (1) The closing balance of other non-current assets is mainly the prepaid house payment of Fangda Jianke.
(2) The closing balance of input tax to be deducted is mainly due to the suspension of operations of Shenyang Fangda and Shenzhen Woke.

20. Short-term borrowings

(1) Classification of short-term borrowings

In RMB

Items	Closing balance	Opening balance
Loan by pledge		
Loan by pledge	200,000,000.00	200,000,000.00
Guarantee loan	761,000,000.00	943,000,000.00
Discount borrowing of commercial acceptance bills		4,957,775.82
Total	961,000,000.00	1,147,957,775.82

21. Notes payable

In RMB

Type	Closing balance	Opening balance
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Commercial acceptance	115,490,458.81	78,934,714.94
Bank acceptance	342,341,859.69	224,592,924.69
Total	457,832,318.50	303,527,639.63

The total amount of payable bills that have matured but not been paid at the end of the period is RMB0.

22. Account payable

(1) Account payable

In RMB

Items	Closing balance	Opening balance
Account repayable and engineering repayables	705,256,603.13	611,292,302.23
Construction payable	18,730,175.84	27,529,577.05
Payable installation and implementation fees	190,095,782.65	225,793,206.11
Others	5,701,566.50	3,013,270.26
Total	919,784,128.12	867,628,355.65

(2) Significant payables aging more than 1 year

In RMB

Items	Closing balance	Reason
Shenyang Fangda plant construction payment	3,819,140.02	Due from Shenzhen Fangda, unable to repay
Chip payment	8,715,326.30	Due from Fangda SOZN, unable to repay
Total	12,534,466.32	--

23. Prepayment received

(1) Prepayment received

In RMB

Items	Closing balance	Opening balance
Curtain wall and screen door engineering payment	104,922,422.68	123,894,561.69
Material loan	3,116,855.97	5,515,676.69
House prepayment	623,961,604.55	
Others	3,299,945.58	1,164,081.47

Total	735,300,828.78	130,574,319.85
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24. Employees' wage payable

1. Employees' wage payable

In RMB

Items	Opening balance	Increase	Decrease	Closing balance
1. Short-term remuneration	40,805,685.65	106,227,192.41	127,454,959.76	19,577,918.30
2. Retirement pension program-defined contribution plan	6,742.40	6,890,359.49	6,881,412.36	15,689.53
3. Dismiss compensation	130,000.00	850,070.27	980,070.27	
Total	40,942,428.05	113,967,622.17	135,316,442.39	19,593,607.83

(2) Short-term remuneration

In RMB

Items	Opening balance	Increase	Decrease	Closing balance
1. Wage, bonus, allowance and subsidies	38,628,120.07	98,563,545.18	119,776,860.94	17,414,804.31
2. Employee welfare	0.00	2,058,455.48	2,058,455.48	
3. Social insurance	68,025.52	2,417,609.67	2,419,026.47	66,608.72
Including: medical insurance	68,025.52	2,053,016.07	2,054,432.87	66,608.72
Labor injury insurance		164,653.08	164,653.08	
Breeding insurance		199,940.52	199,940.52	
4. Housing fund	97,082.00	2,854,011.40	2,838,114.40	112,979.00
5. Labor union budget and staff education fund	2,012,458.06	333,570.68	362,502.47	1,983,526.27
Total	40,805,685.65	106,227,192.41	127,454,959.76	19,577,918.30

(3) Defined contribution plan

In RMB

Items	Opening balance	Increase	Decrease	Closing balance
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1. Basic pension	6,742.40	6,579,025.38	6,570,078.25	15,689.53
2. Unemployment insurance		311,334.11	311,334.11	
Total	6,742.40	6,890,359.49	6,881,412.36	15,689.53

25. Taxes payable

In RMB

Items	Closing balance	Opening balance
VAT	10,429,240.49	6,981,753.65
Business tax	23,869,784.36	32,136,293.62
Enterprise income tax	9,442,084.92	16,555,365.28
Personal income tax	1,554,788.06	1,201,365.12
City maintenance and construction tax	1,789,466.13	2,824,794.21
Land using tax	3,953,279.71	3,683,884.01
Property tax	2,339,317.11	2,083,844.87
Education surtax	855,638.08	1,315,453.14
Local education surtax	179,414.56	489,642.89
Others	178,318.90	261,036.91
Total	54,591,332.32	67,533,433.70

26. Interest payable

In RMB

Items	Closing balance	Opening balance
Long-term borrowing with interest installment and repayment of principal upon maturity	1,434,256.99	510,166.05
Short-term borrowing interests payable	1,155,323.60	2,578,476.91
Others	141,315.20	153,091.47
Total	2,730,895.79	3,241,834.43

27. Dividend payable

In RMB

Items	Closing balance	Opening balance
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28. Other payables**(1) Other payables presented by nature**

In RMB

Items	Closing balance	Opening balance
Performance and quality deposit	22,760,051.98	21,697,760.34
Deposit	8,503,587.69	9,027,418.36
Reserved expense	12,434,071.93	11,714,478.57
Fangda Town pledge	1,200,000.00	2,900,000.00
Lawsuit indemnity		23,456,765.40
Others	18,303,214.09	13,880,924.14
Total	63,200,925.69	82,677,346.81

29. Other current liabilities

In RMB

Items	Closing balance	Opening balance
Loan financing of precious metal	98,425,600.00	98,425,600.00
Total	98,425,600.00	98,425,600.00

Others:

The Company and Industrial Bank Shenzhen Branch signed the noble metal leasing contract on September 25, 2015. The Company borrowed gold from Industrial Bank Shenzhen Branch and entrusted the bank to provide noble metal quotation service. The transaction amount is RMB98,425,600.00. The transaction date is September 28, 2015. The maturity date is September 19, 2016. The Company irrevocably authorizes the bank to provide noble metal returning service upon maturity.

30. Long-term borrowings**(1) Classification of long-term borrowings**

In RMB

Items	Closing balance	Opening balance
Loan by pledge	486,524,108.36	300,395,582.06
Total	486,524,108.36	300,395,582.06

Notes to classification of long-term borrowings:

The above-mentioned borrowing is the 100% stock pledging of Fangda Property Development held by the Company. The interest rate is between 5.39-6.785%.

31. Anticipated liabilities

In RMB

Items	Closing balance	Opening balance	Reason
Others	2,166,815.26	1,921,446.51	
Total	2,166,815.26	1,921,446.51	--

32. Deferred earning

In RMB

Items	Opening balance	Increase	Decrease	Closing balance	Reason
Government subsidy	12,284,195.68	683,400.00	333,292.03	12,634,303.65	
Total	12,284,195.68	683,400.00	333,292.03	12,634,303.65	--

Items involving government subsidies:

In RMB

Liabilities	Opening balance	Amount of new subsidy	Amount included in non-operating revenue	Other change	Closing balance	Related to assets/earning
Major investment project prize from Industry and Trade Development Division of Dongguan Finance Bureau	1,852,381.10		28,571.40		1,823,809.70	Assets-related
Massive production project of air-breathing double-layer hollow glass energy-saving curtain call	7,765,817.51		61,993.62		7,703,823.89	Assets-related
Railway transport screen door controlling system and information transmission	211,523.73		25,217.08		186,306.65	Assets-related

technology						
Nanshan District mic-business loan discount	500,000.00				500,000.00	Assets-related
Fangda Songshanhu Industrial Park project Dongguan government subsidy		500,000.00	18,749.97		481,250.03	Assets-related
Subsidy for purchase of scientific achievements or technologically innovative services	80,141.67		8,149.98		71,991.69	Assets-related
LED production expansion technology renovation project	1,874,331.67		190,609.98		1,683,721.69	Assets-related
Others		183,400.00			183,400.00	Assets-related
Total	12,284,195.68	683,400.00	333,292.03		12,634,303.65	--

33. Capital share

In RMB

	Opening balance	Change (+,-)					Closing balance
		Issued new shares	Bonus shares	Transferred from reserves	Others	Subtotal	
Total of capital shares	756,909,905.00						756,909,905.00

34. Capital reserve

In RMB

Items	Opening balance	Increase	Decrease	Closing balance
Capital premium (share capital premium)	38,238,222.48			38,238,222.48

Other capital reserves	40,861,396.66	94.24		40,861,490.90
Total	79,099,619.14	94.24		79,099,713.38

Other note, including explanation about the reason of the change:

The other capital reserves increased by RMB94.24 million, which is the historical dividend refunded by the Shenzhen branch of China Securities Depository and Clearing Company Limited.

35. Other miscellaneous income

In RMB

Items	Opening balance	Amount occurred in the current period					Closing balance
		Amount before income tax	Less: amount written into other gains and transferred into gain/loss in previous terms	Less: Income tax expenses	After-tax amount attributed to the parent	After-tax amount attributed to minority shareholders	
2. Other misc. incomes that will be re-classified into gain and loss	91,831.63	1,230,425.00		184,563.75	1,045,861.25		1,137,692.88
Effective part in the gain and loss of arbitrage of cash flow		1,230,425.00		184,563.75	1,045,861.25		1,045,861.25
Investment real estate measured at fair value	91,831.63						91,831.63
Other miscellaneous income	91,831.63	1,230,425.00		184,563.75	1,045,861.25		1,137,692.88

36. Surplus reserves

In RMB

Items	Opening balance	Increase	Decrease	Closing balance
Statutory surplus reserves	51,123,554.51			51,123,554.51
Total	51,123,554.51			51,123,554.51

37. Retained profit

In RMB

Items	Current period	Last period
Adjustment on retained profit of previous period	432,271,424.56	349,987,825.69
Retained profit adjusted at beginning of year	432,271,424.56	349,987,825.69

Plus: Net profit attributable to owners of the parent	53,156,405.36	51,317,648.87
Common share dividend payable	75,690,990.50	22,707,297.15
Closing retained profit	409,736,839.42	378,598,177.41

Details of retained profit adjusted at beginning of the period

- 1) Retrospective adjustment due to adopting of the Enterprise Accounting Standard and related regulations, included the retained profit by RMB0.
- 2). Variation of accounting policies, influenced the retained profit by RMB0.
- 3). Correction of material accounting errors, influenced the retained profit by RMB0.
- 4) Change of consolidation range caused by merger of entities under common control, influenced the retained profit by RMB0.
- 5) Other adjustment influenced the retained profit by RMB0.

38. Operational revenue and costs

In RMB

Items	Amount occurred in the current period		Occurred in previous period	
	Income	Cost	Income	Cost
Main business	985,562,292.82	818,328,044.96	1,125,911,242.60	929,839,206.78
Other businesses	23,893,756.93	12,979,574.65	24,204,280.93	10,648,051.57
Total	1,009,456,049.75	831,307,619.61	1,150,115,523.53	940,487,258.35

39. Business tax and surcharge

In RMB

Items	Amount occurred in the current period	Occurred in previous period
Business tax	1,138,974.07	12,833,597.88
City maintenance and construction tax	2,637,029.89	2,258,805.32
Education surtax	1,233,551.35	1,270,438.38
Property tax	520,660.84	526,006.30
Land using tax	70,486.84	57,620.36
Others	757,025.13	590,771.98
Total	6,357,728.12	17,537,240.22

40. Sales expense

In RMB

Items	Amount occurred in the current period	Occurred in previous period
Labor costs	10,595,121.39	13,506,452.55

Freight and miscellaneous charges	3,223,019.97	2,740,685.79
Advertisement and exhibition costs	3,075,896.31	15,659,054.69
Travel expense	2,145,274.48	2,407,002.17
Others	6,377,990.69	6,695,942.26
Total	25,417,302.84	41,009,137.46

41. Management expenses

In RMB

Items	Amount occurred in the current period	Occurred in previous period
Label cost (including wage and social security)	35,734,018.99	40,048,984.25
Depreciation and amortization	10,006,510.02	9,985,147.56
R&D	7,486,513.39	6,455,972.94
Tax	3,282,834.40	3,281,464.87
Others	17,290,875.22	15,775,742.02
Total	73,800,752.02	75,547,311.64

42. Financial expenses

In RMB

Items	Amount occurred in the current period	Occurred in previous period
Interest expense	21,187,915.60	25,095,306.66
Less: Interest income	2,980,732.93	1,250,108.37
Exchange gain/loss	-1,074,524.76	62,155.37
Commission charges and others	455,196.65	1,702,381.01
Total	17,587,854.56	25,609,734.67

43. Assets impairment loss

In RMB

Items	Amount occurred in the current period	Occurred in previous period
1. Bad debt loss	10,347,572.61	14,372,081.89
Total	10,347,572.61	14,372,081.89

44. Income from fair value fluctuation

In RMB

Source of income from fluctuation of fair value	Amount occurred in the current period	Occurred in previous period
Financial assets measured at fair value with variations accounted into current income account	-413,383.46	2,676,854.00
Investment real estate measured at fair value	10,576,793.91	32,768,907.31
Total	10,163,410.45	35,445,761.31

45. Investment income

In RMB

Items	Amount occurred in the current period	Occurred in previous period
Gains from long-term equity investment measured by equity	-399,777.88	1,256,994.94
Others	109,920.54	291,002.74
Total	-289,857.34	1,547,997.68

46. Non-business income

In RMB

Items	Amount occurred in the current period	Occurred in previous period	Amount accounted into the current accidental gain/loss
Total of gains from disposal of non-current assets	68,572.07	50,854.12	68,572.07
Including: Gains from disposal of fixed assets	68,572.07	50,854.12	68,572.07
Government subsidy	1,545,204.08	630,651.51	1,545,204.08
Penalty income	68,946.51	464,547.87	68,946.51
Penalty received	102,105.47	101,682.46	102,105.47
VAT rebated into revenue	1,155,945.30	1,211,179.56	1,155,945.30
Payable account not able to be paid	241,152.78	116,834.08	241,152.78
Others	3,181,802.95	850,174.85	3,181,802.95
Total	6,363,729.16	3,425,924.45	6,363,729.16

Government subsidies accounted into current profit or loss:

In RMB

Item	Issuer	Reason	Nature	Whether	Whether it is	Amount	Occurred in	Related to
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				affecting gain and loss in this year	a special subsidy	occurred in the current period	previous period	assets/earning
IT development subsidy	Shenzhen SME Service Center	Subsidy		No	No	470,000.00		Earning-related
Exhibition subsidy	Bureau of Foreign Trade	Subsidy		No	No	105,700.00		Earning-related
Scientific and technology prize	Shenzhen Science and Technology Innovation Committee	Award	Subsidy for research development, technology upgrade and improvement	No	No	200,000.00		Earning-related
Patent subsidy	Shenzhen Market and Quality Supervision Commission	Subsidy	Subsidy for research development, technology upgrade and improvement	No	No	4,000.00		Earning-related
Railway transport screen door controlling system and information transmission technology	Shenzhen Technology Innovation Committee		Subsidy for research development, technology upgrade and improvement	No	No	25,217.08	19,155.96	Assets-related
Significant industrial and trade development investment project award	Trade and Industry Bureau	Award		No	No	28,571.40	28,571.40	Assets-related
Self-breathing dual-layer hollow grass energy-saving curtain wall development project	Guangdong Development and Reform Commission	Subsidy		No	No	61,993.62	59,924.15	Assets-related

Childbearing subsidy	Social Security Bureau	Subsidy		No	No	9,362.99		Earning-related
Technically improvement subsidy	Zhongshan Economy and Information Bureau	Subsidy	Subsidy for research development, technology upgrade and improvement	No		330,000.00		Earning-related
LED production expansion, technical improvement and technological innovatively innovative service subsidy	Zhongshan Reform and Development Bureau	Subsidy	Subsidy for research development, technology upgrade and improvement	No	No	204,759.96		Assets-related
VAT, income tax refund	Tax Bureau	Subsidy		No	No	86,849.06	23,000.00	Earning-related
PV power plant subsidy	Guangdong Development and Reform Commission	Subsidy		No	No	18,749.97		Assets-related
Nanshan District mic-business loan discount	Economy Promotion Bureau	Subsidy		No	No		500,000.00	
Total	--	--	--	--	--	1,545,204.08	630,651.51	--

Others:

The others are mainly waste sales income.

47. Non-business expenses

In RMB

Items	Amount occurred in the current period	Occurred in previous period	Amount accounted into the current accidental gain/loss
Total of losses from disposal of non-current assets	2,453,627.28	504,805.05	
Including: Losses from disposal	2,453,627.28	502,872.97	

of fixed assets			
Intangible asset disposal loss		1,932.08	
Donation	29,000.00	103,000.00	
Lawsuit indemnity	0.00	14,921,737.67	
Others	861,918.15	113,589.07	
Total	3,344,545.43	15,643,131.79	

48. Income tax expenses

(1) Details about income tax expense

In RMB

Items	Amount occurred in the current period	Occurred in previous period
Income tax expenses in this period	11,587,965.22	11,562,638.82
Deferred income tax expenses	-2,686,269.81	4,605,557.22
Total	8,901,695.41	16,168,196.04

(2) Adjustment process of accounting profit and income tax expense

In RMB

Items	Amount occurred in the current period
Total profit	57,529,956.83
Income tax expenses calculated based on the legal (or applicable) tax rates	14,382,489.21
Impacts of different tax rates applicable for some subsidiaries	-8,078,252.11
Impacts of income tax before adjustment	-336,446.43
Impact of non-taxable income	1,986,579.05
Impacts of non-deductible cost, expense and loss	622,793.86
Impacts of using deductible loss of unrecognized deferred income tax assets	700,105.30
Deductable temporary difference and deductible loss of unrecognized deferred income tax assets	99,944.47
Others	-203,577.75
Income tax expenses	8,901,695.41

49. Other miscellaneous income

See Note VII 35

50. Notes to the cash flow statement**(1) Other cash inflow related to operation**

In RMB

Items	Amount occurred in the current period	Occurred in previous period
Interest income	2,540,342.54	1,250,108.37
Subsidy income	1,429,421.98	523,000.00
Retrieving of deposits for exchange bills	3,814,291.12	0.00
Bidding deposit and pledge	46,131,969.36	28,156,441.69
Others	7,114,288.38	7,342,275.28
Total	61,030,313.38	37,271,825.34

(2) Other cash paid related to operation

In RMB

Items	Amount occurred in the current period	Occurred in previous period
Management costs paid	14,048,584.70	12,048,739.54
Sales costs paid	7,262,362.08	6,609,184.84
Deposit and pledge paid	54,017,213.61	43,444,113.34
Personal borrowing	3,451,294.08	2,038,161.79
Net draft deposit net paid		2,733,131.88
Others	9,357,452.43	9,300,935.99
Total	88,136,906.90	76,174,267.38

(3) Other cash paid related to investment activities

In RMB

Items	Amount occurred in the current period	Occurred in previous period
Bidding deposit paid related to construction projects	1,150,000.00	40,117,900.00
Total	1,150,000.00	40,117,900.00

(4) Other cash received related to financing

In RMB

Items	Amount occurred in the current period	Occurred in previous period
Fractional dividend	31.03	
Total	31.03	

(5) Other cash paid related to financing

In RMB

Items	Amount occurred in the current period	Occurred in previous period
Share issuance fee	641,119.57	1,171,039.70
Net draft deposit net paid		53,500,000.00
Others		439,000.00
Total	641,119.57	55,110,039.70

51. Supplementary data of cash flow statement**(1) Supplementary data of cash flow statement**

In RMB

Supplementary information	Amount of the Current Term	Amount of the Previous Term
1. Net profit adjusted to cash flow of business operation	--	--
Net profit	48,628,261.42	44,161,114.91
Plus: Asset impairment provision	10,347,572.61	14,372,081.89
Fixed asset depreciation, gas and petrol depreciation, production goods depreciation	12,815,549.95	14,617,490.88
Amortization of intangible assets	1,973,088.31	2,117,084.77
Amortization of long-term amortizable expenses	1,912,143.29	765,415.35
Loss from disposal of fixed assets, intangible assets, and other long-term assets (“-“ for gains)	2,385,055.21	453,950.93
Loss from fair value fluctuation (“-“ for gains)	-10,163,410.45	-35,445,761.31
Financial expenses (“-“ for gains)	20,113,390.84	25,157,462.03
Investment losses (“-“ for gains)	289,857.34	-1,547,997.68

Decrease of deferred income tax asset (“-“ for increase)	-5,455,328.51	-4,349,309.65
Increase of deferred income tax asset (“-“ for increase)	2,956,260.52	8,350,524.37
Decrease of inventory (“-“ for increase)	-271,168,255.93	-61,425,337.33
Decrease of operational receivable items (“-“ for increase)	-153,629,463.47	-322,021,976.29
Increase of operational receivable items (“-“ for decrease)	637,464,622.79	37,350,054.06
Others		2,733,131.88
Cash flow generated by business operations, net	298,469,343.92	-274,712,071.19
2. Major investment and financing operation not involving with cash	--	--
3. Net change of cash and cash equivalents	--	--
Balance of cash at period end	367,564,230.41	212,370,926.94
Less: Initial balance of cash	247,739,243.78	102,638,232.19
Net increase in cash and cash equivalents	119,824,986.63	109,732,694.75

(2) Composition of cash and cash equivalents

In RMB

Items	Closing balance	Opening balance
I. Cash	367,564,230.41	247,739,243.78
Including: Cash in stock	18,968.85	28,072.46
Bank savings can be used at any time	361,326,250.00	242,777,612.25
Other monetary capital can be used at any time	6,219,011.56	4,933,559.07
3. Balance of cash and cash equivalents at end of term	367,564,230.41	247,739,243.78

52. Ownership- or use-right-restricted assets

In RMB

Items	Closing book value	Reason
Monetary capital	126,399,802.42	Frozen deposit and pledge
Fixed assets	65,268,757.56	Borrowing pledge or frozen by a court
Investment real estate	296,740,660.60	Loan by pledge

100% stake in Fangda Property Development held by the Company	200,000,000.00	Loan by pledge
Total	688,409,220.58	--

53. Foreign currency monetary items

(1) Foreign currency monetary items

In RMB

Items	Closing foreign currency balance	Exchange rate	Closing RMB balance
Monetary capital			
Including: USD	386,074.11	6.63	2,560,134.64
Euro			
HK Dollar	3,836,226.00	0.85	3,278,707.28
SGD	418,485.22	4.92	2,060,579.37
Account receivable	--	--	27,924,253.95
Including: USD	4,211,040.83	6.63	27,924,253.95
Euro			
HK Dollar	2,039,722.10	0.85	1,743,350.48
SGD	1,388,025.00	4.92	6,834,496.30

(2) The note of overseas operating entities should include the main operation places, book keeping currencies and selection basis. Where the book keeping currency is changed, the reason should also be explained.

Applicable Inapplicable

54. Hedging

Hedging items and related tools, qualitative and quantitative information about hedging risks:

VIII. Change to Consolidation Scope

1. Disposal of subsidiaries

Single disposal of a subsidiary that may lead to loss of control

Yes No

Disposal of a subsidiary in multiple steps that lead to loss of control in the report period

Yes No

2. Change to the consolidation scope for other reasons

Change in the consolidation scope due to other reasons (such as new subsidiaries and liquidation of subsidiaries) and the situations:

Fangda Automation (Hong Kong) Co., Ltd. indirectly controlled by the Company was set up in the report period.

Sub-subsidiary Ganzhou Longneng New Energy Co, Ltd. was cancelled in the report period.

IX. Equity in Other Entities

1. Interests in subsidiaries

(1) Group Composition

Company	Place of business	Registered address	Business	Shareholding percentage		Obtaining method
				Direct	Indirect	
Fangda Jianke	Shenzhen	Shenzhen	Designing, manufacturing, and installation of curtain walls	98.39%	1.61%	Incorporation
Fangda Automatic	Shenzhen	Shenzhen	Production, processing and installation of subway screen doors	14.00%	86.00%	Incorporation
Fangda New Material	Nanchang	Nanchang	Production and sales of new-type materials composite materials and production of curtain walls	75.00%	25.00%	Incorporation
Fangda Aluminium	Nanchang	Nanchang	Design, production, sales and installation of aluminium materials, doors and windows	99.00%	1.00%	Incorporation
Shenyang Fangda	Shenyang	Shenyang	Manufacturing of semiconductor lighting material and chips; lighting source encapsulation;	64.58%		Incorporation

			developing, designing, manufacturing, engineering, installation and trading of semiconductor lighting system			
Kexunda	Shenzhen	Shenzhen	Computer software development		100.00%	Incorporation
Fangda Property	Shenzhen	Shenzhen	Real estate development and operation	100.00%		Incorporation
Fangda New Energy	Shenzhen	Shenzhen	Design and construction of PV power plants	100.00%		Incorporation
Chengdu Fangda	Chengdu	Chengdu	Trusted processing of building curtain wall materials		100.00%	Incorporation
Shihui International	Virgin Islands	Virgin Islands	Investment	100.00%		Incorporation
Dongguan New Material	Dongguan	Dongguan	Installation and sales of building curtain walls		100.00%	Incorporation
Shenyang Decoration	Shenyang	Shenyang	Designing, manufacturing, and installation of curtain walls		100.00%	Incorporation
Shenzhen Woke	Shenzhen	Shenzhen	Installation of LED color curtain wall, city and road lamps		64.58%	Consolidation of entities not under common control
Fangda SOZN	Zhongshan	Zhongshan	Production and sales of light products		60.00%	Consolidation of entities not under common control
Shenzhen Fangda Property Management Co., Ltd.	Shenzhen	Shenzhen	Property management		100.00%	Incorporation

Jiangxi Fangda Property Development Co., Ltd.	Nanchang	Nanchang	Real estate development and operation		100.00%	Incorporation
Pingxiang Fangda Luxin New Energy Co., Ltd.	Pingxiang	Pingxiang	Design and construction of PV power plants		100.00%	Incorporation
Pingxiang Xiangdong Fangda New Energy Co., Ltd.	Pingxiang	Pingxiang	Design and construction of PV power plants		100.00%	Incorporation
Nanchang Xinjian Fangda New Energy Co., Ltd.	Nanchang	Nanchang	Design and construction of PV power plants		100.00%	Incorporation
Dongguan Fangda New Energy Co., Ltd.	Dongguan	Dongguan	Design and construction of PV power plants		100.00%	Incorporation
Kechuangyuan Software	Shenzhen	Shenzhen	Software development		100.00%	Incorporation
Fangda Automation (Hong Kong) Co., Ltd.	Hong Kong	Hong Kong	Production, processing and installation of subway screen doors		100.00%	Incorporation

(2) Major non wholly-owned subsidiaries

In RMB

Company	Shareholding of minority shareholders	Profit and loss attributed to minority shareholders	Dividend to be distributed to minority shareholders	Interest balance of minority shareholders in the end of the period
Shenyang Fangda	35.42%	-989,388.91		48,742,421.75
Fangda SOZN	40.00%	-3,538,076.60		-35,729,232.29

(3) Financial highlights of major non wholly owned subsidiaries

In RMB

Company	Closing balance						Opening balance					
	Current asset	Non-current assets	Total of assets	Current liabilities	Non-current liabilities	Total liabilities	Current asset	Non-current assets	Total of assets	Current liabilities	Non-current liabilities	Total liabilities

Shenyang Fangda	3,101,161.81	94,937,348.17	98,038,509.98	19,471,074.20		19,471,074.20	11,015,301.41	96,973,889.70	107,989,191.11	26,628,449.55		26,628,449.55
Fangda SOZN	68,356,240.15	15,112,418.29	83,468,658.44	170,852,625.78	1,939,113.38	172,791,739.16	86,090,153.63	17,680,888.58	103,771,042.21	182,294,458.10	1,954,473.34	184,248,931.44

In RMB

Company	Amount occurred in the current period				Occurred in previous period			
	Turnover	Net profit	Total of misc. incomes	Business operation cash flows	Turnover	Net profit	Total of misc. incomes	Business operation cash flows
Shenyang Fangda		-2,793,305.78				-3,804,615.87	-3,804,615.87	-170,718.69
Fangda SOZN	13,173,050.14	-8,845,191.49		20,058,880.59	110,671,469.13	-14,522,347.55	-14,522,347.55	-2,458,543.39

2. Interests in joint ventures or associates

(1) Financial summary of insignificant joint ventures and associates

In RMB

	Closing balance/amount occurred in this period	Opening balance/amount occurred in previous period
Joint venture:	--	--
Total shareholding	--	--
Associate:	--	--
Total book value of investment	13,089,903.05	10,489,680.93
Total shareholding	--	--
Net profit	-399,777.88	-358,979.50
Total of misc. incomes	-399,777.88	-358,979.50

X. Risks of Financial Tools

Major financial tools of the Group include monetary fund, accounts receivable, receivable bills, other receivables, other current assets, financial assets measured at fair value and whose change recorded in the profit and loss of this period, accounts payable, interest payable, payable bills, other payables, short-term borrowings, other current liabilities, non current liabilities due within one year and long-term borrowings. Details about the Group's financial instruments are disclosed in related notes. The following explains risks related to the financial instruments and risk management policies adopted by the Group to lower the risks. The management of the Group manages and monitor the risks to ensure that the risks are within the acceptable range.

1. Risk management target and policy

The target of the risk management is to balance between risk and benefit and lower financial risks' impacts on the Group's

financial performance. Based on the target, the Group has formulated risk management policy to identify and analyze risks facing the Group and set an appropriate acceptable level and internal control procedures to monitor the risks. The Group regularly reviews the risk management policies and related internal control system to suit the market status and changes in the Group's operating activities. The internal auditing department of the Group will regularly or randomly check the implementation of the internal control system.

Risks caused by the Group's financial instruments are credit risk, liquidity risk and market risk (including interest, exchange rate and product price/equity tool price risks).

(1) Credit risk

Credit risk is caused by the failure of one party of a financial instrument in performing its obligations, causing the risk of financial loss for the other party.

The Group manages credit risks through classification. The credit risk is mainly caused by bank deposit and receivables.

The Group's bank deposit is mainly deposited in state-owned banks and large-sized listed banks. The credit risk caused by bank deposited is minor.

For receivables, the Group sets up related policies to control the credit risk. The Group set the credit line and term for debtors according to their financial status, external rating, and possibility of getting third-party guarantee, credit record and other factors. The Group regularly monitors debtors' credit record. For those with poor credit record, the Group will send written payment reminders, shorten or cancel credit term to lower the general credit risk.

The largest credit risk facing the Group is the book value of each financial asset on the balance sheet. The Group makes no guarantee that may cause the Group credit risks.

Among the Group's receivables, accounts receivable from top 5 customers account for 11.50% of the total accounts receivable (2015: 12.92%); among other receivables, other receivables from top 5 customers account for 23.10% of the total other receivables (2014: 19.64%).

(2) Liquidity risk

Liquidity risk is the risk of capital shortage when the Group needs to pay cash or settled with other financial assets.

The Group keeps adequate cash and cash equivalent, and monitors the level to ensure that the cash and cash equivalent can meet the operation needs. The management of the Group monitors the use of bank loans and ensures that they are used as agreed. The Group also obtains guarantee from financial institutions for adequate standby fund to meet short-term and long-term capital demand.

The Group can also use fund generated by operating activities and bank and other loans. On June 30, 2016, bank loan credit that the Group has not used was RMB2.29 billion (December 31, 2015: RMB2.49).

Financial liabilities and excluded guarantees held by the Group by undiscounted residual contract cash flow (in RMB10,000) at the end of the period:

Assets	Closing amount			
	Less than 1 year	Within 1-3 years	Over 3 years	Total
Financial liabilities:				
Short-term loans	96,100.00			96,100.00

Notes payable	45,783.23			45,783.23
Account payable	83,448.18	8,530.23		91,978.41
Interest payable	273.09			273.09
Other payables	6,320.09			6,320.09
Other current liabilities	9,842.56			9,842.56
Long-term loans			48,652.41	48,652.41
Total liabilities	241,767.16	8,530.23	48,652.41	298,949.80

Financial liabilities and excluded guarantees held by the Group by undiscounted residual contract cash flow (in RMB10,000) at the beginning of the period:

Assets	Opening amount			
	Less than 1 year	Within 1-3 years	Over 3 years	Total
Financial liabilities:				
Short-term loans	114,795.78			114,795.78
Notes payable	30,352.76			30,352.76
Account payable	86,262.17	500.67		86,762.84
Interest payable	324.18			324.18
Other payables	8,267.73			8,267.73
Other current liabilities	9,842.56			9,842.56
Long-term loans			30,039.56	30,039.56
Total liabilities	249,845.18	500.67	30,039.56	280,385.41

(3) Market risk

Market risk of financial instrument is caused by changes in the fair value of financial instruments or future cash flow, including interest risk, exchange rate and other price risks.

Interest rate risk is caused by fluctuation of the fair value or future cash flow of financial instruments caused by changes in the market interest rate. The interest rate risk can be caused by recognized interest-bearing financial instruments and unrecognized financial instruments.

The Group's interest rate risk is mainly caused by short-term borrowings, other current liabilities and long-term borrowings. Financial liabilities with floating interest rate cause cash flow interest rate risk for the Group. Financial liabilities with fixed interest rate cause fair value interest rate risk for the Group. The Group decides the proportion between fixed interest rate and floating interest rate according to the market environment and regularly reviews and monitors the combination of fixed and floating interest rate instruments. All financial liabilities of the Group at the end of the period bear fixed interest rates.

The Group pays close attention to the risks of changing interest rates. The Group adopts no hedging policies currently. The management is responsible for monitoring the interest risks. As fixed deposits are short-term borrowing, the interest rate risk of the fair value of bank deposit is minor.

On June 30, 2016, if the interest rate of borrowings calculated on based on floating interest rate is 50 base points up or down, while other factors remain the same, there will be no impact on the Group's net profit and shareholders' interests.

Exchange rate risk

Exchange rate risk is caused by fluctuation of the fair value or future cash flow of financial instruments caused by changes in the foreign exchange rates. The exchange rate risk can be caused by financial instruments priced in foreign currencies.

The Group mainly operates in China and use RMB as the settlement currency. Therefore, the exchange rate risk facing the Group is minor.

See Note VII. 53 Foreign Currency Item Note for the Group's financial assets and liabilities priced in foreign currencies.

Other price risks

Other price risks refer to risks of fluctuations caused by changes to market prices, regardless of whether the changes are caused by factors related to a single financial tool or issuer, or factors related to all similar financial tools traded in the market. Other price risks come from changes in product prices or equity tool prices.

Investment in financial assets held by the Group, classified as measured at fair value and whose changes recorded into the gain and loss in this period is measured at its fair value on the balance sheet date. Therefore, the Group bears risks of changes in the securities market.

The Group closely follows impacts of price changes to the Company's securities investment price risks. The Group takes no measure to prevent other price risks currently. The management is responsible for monitoring the other price risks.

2. Capital management

The Group's capital management aims to ensure continuous operation of the Group, provide returns for shareholders, help other interested parties make benefit, and maintain the best capital structure and lower capital cost.

The Group may adjust the dividend distributed to shareholders, issue new shares or sell assets to maintain or adjust the capital structure.

The Group monitors the capital structure based on the assets/liability ratio. On December 31, 2015, the Group's assets/liability ratio is 74.83% (31.12.15: 70.12%).

XI. Fair Value

1. Closing fair value of assets and liabilities measured at fair value

In RMB

Items	Closing fair value			
	First level fair value	Second level fair value	Third level fair value	Total
1. Continuous fair value measurement	--	--	--	--
(2) Investment in equity	14,132,823.12			14,132,823.12

tools				
3. Derivative financial assets	1,230,425.00			1,230,425.00
(3) Investment real estate		315,192,006.44		315,192,006.44
2. Leased building		315,192,006.44		315,192,006.44
Total assets measured at fair value continuously	15,363,248.12	315,192,006.44		330,555,254.56
2. Discontinuous fair value measurement	--	--	--	--

2. Recognition basis of market value of continuous and discontinuous items measured at first level fair value

The Group determines the fair value using quotation in an active market for financial instruments traded in an active market;

Valuation technique and qualitative and quantitative information for key parameters of continuous and discontinuous second level fair value items

For investment in real estate similar with real estate transaction, the Group uses valuation techniques to determine its fair value. The technique is comparison method. Inputs include transaction date, status, region and other factors.

4. Fair value of financial assets and liabilities not measured at fair value

Financial assets and liabilities measured at amortized cost include: monetary capital, bills receivable, accounts receivable, other receivables, short-term borrowings, notes payable, accounts payables, other payables, and long-term payables.

The difference between book value and fair value of financial assets and liabilities not measured at fair value is small.

XII. Related Parties and Transactions

1. Parent of the Company

Parent	Registered address	Business	Registered capital	Share of the parent co. in the Company	Voting power of the parent company
Shenzhen Banglin Technologies Development Co., Ltd.	Shenzhen	Industrial investment	3,000.00	9.09%	9.09%
Shenzhen Shilihe Investment Co., Ltd.	Shenzhen	Industrial investment	1,978.0992	2.36%	2.36%
Shengjiu Investment	Hong Kong	Industrial investment	HKD1.00	6.51%	6.51%

Ltd.					
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Particulars about the parent of the Company

(1) All of the investors of Shenzhen Banglin Technology Development Co., Ltd. – the holding shareholder of the Company, are natural persons. Among them, Chairman Xiong Jianming is holding 85% of the shares, and Mr. Xiong Xi – son of Mr. Xiong Jianming, is holding 15% of the shares.

(2) Among the top 10 shareholders, Shenzhen Banglin Technology Development Co., Ltd. and Shengjiu Investment Co., Ltd. are parties action-in-concert. Shenzhen Banglin Technology Development Co., Ltd. and Shenzhen Shilihe Investment Co., Ltd. are related parties. The Company is not notified of other action-in-concert or related parties among the other holders of current shares.

The final controller of the Company is Xiong Jianming.

2. Subsidiaries of the Company

See Note IX. 1.

3. Joint ventures and associates

See Note XI, 2 for details of significant joint ventures and associates of the Company.

Information about other joint ventures or associates with related transactions in this period or with balance generated by related transactions in previous period:

Joint venture or associate	Relationship with the Company
Shenzhen Ganshang Joint Investment Co., Ltd.	Associate
Shenzhen Huihai Yirong Internet Service Co., Ltd.	Associate

4. Other associates

Other related parties	Relationship with the Company
Directors, manager, CFO and secretary of the Board of Directors	Key management

5. Related transactions

(1) Related leasing

The Company is the lessor:

In RMB

Name of the leasee	Category of asset for lease	Rental recognized in the period	Rental recognized in the period
Shenzhen Ganshang Joint Investment Co., Ltd.	Houses & buildings	61,252.86	64,455.14

Note to related leasing

(2) Remuneration of key management

In RMB

Items	Amount occurred in the current period	Occurred in previous period
Wage, remuneration and subsidy	2,565,850.00	2,535,415.00

XIII. Contingent events**1. Contingencies****(1) Significant contingencies on the balance sheet date**

Contingent liabilities formed by material lawsuit or arbitration, and their influences on the financial position

In June 2015, Fangda Jianke filed a lawsuit against Wang Weihong, requiring an indemnity of RMB23 million and defreezing of the amount RMB23 million by the bank. By the report date, the lawsuit remain pending.

In 2013, Fangda Jianke filed a lawsuit to Shenyang Middle People's Court again Shenyang Lidu Commerce Co., Ltd., requiring construction payment and loss of RMB9,375,483.47 and the interest. By the report, the construction quality certificate is in application and the second trial remains pending.

(2) Significant contingent events that do not need to be disclosed should be explained

No such significant contingent event

XIV. Post-balance-sheet events**1. Major non-adjustment event**

In RMB

Items	Description	Influence on the financial position and business performance	Reason for not able to estimate the influence
Stock and bond issuance	A total 32,184,931 shares will be issued at the issuance price of RMB14.60/share. The issuance will raise a total RMB469,899,992.60. After the issuance cost of RMB10,030,772.72 is deducted, the net income will be RMB459,869,219.88.	459,869,219.88	

XV. Other material events

1. Suspension of operations

In RMB

Items	Income	Expense	Total profit	Income tax expenses	Net profit	Suspended operation profit attributable to the owners of parent company
Suspension of operations	0.00	-2,829,576.90	-2,800,421.21		-2,800,421.21	

Other note

Shenyang Fangda has been suspended from operating since 2012 and is in the liquidation process. Shenzhen Woke has been liquidated according to the resolution of the Shareholders' Meeting in 2012, the company's business has been suspended. Fangda Aluminium has been suspended from operating since 2011 and is in the liquidation process.

2. Segment information

(1) Recognition basis and accounting policy for segment report

The Group divides its businesses into five reporting segments. The reporting segments are determined based on financial information required by routine internal management. The Group's management regularly review the operating results of the reporting segments to determine resource distribution and evaluate their performance.

The reporting segments are:

- (1) Curtain wall segment, production and sales of curtain wall materials, construction curtain wall design, production and installation;
- (2) Rail transport segment, assembly and processing of metro screen doors;
- (3) Real estate segment, development and operating of real estate on land of which land use right is legally obtained by the Company; property management;
- (4) New energy segment, R&D, installation and sales of PV devices, design and construction of PV power plants; R&D, design, production, sales and installation of light accessories, and other lights, LED products and hardware.
- (5) Others

The segment report information is disclosed based on the accounting policies and measurement standards used by the segments when reporting to the management. The policies and standards should be consistent with those used in preparing the financial statement.

(2) Financial information

In RMB

Items	Curtain wall	Rail transport	Real estate	New energy	Others	Offset between segments	Total
Turnover	821,940,132.72	165,186,777.29	0.00	14,599,260.08	14,499,890.63	6,770,010.97	1,009,456,049.75
Major business turnover	815,228,244.25	164,147,627.29	0.00	8,800,642.45		2,614,221.17	985,562,292.82
Operation cost	685,876,861.72	129,034,411.84	0.00	18,070,248.52	1,019,406.36	2,693,308.83	831,307,619.61
Main business cost	681,819,443.88	128,804,002.92	0.00	10,397,906.99		2,693,308.93	818,328,044.86

XVI. Notes to Financial Statements of the Parent

1. Account receivable

(1) Account receivable disclosed by categories

In RMB

Type	Closing balance					Opening balance				
	Remaining book value		Bad debt provision		Book value	Remaining book value		Bad debt provision		Book value
	Amount	Proportion	Amount	Provision rate		Amount	Proportion	Amount	Provision rate	
Recognition and providing of bad debt provisions on groups	23,572.41	100.00%	707.17	3.00%	22,865.24	356,660.56	100.00%	10,699.82	3.00%	345,960.74
Total	23,572.41		707.17		22,865.24	356,660.56		10,699.82		345,960.74

Account receivable with major individual amount and bad debt provision provided individually at the end of the period:

Applicable Inapplicable

In the group, the account receivable of which bad debt provision is made through the account aging method:

Applicable Inapplicable

In RMB

Age	Closing balance		
	Account receivable	Bad debt provision	Provision rate
Sub-item of within 1 year			
Less than 1 year	23,572.41	707.17	3.00%
Total	23,572.41	707.17	

Group recognition basis:

Account receivable adopting the balance percentage method in the group

Applicable Inapplicable

Account receivable adopting other methods in the group:

(2) Bad debt provision made, returned or recovered in the period

A bad debt provision of RMB-9,992.65 was made in the period. RMB0.00 was recovered or reversed.

(3) Balance of top 5 accounts receivable at the end of the period

The total balance of top-five accounts receivable at the end of the period is RMB23,572.41, accounting for 100% of the total remaining balance of all accounts receivable. The bad debt provision made at the end of the period is RMB707.17.

2. Other receivables

(1) Other receivables disclosed by categories

In RMB

Type	Closing balance					Opening balance				
	Remaining book value		Bad debt provision		Book value	Remaining book value		Bad debt provision		Book value
	Amount	Proportion	Amount	Provision rate		Amount	Proportion	Amount	Provision rate	
Other receivables with major individual amount and bad debt provision provided individually	57,108,420.31		40,452,127.75	70.83%	16,656,292.56	57,108,420.31	13.71%	40,452,127.75	70.83%	16,656,292.56
(2) Recognition and providing of bad debt provisions on groups	451,532,599.16	100.00%	568,290.41	0.12%	450,964,308.75	359,478,173.41	86.29%	543,116.21	0.15%	358,935,057.20
Total	508,641,019.47		41,020,418.16		467,620,601.31	416,586,593.72		40,995,243.96		375,591,349.76

Other receivables with major individual amount and bad debt provision provided individually at the end of the period:

Applicable Inapplicable

In RMB

Other receivables (by entity)	Closing balance			
	Other receivables	Bad debt provision	Provision rate	Reason
Fangda SOZN	57,108,420.31	40,452,127.75	70.83%	Unrecoverable according to the agreement
Total	57,108,420.31	40,452,127.75	--	--

In the group, the other receivables of which bad debt provision are made through the account aging method:

√ Applicable □ Inapplicable

In RMB

Age	Closing balance		
	Other receivables	Bad debt provision	Provision rate
Sub-item of within 1 year			
Less than 1 year			
Subtotal for less than 1 year	1,060,610.97	28,166.70	2.66%
1-2 years	2,219.35	221.94	10.00%
2-3 years	20,000.00	6,000.00	30.00%
Over 3 years	1,067,803.54	533,901.77	50.00%
Total	2,150,633.86	568,290.41	

Group recognition basis:

Other receivables adopting the balance percentage method in the group:

□ Applicable √ Inapplicable

Other receivables adopting other methods in the group

□ Applicable √ Inapplicable

(2) Bad debt provision made, returned or recovered in the period

A bad debt provision of RMB25,174.20 was made in the period. RMB0.00 was recovered or reversed.

(3) Other receivables are disclosed by nature

In RMB

By nature	Closing balance of book value	Opening balance of book value
Associate accounts	506,490,385.61	415,397,754.23
Other trades	2,150,633.86	1,188,839.49
Total	508,641,019.47	416,586,593.72

(4) Balance of top 5 other receivables at the end of the period

In RMB

Entity	By nature	Closing balance	Age	Percentage (%)	Balance of bad debt provision at the end of the period
Fangda Jianke	Associate accounts	229,675,515.85	Less than 1 year	45.15%	
Fangda Property	Associate accounts	133,239,091.91	Less than 1 year	26.20%	
Fangda SOZN	Associate accounts	57,108,420.31	1-2 years	11.23%	40,452,127.75

Fangda Automatic	Associate accounts	34,470,569.96	Less than 1 year	6.78%	
Shihui International	Associate accounts	30,459,793.09	1-2 years	5.99%	
Total	--	484,953,391.12	--	95.34%	40,452,127.75

3. Long-term share equity investment

In RMB

Items	Closing balance			Opening balance		
	Remaining book value	Impairment provision	Book value	Remaining book value	Impairment provision	Book value
Investment in subsidiaries	1,013,991,568.20	56,780,600.00	957,210,968.20	1,013,991,568.20	56,780,600.00	957,210,968.20
Investment in associates and joint ventures	13,089,903.05		13,089,903.05	10,489,680.93		10,489,680.93
Total	1,027,081,471.25	56,780,600.00	970,300,871.25	1,024,481,249.13	56,780,600.00	967,700,649.13

(1) Investment in subsidiaries

In RMB

Invested entity	Opening balance	Increase	Decrease	Closing balance	Provision made in this period	Balance of impairment provision at the end of the period
Fangda Jianke	491,950,000.00			491,950,000.00		
Fangda Aluminium	19,800,000.00			19,800,000.00		19,800,000.00
Fangda Automatic	18,831,241.35			18,831,241.35		
Fangda New Material	74,496,600.00			74,496,600.00		
Shenyang Fangda	108,852,073.85			108,852,073.85		36,980,600.00
Fangda Property	200,000,000.00			200,000,000.00		
Shihui International Holding Co., Ltd.	61,653.00			61,653.00		
Fangda New Energy	100,000,000.00			100,000,000.00		
Total	1,013,991,568.20			1,013,991,568.20		56,780,600.00

(2) Investment in associates and joint ventures

In RMB

Invested entity	Opening balance	Change (+,-)								Closing balance	Balance of impairment provision at the end of the period
		Increased investment	Decreased investment	Investment gain and loss recognized using the equity method	Other miscellaneous income adjustment	Other equity change	Cash dividend or profit announced	Impairment provision	Others		
1. Joint venture											
2. Associate											
Shenzhen Ganshang Joint Investment Co., Ltd.	8,511,197.98			-104,832.11						8,406,365.87	
Shenzhen Huihai Yirong Internet Service Co., Ltd.	1,978,482.95	3,000,000.00		-294,945.77						4,683,537.18	
Subtotal	10,489,680.93	3,000,000.00		-399,777.88						13,089,903.05	
Total	10,489,680.93	3,000,000.00		-399,777.88						13,089,903.05	

4. Operational revenue and costs

In RMB

Items	Amount occurred in the current period		Occurred in previous period	
	Income	Cost	Income	Cost
Other businesses	14,499,890.63	1,019,406.36	15,377,309.73	1,670,215.88
Total	14,499,890.63	1,019,406.36	15,377,309.73	1,670,215.88

5. Investment income

In RMB

Items	Amount occurred in the current period	Occurred in previous period
Gains from long-term equity investment measured by equity	-399,777.88	1,256,994.94
Other investment gains	5,424.66	55,961.64
Total	-394,353.22	1,312,956.58

XVII. Supplementary Materials

1. Detailed accidental gain/loss

Applicable Inapplicable

In RMB

Items	Amount	Notes
Gain/loss of non-current assets	-2,385,055.21	
Subsidies accounted into the current income account (except the government subsidy closely related to the enterprise's business and based on unified national standard quota)	1,545,204.08	
Gain from entrusted investment or assets management	109,920.54	
Gain/loss from change of fair value of transactional financial asset and liabilities, and investment gains from disposal of transactional financial assets and liabilities and sellable financial assets, other than valid period value instruments related to the Company's common businesses	-413,383.46	
Gain/loss from change of fair value of investment property measured at fair value in follow-up measurement	10,576,793.91	
Other non-business income and expenditures other than the above	2,703,089.56	
Less: Influenced amount of income tax	3,297,963.39	
Influenced amount of minority shareholders' equity	-52,709.76	
Total	8,891,315.79	--

Explanation statement should be made for accidental gain/loss items defined and accidental gain/loss items defined as regular gain/loss items according to the Explanation Announcement of Information Disclosure No. 1 - Non-recurring gain/loss mentioned.

Applicable Inapplicable

2. Net income on asset ratio and earning per share

Profit of the report period	Weighted average net income/asset ratio	Earning per share	
		Basic earnings per share (yuan/share)	Diluted Earnings per share (yuan/share)
Net profit attributable to common shareholders of the Company	3.99%	0.07	0.07
Net profit attributable to the common owners of the PLC after deducting of non-recurring gains/losses	3.32%	0.06	0.06

3. Differences in accounting data under domestic and foreign accounting standards

(1) Differences in net profits and assets in financial statements disclosed according to the international and Chinese account standards

Applicable Inapplicable

In RMB

	Net profit		Net assets	
	Amount occurred in the current period	Occurred in previous period	Closing balance	Opening balance
On Chinese accounting standards	53,156,405.36	51,317,648.87	1,298,007,705.19	1,319,496,334.84
Items and amounts adjusted according International Accounting Standards:				
On international accounting standards	53,156,405.36	51,317,648.87	1,302,771,103.43	1,324,259,733.08

(2) Differences in net profits and assets in financial statements disclosed according to the international and Chinese account standards

Applicable Inapplicable

(3) Differences in financial data using domestic and foreign accounting standards, the overseas institution name should be specified if the difference in data audited by an overseas auditor is adjusted

Net assets attributable to the listed company's shareholders calculated according to the IAS is RMB4,763,398.24 higher than that calculated according to the domestic accounting standards, mainly attributable to the capitalization of borrow expenses before the domestic Enterprise Accounting Standard was implemented on January 1, 2007.

X Documents for Reference

1. The Interim Report 2016 and the Summary with signature of the legal representative (Chinese and English);
2. Financial statements stamped and signed by the legal representative, CFO and accounting manager;
3. Originals of all documents and manuscripts of Public Notices of the Company disclosed in public in the newspapers as designated by China Securities Regulatory Commission.