

China Fangda Group Co., Ltd.

2017 Interim Report

Jul. 2017

Chapter 1 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.

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

Directors other than the following ones have attended the Board meeting to review the interim report.

Name of absent director	Position of absent director	Reason	Name of proxy
Guo Jinlong	Independent director	Business engagement	Deng Lei

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.

The Company has specified market, management and production and operation risks in this report. Please review the 10. Risks Facing the Company and Measures in Chapter 4 Operation Discussion and Analysis.

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

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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 Aluminum	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.
Kechuangyuan Software	Refers to	Shenzhen Qianhai Kechuangyuan Software Co., Ltd.
CSRC	Refers to	China Securities Regulatory Commission
SZSE	Refers to	Shenzhen Stock Exchange

Chapter 2 About the Company and Financial Highlights

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 2016 for details.

2. Information disclosure and inquiring

Changes to the information disclosure and inquiring place

Applicable Inapplicable

Please refer to the 2016 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.

4. Financial Highlight

Whether the Company needs to make retroactive adjustment or restate of financial data of previous years

Yes No

	This report period	Same period last year	Year-on-year change (%)
Turnover (yuan)	1,399,710,941.29	1,009,456,049.75	38.66%
Net profit attributable to shareholders of the listed company (yuan)	228,003,319.43	53,156,405.36	328.93%
Net profit attributable to the shareholders of the listed company and after deducting of non-recurring gain/loss (RMB)	218,498,976.52	44,265,089.57	393.61%
Net cash flow generated by business operation (RMB)	215,263,207.38	298,469,343.92	-27.88%
Basic earnings per share (yuan/share)	0.1926	0.05	285.20%
Diluted Earnings per share (yuan/share)	0.1926	0.05	285.20%
Weighted average net income/asset ratio	9.37%	3.99%	5.38%
	End of the report period	End of last year	Year-on-year change
Total asset (RMB)	6,295,862,043.86	6,787,051,278.08	-7.24%
Net profit attributable to the shareholders of the listed company (RMB)	2,314,300,456.96	2,364,262,560.28	-2.11%

5. 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

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.

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.

6. 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)	-87,244.32	
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)	1,418,717.85	
Gain from entrusted investment or assets management	7,507,227.89	
Gain/loss from change of fair value of investment property measured at fair value in follow-up measurement	698,811.63	
Other non-business income and expenditures other than the above	3,034,051.17	
Less: Influenced amount of income tax	3,010,038.32	
Influenced amount of minority shareholders' equity (after-tax)	57,182.99	
Total	9,504,342.91	--

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.

Chapter 3 Business Introduction

1. Major businesses of the Company during the report period

Whether the Company needs to comply with disclosure requirements of special industries

Yes

Property development and decoration industries

The Company is headquartered in Nanshan District of Shenzhen and became listed in Shenzhen Stock Exchange on November 29, 1995. Currently, four major business subsidiaries of the Company are national high-tech enterprises with modern production bases in Shenzhen, Shanghai, Chengdu, Nanchang, Dongguan and Foshan. The Company was engaged in the following businesses in the report period.

1. Curtain wall system and material industry

The Company's main products include energy-saving curtain walls, photo-electricity curtain walls, LED color-display curtain walls and aluminum plate materials. Construction curtain walls are mainly used on high-level buildings, large-area public venues such as airports, stations, cultural centers and exhibition centers, daylighting roof, shaped construction (ball-shaped and clock-shaped buildings) with external retaining and decoration functions. The Company seeks to win orders through tenders and purchase raw materials and arrange production based on orders. The Company integrates designing, production, engineering and after-sales services. The Company's curtain wall products are engineered by itself. The operation mode remained unchanged in the report period.

2. Rail transport equipment business

The Company's main products in this sector are rail transport screen door systems, which are a necessary part of modern subway system. It is installed at the edge of the subway platform and separates trains from the platform. The Company seeks to win orders through tenders and purchase raw materials and arrange production based on orders. The Company has built a complete industry chain that integrates designing, production, engineering and after-sales services. The operation mode remained unchanged in the report period. The Company has developed rail transport screen door systems with independent intellectual property rights. The Company also prepared the first Rail Transport Station Screen Door Standard. Currently, the screen door systems have been used in 27 cities globally, ranking No.1 in China in terms of the market share.

3. New energy industry

Solar PV power generation industry is largely supported by the Chinese government. The Company is one of the first companies that possess intellectual property rights in the designing, production and integration of solar PV systems. Currently, the Company has developed solar PV power plant projects with an installation capacity of 19.5MWp. The projects are Jiangxi Pingxiang Luxi Xuanfeng PV power plant, Nanchang Jiangxi Isuzu Automobile parking lot roof power plant and Dongguan Songshanhu power plant. The power plants are owned and operated by the Company.

4. Real estate

The Company holds two property projects: Shenzhen Fangda Town and Nanchang Phoenix Land Project. Fangda Town project is a renovation project, while Nanchang Phoenix project is an office building and business apartment project. Currently phase I of Fangda Town project has been completed and put into sales. Nanchang Phoenix Land Project is in the preliminary planning and construction preparation stage. The Fangda Town project is partly sold and partly leased and used by the Company.

Please read 1. Summary of Chapter 4 Operation Discussion and Analysis for detailed discussion. See Chapter 3 Core Competitiveness Analysis for the Company's main result driving forces.

2. Major assets change

1. Major assets change

Main assets	Major change
Equity assets	None
Fixed assets	None
Intangible assets	None
Construction in process	None

2. Major foreign assets

Applicable Inapplicable

3 Core Competitiveness Analysis

Whether the Company needs to comply with disclosure requirements of special industries

Yes

Property development and decoration industries

(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 400 curtain wall and material patents (including 33 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 built 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, 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

As the Chinese government continues to implement the “One Road, One Belt”, “Chinese Manufacturing Plan 2025” and “13th Five-Year Plan” strategies, the Chinese urban railway transportation has been developed rapidly, turning the subway screen door business onto a fast track. By the end of 2016, a total of 130 subway lines have been running in more than 29 cities with a total length of 3,849 km. More than 100 lines in more than 40 cities are under construction with a total length of more than 3,000 km. The year 2016 is the first year of the 13th five-year plan period. The National Reform and Development Commission approved the applications of rail transport construction of about 8,600 km in 43 cities.

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 227 metro screen door patents, including 48 invention patents. The Company also has four computer software copyrights.

3. Brand equity

So far, the Company has undertaken railway screen door projects in 27 cities including Hong Kong, Singapore, Kuala Lumpur of Malaysia and Noida of India. 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 become the largest railway screen door supplier in the world.

(3) New energy industry

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. The new energy industry enjoys the advantage of strong industry relevancy.

(4) Real estate development

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. The Nanchang Phoenix Land project is in the preliminary planning and construction preparation stage. As of the disclosure date of the reporting period, the Company and Bangshen Electronics (Shenzhen) Co., Ltd. have signed the cooperation framework agreement for the Fangda Bangshen Industry Park renovation project. The project is located in Furong, Shenzhen and covers 20,714.9m². Currently, the land is used as industrial plant and will be renovated as an M0 new-type industry project. The Company will continue exploring real estate projects and developing the real estate business to bring profits continuously.

Chapter 4 Operation Discussion and Analysis

1. Summary

In the first half of 2017, the Company has stuck to the annual operation target and the management theme of innovation and has taken a series internal evolution, organization optimization and process streamlining measures. The operation target for the first half of 2017 has been basically fulfilled. During the report period, the Company recorded operating revenue of RMB1,399,710,900, up 38.66% year on year. The net profit attributable to owners of the parent company is RMB228,003,300, up 328.93% year on year. The net profit after deducting accidental gain/loss is RMB218,499,000, up 393.61% year on year. The cash flow from main business reached RMB215,263,200. The order reserve is worth RMB4,016,000,000 (including orders that has won without signing) at the end of the report period.

1. High-end curtain wall system and material business

In the first half of 2017, the Company maintained its outstanding performance in the high-end energy-saving curtain wall market and won bids in a series of high-end curtain wall engineering and aluminum plate projects including the Shenzhen Vanke Coast Land Building, Shenzhen Vanke Yuncheng, Shenzhen Jinlitong Financial Center, Guangzhou Kaidaer International Traffic Center, Hangzhou Huanglong International Center, Yunnan Qujing Economic Development Zone Vanda Plaza. In the report period, the Company has taken a series of measures including engineering site management, design and engineering optimization, and improved engineering efficiency in projects including Shenzhen Shum Yip Uptown south zone, Guangzhou Baosteel Building, Wenzhou Qingshan Holding Group Headquarters Building, Chengdu Lindi Global Center, Shanghai CapitalLand Tianmu West Road and Suzhou CapitalLand Center. Currently, the Company is an industry leader in terms of the design, production and installation of high-end shaped curtain wall systems. By the end of the report period, the Company has high-end curtain wall and material orders worth RMB2.784 billion (including orders that has won without signing), which is 332% of the sales income from the high-end curtain wall system and material business in the first half of 2017, paving the way for the Company to continuously developing the business.

In the report period, the Beijing Yanxihu Lake International Convention and Exhibition Center undertaken by the Company served as the main venue for the 2017 “the Belt and Road” cooperation summit and attract attention around the world, reflecting Fangda’s outstanding expertise as a supplier of high-end curtain wall systems. The curtain wall engineering projects of Shenzhen Excellence Meilin Center Plaza south zone and Shenzhen Alibaba Building won the China Building High-quality Curtain Wall Engineering Prize and Guangdong Outstanding Building Decoration Engineering Prize respectively.

Since curtain walls have specific service life and need to be examined and serviced after being used for a specific number of years. As the industry has developed for more than 2 decades, more and more curtain walls have entered the maintenance and service stage. In the report period, the Company has taken advantage of its technological lead to explore into the curtain wall examination and maintenance business through standard preparation, industry promotion and pilot projects. Currently, the Company has undertaken examination and service businesses for Shenzhen Bao’an Airport and Shenzhen News Building. In the future, the Company will increase investment in the examination and maintenance business to upgrade the business competitiveness and increase driving force for its business development.

2. Rail transport equipment business

In the first half of 2017, the Company won screen door system orders in projects including the Shenzhen subway line No.6, No.10, No.20, Wuhan subway No.11 east extension line, No.2 south extension line, No.7 south extension line, and Zhengzhou subway line No.5 and screen door service orders for Shenzhen subway line No.1, No.2 and No.5, and Nanchang subway line No.2, ranking No.1 in the Chinese screen door market in terms of the order volume in the first half of 2017, further consolidating the Company’s dominating market position in the business. By the end of the report period, the Company has rail transport equipment

order worth RMB1.232 billion (including orders that has won without signing), which is 797% of the operating income from this business in the first half.

To further consolidate the Company's lead in this business and expand the industry chain, the Company and Shenzhen BYD Supply Chain Management Co., Ltd have signed the *Cloud Rai Station Screen Door Purchase Contract* as of the disclosure date of this report. According the contract, the Company will provide screen door products and services for BYD Cloud Rail Guang'an Line, Shantou Line and Xi'an Line. Cloud Rail is one of the main businesses of BYD. The cooperation between the Company and BYD will give a strong boost to the development of this business.

As increasing investment is made in urban subway, the screen door maintenance service market is growing rapidly, profiting leaders of the screen door industry. The income from this business in the first half grew 85% year-on-year. The business is likely to continue growing and take a greater share among the Company's businesses continuously.

As the government continues implementing the "Belt and Road" strategy and "13th Five-Year Plan", the construction of rail transport in Chinese cities will explode. Currently, the Company's screen door systems have been used in 27 cities around the world, most of which are used in nations and cities along the "Belt and Road". As the world's largest screen door system supplier, the Company is likely to maintain the continuous growth in this industry over the next few years.

3. New energy industry

Since the PV power generation policy has changed radically, the Company made promptly adjustment in the report period to terminate PV power plant projects that are to be funded by raised capital but have been not started. The residual raised fund will be used to replenish the working capital permanently (see the *Notice on Terminating Part of the Projects Funded by Raised Capital and Using the Residual Fund to Replenish the Working Capital* disclosed on March 21, 2017). Currently, three PV power plants have been connected to the power grid with a power generation capacity of about 19.5MWp. The projects will bring long-term and stable income and profit for the Company. In the report period, the PV power plants constructed by the Company have met the production efficiency expectation.

4. Real estate

Currently, the Company is running two real estate projects: Shenzhen Fangda Town project and Nanchang Phoenix Land project. By the end of the report period, the total sales area was 62,500 m², of which 61,100 m² area has recognized income. Meanwhile, the Company has actively initiated the introduction of businesses, which will create stable rent income. The Nanchang Phoenix Land project is in the preliminary planning and construction preparation stage. As of the disclosure date of the reporting period, the Company and Bangshen Electronics (Shenzhen) Co., Ltd. have signed the cooperation framework agreement for the Fangda Bangshen Industry Park renovation project. The project is located in Furong, Shenzhen and covers 20,714.9m². Currently, the land is used as industrial plant and will be renovated as an M0 new-type industry project. The Company will continue exploring real estate projects and developing the real estate business to bring profits continuously.

5. Awards

In the report period, the Company won a series of titles and prizes including the Guangdong Trustworthy Enterprise, Shenzhen Outstanding Entity, Shenzhen Outstanding Quality Prize, Shenzhen Intellectual Property Right Gold Prize and Best Innovative Tradename Prize. The tradename "Fangda" won the title of Shenzhen Well-known Tradename for the fourth time.

In the report period, Fangda Jianke won a series of honors and prizes including the Outstanding Supplier, National High-Quality Project Prize, China High-Quality Curtain Wall Project Prize, Guangdong Outstanding Building Decoration Project Prize, My Favorite Curtain Wall Project Prize and Shenzhen Building Decoration Engineering Safety Prize.

In the report period, Fangda Automation won the title of Wuhan Rail Transport No.6 Line Phase I Outstanding Constructor and the title of Outstanding Partner from Nanjing and Tianjin subway operation companies.

In the report period, Fangda Property was given the titles of Shenzhen High Potential Real Estate Developer and Shenzhen Top-100 Real Estate Developers.

2. Main business analysis

For details see Management Discussion and Analysis – 1. Profile

Year-on-year changes in major financial data

In RMB

	This report period	Same period last year	YOY change (%)	Cause of change
Turnover	1,399,710,941.29	1,009,456,049.75	38.66%	Mainly due to recognition of income from the Fangda Town project
Operation cost	903,397,926.97	831,307,619.61	8.67%	
Sales expense	23,137,281.77	25,417,302.84	-8.97%	
Administrative expense	71,006,728.79	73,800,752.02	-3.79%	
Financial expenses	25,897,314.89	17,587,854.56	47.25%	Mainly due to stopping capitalization of interest expense of the phase I of the Fangda Town project
Income tax expenses	67,768,104.52	8,901,695.41	661.29%	Mainly due to increase in profits from the Fangda Town project
R&D investment	56,202,159.95	44,158,340.87	27.27%	
Cash flow generated by business operations, net	215,263,207.38	298,469,343.92	-27.88%	
Cash flow generated by investment activities, net	-144,406,688.71	-117,405,175.95	-23.00%	
Net cash flow generated by financing activities	-213,486,321.35	-61,649,037.60	-246.29%	Mainly due to dividend distributed to shareholders
Net increase in cash and cash equivalents	-143,734,270.91	119,824,986.63	-219.95%	Mainly due to dividend distributed to shareholders

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.

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	737,244,117.11	631,139,134.81	14.39%	-9.31%	-6.99%	-2.14%
Railroad industry	154,612,475.20	119,799,197.58	22.52%	-5.81%	-7.47%	1.40%
Real estate	477,870,274.15	140,741,588.36	70.55%	100.00%	100.00%	
Product						
Curtain wall system and materials	737,244,117.11	631,139,134.81	14.39%	-9.31%	-6.99%	-2.14%
Subway screen door and service	154,612,475.20	119,799,197.58	22.52%	-5.81%	-7.47%	1.40%
Real estate	477,870,274.15	140,741,588.36	70.55%	100.00%	100.00%	
District						
In China	1,378,989,748.35	890,221,856.47	35.44%	42.92%	10.60%	18.86%

3. Non-core business analysis

Applicable Inapplicable

4. Assets and liabilities

1. Major changes in assets composition

In RMB

	End of the report period		Same period last year		Change (%)	Notes
	Amount	Proportion in total assets	Amount	Proportion in total assets		
Monetary capital	896,180,195.84	14.23%	493,964,032.83	9.50%	4.73%	Mainly due to cash obtained from sales of Fangda Town property
Account receivable	1,998,836,618.75	31.75%	1,551,238,398.45	29.84%	1.91%	Mainly due to amount to be received from sales of Fangda Town property
Inventory	1,917,899,065.58	30.46%	1,617,759,559.46	31.12%	-0.66%	Mainly due to increase in Fangda Town and Phoenix project development costs and product development costs
Investment real estate	332,975,019.31	5.29%	346,392,822.12	6.66%	-1.37%	
Long-term share equity investment	11,478,399.06	0.18%	13,089,903.05	0.25%	-0.07%	
Fixed assets	494,499,271.59	7.85%	569,067,513.53	10.95%	-3.10%	

Construction in process	2,537,725.36	0.04%	3,750,749.87	0.07%	-0.03%	
Short-term loans	551,000,000.00	8.75%	961,000,000.00	18.49%	-9.74%	Repayment of mature borrowing
Long-term loans	965,178,626.29	15.33%	486,524,108.36	9.36%	5.97%	Mainly due to increase in loans for the Fangda Town project

2. Assets and liabilities measured at fair value

Applicable Inapplicable

In RMB

Items	Opening amount	Gain/loss caused by changes in fair value	Accumulative changes in fair value accounting into the income account	Impairment provided in the period	Amount purchased in the period	Amount sold in the period	Closing amount
Financial assets							
2. Derivative financial assets	2,232,200.00					1,909,200.00	323,000.00
Subtotal	2,232,200.00					1,909,200.00	323,000.00
Investment real estate	303,090,562.60	369,591.00				694,455.99	302,765,697.63
Total	305,322,762.62	369,591.00				2,603,655.99	303,088,697.63
Financial liabilities	0.00						54,175.00

Major changes in the assets measurement property of the Company in the report period

Yes No

3. Right restriction of assets at the end of the period

Items	Closing book value (RMB)	Reason
Monetary capital	104,089,891.35	Frozen deposit and pledge
Fixed assets	71,524,022.93	Borrowing pledge or frozen by a court
Investment real estate	296,740,660.63	Loan by pledge
100% stake in Fangda Property Development held by the Company	200,000,000.00	Loan by pledge
Total	672,354,574.91	

V. Investment

1. General situation

Applicable Inapplicable

2. Major equity investment in the report period

Applicable Inapplicable

3. Major non-equity investment in the report period

Applicable Inapplicable

4. Financial assets investment

(1) Securities investment

Applicable Inapplicable

The Company made no investment in securities in the report period

(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	No	No	Shanghai aluminum	6,220.786	22.12.17	15.12.17	6,220.78	3,560.13	6,513.12		3,267.79	1.41%	686.98

Total	6,220.78	--	--	6,220.78	3,560.13	6,513.12		3,267.79	1.41%	686.98
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 derivative in the report period compared to last period	The Company decides to implement the <i>Temporary Provisions on the Accounting of Commodity Futures Hedging for its aluminum ingot futures contracts in the report period and no longer implement the Enterprise Accounting Standard No.24 – Hedging</i>									
Opinions of independent directors on the Company's derivative investment and risk controlling	None									

6. Major assets and equity sales

1. Major assets sales

Applicable Inapplicable

The Company sold no assets in the report period.

2. Major equity sales

Applicable Inapplicable

7. Analysis of major joint stock companies

Applicable Inapplicable

Major subsidiaries and joint stock companies affecting more than 10% of the Company's net profit

In RMB

Company	Type	Main business	Industry	Registered capital	Total assets	Net assets	Turnover	Operation profit	Net profit
Fangda Jianke	Subsidiary	Curtain wall design and installation	Construction service industry	500,000,000.00	3,104,435,844.06	848,563,618.21	650,141,345.38	32,623,123.97	27,581,124.59
Fangda Property	Subsidiary	Real estate development	Real estate	200,000,000.00	2,730,734,343.87	477,037,108.05	477,870,274.15	216,690,352.41	162,510,795.57

Acquisition and disposal of subsidiaries in the report period

Applicable Inapplicable

Company	Acquisition and disposal of subsidiaries in the report period	Impacts on overall production, operation and performance
Fangda Australia Co., Ltd.	Newly established	None
Shenzhen Hongjun Investment Co., Ltd.	Newly established	None

Major joint-stock companies

8. Structural entities controlled by the Company

Applicable Inapplicable

9. Forecast of operating performance between January and September in 2017

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

Forecast: substantial rise from the same period last year

Data type: within a period of time

(1) Result Forecast

1. Period of forecast: January 1, 2017 and 30.09.17

(1) Result forecast between January 1 and September 30, 2017:

Items	This report period	Same period last year
Net profit attributable	Year-on-year growth: 197.57 %-250.08%	Earnings:

to the shareholders of the listed company	Earnings: RMB340 million – RMB 400 million	RMB114,260,000
Basic earnings per share	Earnings: RMB0.29-0.34	Earnings per share: RMB0.10

(2) Result forecast between July 1 and September 30, 2017:

Items	This report period	Same period last year
Net profit attributable to the shareholders of the listed company	Year-on-year growth: 83.31 %-181.51%	Earnings: RMB61,100,000
	Earnings: RMB112 million – RMB 172 million	
Basic earnings per share	Earnings per share: RMB0.09-0.15	Earnings per share: RMB0.05

(2) Audit of forecast

The result forecast has not been audited by a CPA.

(3) Reason of change

The earnings increase is attributable to sales income and profit rise.

10. Risks facing the company and measures

1. Market risks and measures

As the overall designing and engineering quality continues improving in the domestic construction curtain wall industry, curtain wall products will become increasingly standard, intensifying the market competition. The Company will continue implementing a prudent operation strategy, fine management and technical innovation to lower the management costs and accelerate the recovery of receivables. Through new technologies and processes, we will improve product quality, lower costs and elevate earnings. While consolidating the domestic market, the Company will step up the efforts in exploring overseas markets, thus elevating our competitiveness in global markets and improving our resistance to risks.

2. Management risks and measures

With an increase in orders in recent years and operation of five industry bases, the Company has continued expanding rapidly in terms of capitalization, business and teams. The organizational structure and management system have become more complicated, leading to management risks in industry expansion. The Company will continue to improve the matrix management mode, integrate business management, optimize the business flow, seeking to build a high-efficient and solid management team. We will introduce high-quality, professional technical and management talents in different fields to strengthen the Company's core competitiveness.

3. Production and operation risks and measures

The macro-economy and market demand have added to the fluctuation in prices of main raw materials such as aluminum and steel and labor, affecting the Company's profitability and creating additional production and operation risks for the Company. The Company has sought to lower the purchase and production costs, pay attention to technical R&D, reduce consumption of raw materials, introduce automatic and intelligent production equipment, strengthen staff training to improve working efficiency.

4. Solar PV power plant risks and measures

The industry is closely related to policies of the local government. Changes in policies will have large impacts on the industry. Since the PV power generation policy has changed radically, the Company made promptly adjustment in the report period to terminate PV power plant projects that are to be funded by raised capital but have been not started. The residual raised fund will be used to replenish the working capital permanently (see the *Notice on Terminating Part of the Projects Funded by Raised Capital and Using the Residual Fund to Replenish the Working Capital* disclosed on March 21, 2017).

Chapter 5 Significant Events

I. Annual and extraordinary shareholder meetings held during the report period

1. Annual shareholder meeting during the report period

Meeting	Type	Participation of investors	Date	Date of disclosure	Index for information disclosure
2016 Annual Shareholder Meeting	Annual shareholders' meeting	29.47%	11.04.17	12.04.17	<i>Notice on Resolutions of the Annual Shareholders' Meeting (2017-12)</i> released on www.cninfo.com.cn

2. Shareholders of preference shares of which voting right resume convening an extraordinary shareholders' meeting

Applicable Inapplicable

II. 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.

III. Commitments that have been fulfilled and not fulfilled by actual controller, shareholders, related parties, acquirers of the Company

Applicable Inapplicable

Promised issue	Promiser	Type	Commitment	Date	Term	Fulfillment
Share reform						
Commitments made in acquisition reports or equity change reports						
Commitments made during assets reorganization						
Commitments made during initial public offering or re-financing	Caitong Fund; Changzhou Investment Group, First Capital Securities,	Share sales restriction commitment	Shares offered in the non-public share issuance in 2015 will be locked for	01.08.16	12 months	In fulfillment

	Fullgoal Assets Management Co., Ltd., Sinomach Finance Co., Ltd., Minsheng Tonghui Asset Management Co., Ltd. and Ping An-UOB Fund Management Co., Ltd.		12 months from the date of listing			
Share option incentive						
Other commitments made to small-to-middle shareholders						
Timely fulfillment	Yes					

IV. Engaging and dismissing of CPA

Whether the interim financial report is audited

Yes No

The interim report for H1 2015 has not been audited.

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

Applicable Inapplicable

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

Applicable Inapplicable

VII. Bankruptcy and capital reorganizing

Applicable Inapplicable

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

VIII. Lawsuit

Significant lawsuit and arbitration

Applicable Inapplicable

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

Other lawsuit

Applicable Inapplicable

IX. Punishment and rectification

Applicable Inapplicable

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

X. Credibility of the Company, controlling shareholder and actual controller

Applicable Inapplicable

XI. Share incentive schemes, staff shareholding program or other incentive plans

Applicable Inapplicable

There is no share incentive schemes, staff shareholding program or other incentive plans in the report period

XII. 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 or equity 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 major related transactions

Applicable Inapplicable

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

XIII. 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.

XIV. 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 half-year lease income of investment real estate is RMB16,177,925.55.

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. Significant guarantee

Applicable Inapplicable

(1) Guarantee

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	26.04.16	48,000	06.07.16	24,095.31	Joint liability	since engage of contract to 2 years upon due of debt	No	Yes
Fangda Jianke	26.04.16	26,000	27.12.16	2,126.42	Joint liability	since engage of contract to 2 years upon due of debt	No	Yes
Fangda Jianke	26.04.16	40,000	01.11.16	15,159.05	Joint liability	since engage of contract to 2 years upon due of debt	No	Yes
Fangda Jianke	26.04.16	20,000	23.08.16	10,000	Joint liability	since engage of contract to 2 years upon due of debt	No	Yes
Fangda Jianke	26.04.16	18,000	16.02.17	27,325.46	Joint liability	since engage of contract to 2 years upon due of debt	No	Yes
Fangda Jianke	26.04.16	20,000	17.10.16	1,214.26	Joint liability	since engage of contract to 2 years upon due of debt	No	Yes
Fangda Jianke	26.04.16	30,000	17.11.16	30,000	Joint liability	since engage of contract to 2 years upon due of debt	No	Yes
Fangda Automatic	26.04.16	21,600	06.07.16	3,362.89	Joint liability	since engage of contract to 2 years upon due of debt	No	Yes
Fangda Automatic	26.04.16	10,000	12.12.16	2,179.49	Joint liability	since engage of contract to 2 years upon due of debt	No	Yes

Fangda Automatic	26.04.16	10,000	27.12.16	919.22	Joint liability	since engage of contract to 2 years upon due of debt	No	Yes
Fangda Automatic	13.09.16	43,951.6	08.09.16	43,951.6	Joint liability	since engage of contract to 2 years upon due of debt	No	Yes
Fangda New Material	26.04.16	8,000	25.05.16	7,585.99	Joint liability	since engage of contract to 2 years upon due of debt	No	Yes
Fangda New Material	26.04.16	5,200	18.11.16	150	Joint liability	since engage of contract to 2 years upon due of debt	No	Yes
Fangda Property	23.03.13	130,000	03.02.15	106,517.87	Joint liability	since engage of contract to 2 years upon due of debt	No	Yes
Fangda Group	26.04.16	25,000	26.10.16		Joint liability	since engage of contract to 2 years upon due of debt	No	Yes
Fangda Group	26.04.16	20,000	12.12.16	9,000	Joint liability	since engage of contract to 2 years upon due of debt	No	Yes
Total of guarantee to subsidiaries approved in the report term (B1)		538,800		Total of guarantee to subsidiaries actually occurred in the report term (B2)		91,496.21		
Total of guarantee to subsidiaries approved as of the report term (B3)		712,751.6		Total of balance of guarantee actually provided to the subsidiaries as of end of report term (B4)		283,587.56		
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)	538,800	Total of guarantee occurred in the report term (A2+B2+C2)	91,496.21
Total of guarantee approved as of end of report term (A3+B3+C3)	712,751.6	Total of guarantee occurred as of the end of report term (A4+B4+C4)	283,587.56
Percentage of the total guarantee occurred (A4+B4+C4) on net asset of the Company			122.54%
Including:			
Statement on the possible joint liabilities on the guarantees not due yet (if any)	None		
Statement of external guarantees violating the procedure (if any)	None		

Note of compound guarantee

(2) 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.

XV. Social responsibilities

1. Performance of poverty relieving responsibilities

Half-year poverty relieving summary

The Company was not engaged in poverty relief in the first half of 2017 and plans to donate RMB751,000 in the second half for poverty relief:

1. Donate RMB600,000 to the Jiangxi CPPCC overseas poverty relief foundation. The donation will be used to build health and family planning service stations for 12 poor villages of Taihe county, Jiangxi.
2. Donate RMB100,000 to the Nanchang Juvenile Development Foundation to set up the Nanchang Sanfeng Charity Foundation.
3. Donate RMB50,000 to the Shenzhen Nanshan District Yuehai Sub-district Federation of Trade Unions for poverty relief of Lianping county, Shenzhen, Guangdong.
4. Donate RMB1,000 to set up the Shenzhen Nanshan District Elder Care Charity Foundation.

2. Environmental protection

Whether the Company and its subsidiaries are key polluting companies disclosed by the environmental protection authority

No

XVI. Other material events

Applicable Inapplicable

On March 17, 2017 and April 11, 2017, the Company held the 26th meeting of the 7th Board of Directors and 2016 General Shareholders' Meeting to review the *Proposal of Terminating Part of the Raised Fund and Using the Residual Raised Fund to Permanently Replenish the Working Capital* and *Proposal of Using the Saved Fund of Finished Projects to Permanently Replenish the Working Capital*. Notice on Terminating Part of the Raised Fund and Using the Residual Raised Fund to Permanently Replenish the Working Capital.

XVII. Material events of subsidiaries

Applicable Inapplicable

Chapter 6 Changes in Share Capital and Shareholders

I. Changes in shares

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	33,156,973	4.20%			16,592,095		16,592,095	49,749,068	4.20%
1. State-owned shares									0.00%
2. State-owned legal person shares	6,438,356	0.82%			3,219,178		3,219,178	9,657,534	0.82%
3. Other domestic shares	26,718,617	3.39%			13,372,917		13,372,917	40,091,534	3.39%
Including: Shares held by domestic legal persons									0.00%
Domestic natural person shares	972,042	0.12%			499,630		499,630	1,471,672	0.12%
4. Shares held by foreign investors									0.00%
Including: Shares held by foreign legal persons									0.00%
Domestic natural person shares									0.00%
II. Shares without trading limited conditions	755,937,863	95.80%			377,955,323		377,955,323	1,133,893,186	95.80%
1. Common shares in RMB	419,986,675	53.22%			209,979,729		209,979,729	629,966,404	53.22%
2. Foreign shares in domestic market	335,951,188	42.57%			167,975,594		167,975,594	503,926,782	42.57%
3. Foreign shares in overseas market					0		0		0.00%
4. Others					0		0		0.00%

III. Total of capital shares	789,094,836	100.00%			394,547,418		394,547,418	1,183,642,254	100.00%
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Reasons

Applicable Inapplicable

In the report period, the Company implemented the 2016 profit distribution plan to distribute a cash dividend of RMB3.50 (tax included) for every ten shares to all shareholders and issue 5 shares for every 10 shares to all shareholders through capitalization of the reserve based on the total share number of 789,094,836 shares on December 31, 2016.

Approval of the change

Applicable Inapplicable

The 2016 profit distribution proposal was reviewed at the 26th meeting of the 7th Board of Directors and 2016 shareholders' meeting held on March 17, 2017 and April 11, 2017 respectively.

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

The basic earnings per share and diluted earnings per share of the recent year after the change is RMB0.59/share (RMB0.91/share before the change). The net asset per share of the recent year after the change is RMB2.00/share (RMB3.00 before the change);

The basic earnings per share and diluted earnings per share of the latest period after the change is RMB0.59/share (RMB0.91/share before the change). The net asset per share of the latest period after the change is RMB2.06/share (RMB3.08 before the change);

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

Applicable Inapplicable

2. Changes in conditional shares

Applicable Inapplicable

II. Share placing and listing

Applicable Inapplicable

III. Shareholders and shareholding

In share

Number of shareholders of common shares at the end of the report period			47,307	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	Number of common	Change in the reporting	Condition common	Unconditional common	Pledging or freezing	
							Share status	Amount

		percentage	shares held at the end of the report period	period	shares	shares		
Shenzhen Banglin Technologies Development Co., Ltd.	Domestic non-state legal person	8.72%	103,161,409	34,387,136		103,161,409	Pledged	24,370,000
Shengjiu Investment Ltd.	Foreign legal person	7.36%	87,165,339	29,774,929		87,165,339		
GUOTAI JUNAN SECURITIES(HONGKONG) LIMITED	Foreign legal person	4.20%	49,745,300	16,321,496		49,745,300		
Huang Jupei	Domestic natural person	2.83%	33,501,500	6,818,668		33,501,500		
Gong Qing Cheng Shi Li He Investment Management Partnership Enterprise (limited partner)	Domestic non-state legal person	2.26%	26,791,488	8,930,496		26,791,488		
Shenwan Hongyuan Securities (Hong Kong) Co., Ltd.	Foreign legal person	1.73%	20,448,473	7,730,065		20,448,473		
Zhou Shijian	Domestic natural person	1.69%	20,000,000	3,786,500		20,000,000		
China Resource SZITIC Trust – China Resource Trust No.13 Collective Trust Program	Others	1.23%	14,559,204			14,559,204		
Yunnan International Trust CO., Ltd.	Others	1.12%	13,229,635	5,377,578		13,229,635		

– Juxin No.5 Collective Fund Trust Program								
First Capital Securities – Guosen Securities – Mutual Win Dayan Quantization Private Placement Collective Assets Management Program	Others	0.82%	9,657,534	3,219,178	9,657,534			
A strategic investor or ordinary legal person becomes the Top10 common share shareholder due a stock issue (see note 3)	Among the above-mentioned shareholders, First Capital Securities – Guosen Securities – Mutual Win Dayan Quantization Private Placement Collective Assets Management Program became one of the top 10 shareholders because of the A-share issuance. The 9,657,534 share it holds shall not be transferred within 12 months upon the listing of the shares (on August 1, 2016).							
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 Gong Qing Cheng Shi Li He Investment Management Partnership Enterprise 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.	103,161,409	RMB common shares	103,161,409					
Shengjiu Investment Ltd.	87,165,339	Foreign shares listed in domestic exchanges	87,165,339					
GUOTAI JUNAN SECURITIES(HONGKONG) LIMITED	49,745,300	Foreign shares listed in domestic exchanges	49,745,300					
Huang Jupei	33,501,500	RMB common shares	33,501,500					
Gong Qing Cheng Shi Li He	26,791,488	RMB common	26,791,488					

Investment Management Partnership Enterprise (limited partner)		shares	
Shenwan Hongyuan Securities (Hong Kong) Co., Ltd.	20,448,473	Foreign shares listed in domestic exchanges	20,448,473
Zhou Shijian	20,000,000	RMB common shares	20,000,000
China Resource SZITIC Trust – China Resource Trust No.13 Collective Trust Program	14,559,204	RMB common shares	14,559,204
Yunnan International Trust CO., Ltd. – Juxin No.5 Collective Fund Trust Program	13,229,635	RMB common shares	13,229,635
Yunnan International Trust CO., Ltd. – Yunxia No.3 Collective Fund Trust Program	8,635,314	RMB common shares	8,635,314
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 Gong Qing Cheng Shi Li He Investment Management Partnership Enterprise 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) (see note 4)	Huang Jupei holds 33,500,000 shares of the Company through the client credit trade securities account of GF Securities; Zhou Shijian holds 20,000,000 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

IV. 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

Chapter 7 Preferred Shares

Applicable Inapplicable

The Company had no preferred share in the report period.

Chapter 8 Particulars about the Directors, Supervisors, and Senior Management

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

√ Applicable □ Inapplicable

Name	Position	Job status	Number of shares held at beginning of the period	Increased shares in this period (share)	Decreased shares in this period (share)	Number of shares held at end of the period	Number of restricted shares granted at the beginning of the period	Number of restricted shares granted in this period	Number of restricted shares granted at the end of the period
Xiong Jianming	Chairman, president	In office	1,259,771	629,886	0	1,889,657			
Lin Kebin	Director, vice president	In office							
Zhou Zhigang	Director, vice president secretary of the Board	In office							
Xiong Jianwei	Director	In office							
Guo Wanda	Independent director	In office							
Deng Lei	Independent director	In office							
Guo Jinlong	Independent director	In office							
Yin Changjian	Supervisor y Committee meeting convener	In office							
Dong	Supervisor	In office							

Gelin									
Cao Naisi	Supervisor	In office							
Wei Yuexing	Vice president	In office							
Lin Bin	Independent director	Resigned							
Wang Shengguo	Director, vice president	Resigned	36,286	18,143	0	54,429			
Zhen Hua	Supervisory Committee meeting convener	Resigned							
Zen Xiaowu	Supervisor	Resigned							
Total	--	--	1,296,057	648,029	0	1,944,086	0	0	0

2. Changes in the Directors, Supervisors and Senior Executives

√ Applicable □ Inapplicable

Name	Job	Type	Date	Reason
Xiong Jianming	Chairman, president	Elected	11.04.17	Office term expires and re-elected
Lin Kebin	Director, vice president	Elected	11.04.17	Office term expires and re-elected
Zhou Zhigang	Director, vice president secretary of the Board	Elected	11.04.17	Office term expires and re-elected
Xiong Jianwei	Director	Elected	11.04.17	Office term expires and re-elected
Guo Wanda	Independent director	Elected	11.04.17	Office term expires and re-elected
Deng Lei	Independent director	Elected	11.04.17	Office term expires and re-elected
Guo Jinlong	Independent director	Elected	11.04.17	Office term expires and re-elected
Yin Changjian	Supervisory	Elected	11.04.17	Office term expires and re-elected

	Committee meeting convener			
Dong Gelin	Supervisor	Elected	11.04.17	Office term expires and re-elected
Cao Naisi	Supervisor	Elected	11.04.17	Office term expires and re-elected
Wei Yuexing	Vice president	Elected	11.04.17	Office term expires and re-elected
Wang Shengguo	Director, vice president	Leaving office	11.04.17	Office term expires and re-elected
Lin Bin	Independent director	Leaving office	11.04.17	Office term expires and re-elected
Zhen Hua	Supervisory Committee meeting convener	Leaving office	11.04.17	Office term expires and re-elected
Zen Xiaowu	Supervisor	Leaving office	11.04.17	Office term expires and re-elected
Lin Kebin	CFO	Leaving office	11.04.17	Office term expires and re-elected

Chapter 9 Information about the Company's Securities

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

No

Chapter 10 Financial Statements

I. Auditor's report

Whether the interim report is audited

Yes No

The financial statements for H1 2014 have not been audited.

II. Financial statements

Unit for statements in notes to financial statements: RMB yuan

1. Consolidated Balance Sheet

Prepared by: China Fangda Group Co., Ltd.

In RMB

Items	Closing balance	Opening balance
Current asset:		
Monetary capital	896,180,195.84	1,095,229,837.90
Settlement provision		
Outgoing call loan		
Financial assets measured at fair value with variations accounted into current income account		
Derivative financial assets	323,000.00	2,232,200.00
Notes receivable	16,230,966.01	18,898,106.11
Account receivable	1,998,836,618.75	2,342,929,628.14
Prepayment	53,461,381.46	31,526,326.25
Insurance receivable		
Reinsurance receivable		
Provisions of Reinsurance contracts receivable		
Interest receivable		302,950.68
Dividend receivable		
Other receivables	53,039,501.03	57,378,994.72
Repurchasing of financial assets		

Inventory	1,917,899,065.58	1,990,621,059.27
Assets held for sales		
Non-current assets due in 1 year		
Other current assets	185,572,920.97	62,206,574.33
Total current assets	5,121,543,649.64	5,601,325,677.40
Non-current assets:		
Loan and advancement provided		
Sellable financial assets	28,562,575.67	28,562,575.67
Investment held until mature		
Long-term receivable		
Long-term share equity investment	11,478,399.06	12,105,030.68
Investment real estate	332,975,019.31	333,795,631.30
Fixed assets	494,499,271.59	506,819,266.38
Construction in process	2,537,725.36	2,537,725.36
Engineering materials		
Disposal of fixed assets	596.00	
Productive biological assets		
Gas & petrol		
Intangible assets	59,204,940.34	60,228,652.69
R&D expense		
Goodwill		
Long-term amortizable expenses	2,810,782.65	3,695,766.33
Deferred income tax assets	196,414,604.53	176,796,698.56
Other non-current assets	45,834,479.71	61,184,253.71
Total of non-current assets	1,174,318,394.22	1,185,725,600.68
Total of assets	6,295,862,043.86	6,787,051,278.08
Current liabilities		
Short-term loans	551,000,000.00	591,000,000.00
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	54,175.00	
Notes payable	410,917,866.68	557,301,320.45
Account payable	1,091,086,900.21	1,275,255,961.34
Prepayment received	151,545,508.98	285,905,444.13
Selling of repurchased financial assets		
Fees and commissions payable		
Employees' wage payable	22,139,591.51	41,972,342.66
Taxes payable	76,665,910.90	192,236,574.40
Interest payable	2,450,888.90	2,634,979.47
Dividend payable		
Other payables	426,049,378.56	366,182,799.41
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	100,000,000.00	
Other current liabilities	13,429,739.77	35,148,084.44
Total current liabilities	2,845,339,960.51	3,347,637,506.30
Non-current liabilities:		
Long-term loans	965,178,626.29	922,169,568.24
Bond payable		
Including: preferred stock		
Perpetual bond		
Long-term payable		
Long-term employees' wage payable		
Special payables		
Anticipated liabilities	3,046,499.32	3,156,625.24
Deferred earning	11,251,935.16	11,567,224.78
Deferred income tax liabilities	219,178,851.80	200,207,003.35
Other non-current liabilities		
Total of non-current liabilities	1,198,655,912.57	1,137,100,421.61

Total liabilities	4,043,995,873.08	4,484,737,927.91
Owner's equity:		
Share capital	1,183,642,254.00	789,094,836.00
Other equity tools		
Including: preferred stock		
Perpetual bond		
Capital reserves	72,829,484.96	467,376,902.96
Less: Shares in stock		
Other miscellaneous income	348,224.37	2,130,454.52
Special reserves		
Surplus reserves	88,839,790.50	88,839,790.50
Common risk provisions		
Retained profit	968,640,703.13	1,016,820,576.30
Total of owner's equity belong to the parent company	2,314,300,456.96	2,364,262,560.28
Minor shareholders' equity	-62,434,286.18	-61,949,210.11
Total of owners' equity	2,251,866,170.78	2,302,313,350.17
Total of liabilities and owner's interest	6,295,862,043.86	6,787,051,278.08

Legal representative: Xiong Jianming

CFO: Lin Kebing

Accounting Manager: Wu Bohua

2. Balance Sheet of the Parent Company

In RMB

Items	Closing balance	Opening balance
Current asset:		
Monetary capital	221,543,594.63	81,148,314.87
Financial assets measured at fair value with variations accounted into current income account		
Derivative financial assets		
Notes receivable		
Account receivable		454,140.85
Prepayment	58,586.69	110,132.27
Interest receivable		
Dividend receivable		430,000,000.00

Other receivables	456,671,546.70	459,354,983.42
Inventory		
Assets held for sales		
Non-current assets due in 1 year		
Other current assets	52,252.03	334,228.97
Total current assets	678,325,980.05	971,401,800.38
Non-current assets:		
Sellable financial assets	28,562,575.67	28,562,575.67
Investment held until mature		
Long-term receivable		
Long-term share equity investment	896,817,893.41	897,444,525.03
Investment real estate	296,740,660.63	296,740,660.63
Fixed assets	53,935,558.83	55,081,689.15
Construction in process		
Engineering materials		
Disposal of fixed assets		
Productive biological assets		
Gas & petrol		
Intangible assets	1,781,633.51	1,531,179.93
R&D expense		
Goodwill		
Long-term amortizable expenses	160,639.28	252,857.40
Deferred income tax assets	55,918,578.38	57,076,777.66
Other non-current assets	120,000,000.00	120,000,000.00
Total of non-current assets	1,453,917,539.71	1,456,690,265.47
Total of assets	2,132,243,519.76	2,428,092,065.85
Current liabilities		
Short-term loans	90,000,000.00	190,000,000.00
Financial liabilities measured at fair value with variations accounted into current income account	0.00	
Derivative financial liabilities	0.00	
Notes payable	0.00	33,692,909.97
Account payable	606,941.85	606,941.85
Prepayment received	693,045.60	965,234.08

Employees' wage payable	990,619.66	2,338,896.51
Taxes payable	671,631.25	460,424.30
Interest payable	106,575.00	288,513.75
Dividend payable	0.00	
Other payables	176,368,983.99	65,436,929.77
Liabilities held for sales		
Non-current liabilities due in 1 year		
Other current liabilities		
Total current liabilities	269,437,797.35	293,789,850.23
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	124,231,197.16	124,088,349.06
Other non-current liabilities	0.00	
Total of non-current liabilities	124,231,197.16	124,088,349.06
Total liabilities	393,668,994.51	417,878,199.29
Owner's equity:		
Share capital	1,183,642,254.00	789,094,836.00
Other equity tools		
Including: preferred stock		
Perpetual bond		
Capital reserves	71,736,128.89	466,283,546.89
Less: Shares in stock		
Other miscellaneous income	91,831.63	91,831.63
Special reserves		
Surplus reserves	88,839,790.50	88,839,790.50

Retained profit	394,264,520.23	665,903,861.54
Total of owners' equity	1,738,574,525.25	2,010,213,866.56
Total of liabilities and owner's interest	2,132,243,519.76	2,428,092,065.85

3. Consolidated Income Statement

In RMB

Items	Amount occurred in the current period	Occurred in previous period
1. Total revenue	1,399,710,941.29	1,009,456,049.75
Incl. Business income	1,399,710,941.29	1,009,456,049.75
Interest income		
Insurance fee earned		
Fee and commission received		
2. Total business cost	1,117,603,395.86	964,818,829.76
Incl. Business cost	903,397,926.97	831,307,619.61
Interest expense		
Fee and commission paid		
Insurance discharge payment		
Net claim amount paid		
Net insurance policy reserves provided		
Insurance policy dividend paid		
Reinsurance expenses		
Taxes and surcharges	104,072,276.80	6,357,728.12
Sales expense	23,137,281.77	25,417,302.84
Administrative expense	71,006,728.79	73,800,752.02
Financial expenses	25,897,314.89	17,587,854.56
Asset impairment loss	-9,908,133.36	10,347,572.61
Plus: gains from change of fair value ("-" for loss)	698,811.63	10,163,410.45
Investment gains ("-" for loss)	6,880,596.27	-289,857.34
Incl. Investment gains from affiliates and joint ventures	-626,631.62	-399,777.88
Exchange gains ("-" for loss)		

Other gains		
3. Operational profit (“-“ for loss)	289,686,953.33	54,510,773.10
Plus: non-operational income	5,949,279.63	6,363,729.16
Incl. Loss from disposal of non-current assets	33,313.54	68,572.07
Less: non-operational expenditure	349,885.08	3,344,545.43
Incl. Loss from disposal of non-current assets	120,557.86	2,453,627.28
4. Gross profit (“-“ for loss)	295,286,347.88	57,529,956.83
Less: Income tax expenses	67,768,104.52	8,901,695.41
5. Net profit (“-“ for net loss)	227,518,243.36	48,628,261.42
Net profit attributable to the owners of parent company	228,003,319.43	53,156,405.36
Minor shareholders' equity	-485,076.07	-4,528,143.94
6. After-tax net amount of other misc. incomes	-1,782,230.15	1,045,861.25
After-tax net amount of other misc. incomes attributed to parent's owner	-1,782,230.15	1,045,861.25
(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	-1,782,230.15	1,045,861.25
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	-1,782,230.15	1,045,861.25
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	225,736,013.21	49,674,122.67
Total of misc. incomes attributable to the owners of the parent company	226,221,089.28	54,202,266.61
Total misc gains attributable to the minor shareholders	-485,076.07	-4,528,143.94
8. Earnings per share:		
(1) Basic earnings per share	0.1926	0.05
(2) Diluted earnings per share	0.1926	0.05

Net profit contributed by entities merged under common control in the report period was RMB0.00, net profit realized by parties merged during the previous period is RMB0.00.

Legal representative: Xiong Jianming

CFO: Lin Kebing

Accounting Manager: Wu Bohua

4. Income Statement of the Parent Company

In RMB

Items	Amount occurred in the current period	Occurred in previous period
1. Turnover	13,854,120.29	14,499,890.63
Less: Operation cost	803,595.88	1,019,406.36
Taxes and surcharges	653,338.66	1,220,187.64
Sales expense	0.00	
Administrative expense	12,556,952.25	11,552,747.84
Financial expenses	-1,445,023.38	3,559,630.74
Asset impairment loss	37,911.33	15,181.55
Plus: gains from change of fair value ("-" for loss)	0.00	10,453,596.91
Investment gains ("-" for loss)	1,014,671.43	-394,353.22
Incl. Investment gains from affiliates and joint ventures	-626,631.62	-399,777.88
Other gains		

2. Operational profit (“-“ for loss)	2,262,016.98	7,191,980.19
Plus: non-operational income	3,614,153.51	3,342,189.74
Incl. Loss from disposal of non-current assets	0.00	
Less: non-operational expenditure	31,271.82	89,374.82
Incl. Loss from disposal of non-current assets	31,271.82	
3. Gross profit (“-“ for loss)	5,844,898.67	10,444,795.11
Less: Income tax expenses	1,301,047.38	3,188,412.95
4. Net profit (“-“ for net loss)	4,543,851.29	7,256,382.16
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	4,543,851.29	7,256,382.16
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	1,707,815,692.38	1,543,342,196.26
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	32,965,303.99	638,256.40
Other cash received from business operation	91,715,380.92	61,030,313.38

Sub-total of cash inflow from business operations	1,832,496,377.29	1,605,010,766.04
Cash paid for purchasing products and services	1,062,204,721.25	979,343,688.52
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	133,690,986.71	128,733,391.35
Taxes paid	320,067,254.32	110,327,435.35
Other cash paid for business activities	101,270,207.63	88,136,906.90
Sub-total of cash outflow from business operations	1,617,233,169.91	1,306,541,422.12
Cash flow generated by business operations, net	215,263,207.38	298,469,343.92
2. Cash flow generated by investment:		
Cash received from investment recovery	4,330,200,000.00	186,000,000.00
Cash received as investment profit	7,834,655.67	109,920.54
Net cash retrieved from disposal of fixed assets, intangible assets, and other long-term assets	3,539,281.00	9,183,213.10
Net cash received from disposal of subsidiaries or other operational units	0.00	
Other investment-related cash received	0.00	
Sub-total of cash inflow generated from investment	4,341,573,936.67	195,293,133.64
Cash paid for construction of fixed assets, intangible assets and other long-term assets	30,780,625.38	34,548,309.59
Cash paid as investment	4,455,200,000.00	277,000,000.00

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
Subtotal of cash outflows	4,485,980,625.38	312,698,309.59
Cash flow generated by investment activities, net	-144,406,688.71	-117,405,175.95
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	393,009,058.05	761,128,526.30
Cash received from bond placing		
Other cash received from financing activities		31.03
Subtotal of cash inflow from financing activities	393,009,058.05	761,128,557.33
Cash paid to repay debts	290,000,000.00	709,500,000.00
Cash paid as dividend, profit, or interests	316,495,379.40	112,636,475.36
Incl. Dividend and profit paid by subsidiaries to minority shareholders		
Other cash paid for financing activities		641,119.57
Subtotal of cash outflow from financing activities	606,495,379.40	822,777,594.93
Net cash flow generated by financing activities	-213,486,321.35	-61,649,037.60
4. Influence of exchange rate changes on cash and cash equivalents	-1,104,468.23	409,856.26
5. Net increase in cash and cash equivalents	-143,734,270.91	119,824,986.63
Plus: Balance of cash and cash equivalents at the beginning of term	935,824,575.40	247,739,243.78
6. Balance of cash and cash equivalents	792,090,304.49	367,564,230.41

at the end of the period		
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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	12,095,764.44	10,967,653.17
Tax refunded		
Other cash received from business operation	520,946,233.20	465,710,548.11
Sub-total of cash inflow from business operations	533,041,997.64	476,678,201.28
Cash paid for purchasing products and services	27,852,746.78	1,004,529.87
Cash paid to and for the staff	9,265,037.35	7,228,487.72
Taxes paid	1,405,482.25	2,510,775.42
Other cash paid for business activities	402,671,567.73	380,887,024.06
Sub-total of cash outflow from business operations	441,194,834.11	391,630,817.07
Cash flow generated by business operations, net	91,847,163.53	85,047,384.21
2. Cash flow generated by investment:		
Cash received from investment recovery	1,272,000,000.00	61,000,000.00
Cash received as investment profit	435,352,305.75	6,776,424.69
Net cash retrieved from disposal of fixed assets, intangible assets, and other long-term assets	0.00	300,000.00
Net cash received from disposal of subsidiaries or other operational units		
Other investment-related cash received		
Sub-total of cash inflow generated from investment	1,707,352,305.75	68,076,424.69

Cash paid for construction of fixed assets, intangible assets and other long-term assets	655,772.35	46,348.61
Cash paid as investment	1,272,000,000.00	64,000,000.00
Net cash paid for acquiring subsidiaries and other operational units	0.00	
Other cash paid for investment	0.00	
Subtotal of cash outflows	1,272,655,772.35	64,046,348.61
Cash flow generated by investment activities, net	434,696,533.40	4,030,076.08
3. Cash flow generated by financing activities:		
Cash received from investment		
Cash received from borrowed loans		350,000,000.00
Cash received from bond placing		
Other cash received from financing activities		31.03
Subtotal of cash inflow from financing activities		350,000,031.03
Cash paid to repay debts	100,000,000.00	350,000,000.00
Cash paid as dividend, profit, or interests	279,409,832.29	85,187,480.03
Other cash paid for financing activities		641,119.57
Subtotal of cash outflow from financing activities	379,409,832.29	435,828,599.60
Net cash flow generated by financing activities	-379,409,832.29	-85,828,568.57
4. Influence of exchange rate changes on cash and cash equivalents	-2.88	-360.66
5. Net increase in cash and cash equivalents	147,133,861.76	3,248,531.06
Plus: Balance of cash and cash equivalents at the beginning of term	74,159,732.87	25,583,130.83
6. Balance of cash and cash equivalents at the end of the period	221,293,594.63	28,831,661.89

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	789,094,836.00				467,376,902.96		2,130,454.52			88,839,790.50		1,016,820,576.30	-61,949,210.11	2,302,313,350.17
Plus: Changes in accounting policies														
Correction of previous errors														
Consolidation of entities under common control														
Others														
2. Balance at the beginning of current year	789,094,836.00				467,376,902.96		2,130,454.52			88,839,790.50		1,016,820,576.30	-61,949,210.11	2,302,313,350.17
3. Amount of change in current term ("—" for decrease)	394,547,418.00				-394,547,418.00		-1,782,230.15					-48,179,873.17	-485,076.07	-50,447,179.39
(1) Total of misc. incomes							-1,782,230.15					228,003,319.43	-485,076.07	225,736,013.21
(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											-276,183,192.60		-276,183,192.60
1. Providing of surplus reserves													
2. Common risk provision													
3. Allotment to the owners (or shareholders)											-276,183,192.60		-276,183,192.60
4. Others													
(4) Internal transferring of owners' equity	394,547,418.00					-394,547,418.00							
1. Capitalizing of capital reserves (or to capital shares)	394,547,418.00					-394,547,418.00							
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	1,183,642,254.00				72,829,484.96		348,224.37		88,839,790.50		968,640,703.13	-62,434,286.18	2,251,866,170.78

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				79,099,619.14		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

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	789,094,836.00				466,283,546.89		91,831.63		88,839,790.50	665,903,861.54	2,010,213,866.56
Plus: Changes in accounting policies											
Correction of previous errors											
Others											
2. Balance at the beginning of current year	789,094,836.00	0.00	0.00	0.00	466,283,546.89	0.00	91,831.63	0.00	88,839,790.50	665,903,861.54	2,010,213,866.56
3. Amount of change in current term ("—" for decrease)	394,547,418.00	0.00	0.00	0.00	-394,547,418.00	0.00	0.00	0.00	0.00	-271,639,341.31	-271,639,341.31
(1) Total of misc. incomes										4,543,851.29	4,543,851.29
(2) Investment or decreasing of capital by owners	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
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	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	-276,183,192.60	-276,183,192.60	
1. Providing of surplus reserves												
2. Allotment to the owners (or shareholders)										-276,183,192.60	-276,183,192.60	
3. Others												
(4) Internal transferring of owners' equity	394,547,418.00	0.00	0.00	0.00	-394,547,418.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
1. Capitalizing of capital reserves (or to capital shares)	394,547,418.00				-394,547,418.00							0.00
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	1,183,64	0.00	0.00	0.00	71,736,12	0.00	91,831.63	0.00	88,839,79	394,264	1,738,574	

end of this period	2,254.00				8.89				0.50	,520.23	,525.25
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Amount of Last Year

In RMB

Items	Last 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

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 RMB1,183,642,254; 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 New Material, 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 28, 2017.

The consolidation scope for the consolidated financial statements includes the Company and all subsidiaries. The entities newly consolidated this period include one subsidiary Shenzhen Hongjun Investment Co., Ltd. and one sub-subsidiary Fangda Australia Co., Ltd. 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 June 30, 2017, and business performance and cash flow situation in Year 2017 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 consolidate 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 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 re-measurement 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 DE recognition 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 extend 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
Receivable accounts consolidated	Other method

Receivables adopting the aging method in the group:

Applicable Inapplicable

Age	Providing rate for receivable account	Providing rate for other receivables
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%
3-4 years	50.00%	50.00%
4-5 years	50.00%	50.00%
Over 5 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

The Company must comply with disclosure requirements of the Shenzhen Stock Exchange Industry Information Disclosure Guideline No.6 – Listed Companies Engaged in Decoration Business.

11. Inventories

Whether the Company needs to comply with disclosure requirements of special industries

Yes

Property development and decoration industries

(1) Classification of inventories

The Group's inventories include purchased materials, raw materials, low-value consumables, packing materials, OEM materials, products in process, semi-finished goods, finished goods, inventory, development costs, 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 self-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. The actual costs of the development product is priced using the separate pricing method.

(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 consolidate 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 estates with an active real estate transaction market and the Group can obtain market price and other information of same or similar real estates to reasonably estimate the investment real estates' fair value, the Group will use the fair value mode to measure the investment real estates 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.

Investment real estate that use the cost method for further measurement adopt the straight-line depreciation provision method. See Note V. 18 for the provision method.

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	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.

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
Land using right	Beneficial age	Average age
Trademarks and patents	10	Average age
Proprietary technology	10	Average age
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

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.

(4) Accounting of other long-term staff 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

Whether the Company needs to comply with disclosure requirements of special industries

Yes

Property development and decoration industries

The Company must comply with disclosure requirements of the Shenzhen Stock Exchange Industry Information Disclosure Guideline No.6 – Listed Companies Engaged in Decoration Business.

(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.

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 completion 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.

Parts of the curtain wall project under Fangda Jianke are outsourced, and administrative fees are collected at the agreed rate. For these construction contracts, income will be recognized when ongoing payment for the project is received and corresponding costs are transferred.

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.

③ Real estate sales

Income from real estate sales is recognized when the contract is signed and performed, project is developed and completed with the record for the completion acceptance, the handover procedure is completed or property is deemed accepted by the customer as per the property sales contract, the payment is received or it is believed that the payment can be received, and the cost can be measured reliably.

23. Government subsidy

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

Government subsidy is only recognized when the required conditions are met and the subsidy is received.

When a government subsidy is monetary capital, it is measured at the received or receivable amount. When there is no clear evidence indicating compliance with related conditions for governmental support and it is estimated that the Company can receive a government subsidy, it will be measured at the receivable amount. Otherwise, it is measured at the amount actually received. None monetary capital is measured at fair value; if no reliable fair value available, recognized at RMB1.

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.

Asset-related government subsidy should offset the book value of related asset or recognized as deferred gain. If the asset-related government subsidy is recognized as deferred gain, should be recorded in gain and loss in the service life. Government subsidy measured at the nominal amount is accounted into current income account.

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

Gain-related government subsidy should be accounted as follows:

- (1) Subsidy that will be used to compensate related future costs or losses should be recognized as deferred gain and recorded in the gain and loss of the current report and offset related cost;
- (2) Subsidy that is used to compensate existing cost or loss should be recorded in the gain and loss of the current period or offset related cost.

Government subsidy related to routine operations should be recorded in other gains or offset related cost. Government subsidy not related to routine operations should be recorded in non-operating income or expense.

24. Differed income tax assets and differed 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 are adequate taxable proceeds, the lessened amount will be reversed.

25. Leasing

(1) Accounting of operational leasing

The Group transfers all the risks and rewards attached to the asset at substantially transferred to the lessee, it is recognized as financial leasing, and the others are operational leasing.

- (1) The Group is the lessor

In financial leasing, the book value of financial rental is the sum of lowest amount of the rent and the initial expenses since the date when the lease is started. The difference between the sum of lowest rental, initial direct expense and unsecured balance and the current value is recognized as the unrealized financial income. Unrealized financial income is recognized as financial income at actual interest basis to the periods of the leasing period.

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.

- (2) The Group is the lessee

The Group measures the leased assets as the lower of the fair value and the present value of minimum lease payment of the leased assets on the starting date of the lease and records the minimum lease payment as long-term payable and the difference between the two as unrecognized financing expense. The initial direct expense is accounted into asset value. Unrecognized financial cost is recognized as financial cost at actual interest basis to the periods of the leasing period. The Group adopts the depreciation policy same as the self-owned fixed assets to made provision for depreciation of leased assets.

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

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 half 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).

(5) Development cost

For property that has been handed over with income recognized, but whose public facilities have not been constructed or not been completed, the management will estimate the development cost for the part that has not been started according to the budget to reflect the operation result of the property sales.

(6) Accounting of hedging

When the hedge relationship begins, the Group specifies the hedge relationship in writing to specify the follow: risks management target and hedging strategy; nature of the hedged item and quantity; nature and quantity of hedging instruments, nature and identification of hedged risks; evaluation of the hedging effectiveness, including the economic relationship between the hedged item and hedging instrument, hedging ratio, analysis of the hedging ineffectiveness source; the beginning date of the specified hedging relationship.

Cash flow hedging

During the existence of the hedging relationship, the part of the cumulative gain or loss of the hedging instrument within the change to the current value of the cumulative cash flow of the hedged item is included into other misc. incomes. The part that is lower or larger than the cash flow change is included into the gain or loss of the current period.

When the hedging relationship ends and related inventory is recognized, the hedging instrument gain or loss recognized in “Other misc. income hedging reserve” will be transferred to “Raw materials”.

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

VI. Taxation

1. Major taxes and tax rates

Tax	Tax basis	Tax rate
VAT	Taxable income	3%、5%、6%、11%、17%
City maintenance and construction tax	Taxable turnover	1%、5%、7%
Enterprise income tax	Taxable income	15%、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%
Dongguan Fangda New Material Co., Ltd.	15%
Shenzhen Kexunda Software Co., Ltd.	25%
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%
Jiangxi Fangda Property Development 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%
Shenzhen Qianhai Kechuangyuan Software Co., Ltd.	15%

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. Kexunda entered the semi-exemption period in 2015.

(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 02.11.15, 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) On 02.03.16, 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.

(8) On 02.06.16, according to the document issued by Nanchang Xinjian District National Tax Bureau, the PV power generation project undertaken by subsidiary Xinjian New Energy Company, 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 10.03.17, according to the registration to Shenzhen National Tax Bureau, subsidiary Kechuangyuan Software became a newly established software and integrated circuit designing company and can enjoy the two-year full exemption and three-year half-exemption of the enterprise income tax from the first year that the company records profit. Kexunda started making profits in 2016 and therefore starts to enjoy the exemption.

3. Others

VII. Notes to the consolidated financial statements

1. Monetary capital

In RMB

Items	Closing balance	Opening balance
Inventory cash:	1,079,247.26	11,625.54
Bank deposits	788,536,824.94	932,709,227.42
Other monetary capital	106,564,123.64	162,508,984.94
Total	896,180,195.84	1,095,229,837.90
Including: total amount deposited in overseas	27,493,703.12	27,553,060.26

Other note

(1) A bank deposit of RMB128,266.04 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 RMB106,564,123.64 is mainly the futures, bank

acceptance bill and guarantee deposit and investment, including a deposit of RMB103,961,625.31. The deposit and frozen deposit shall not be treated as cash and cash equivalent in the preparation of cash flow statements.

2. Derivative financial assets

Applicable Inapplicable

In RMB

Items	Closing balance	Opening balance
Futures contracts	323,000.00	2,232,200.00
Total	323,000.00	2,232,200.00

Others:

It is mainly attributable to the cash flow hedging on aluminum futures contracts conducted by Fangda Jianke and Fangda New Material.

3. Notes receivable

(1) Classification of notes receivable

In RMB

Items	Closing balance	Opening balance
Bank acceptance	12,050,000.00	11,819,567.96
Commercial acceptance	4,180,966.01	7,078,538.15
Total	16,230,966.01	18,898,106.11

(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	85,523,852.14	
Commercial acceptance	19,640,673.31	
Total	105,164,525.45	

4. Account receivable

(1) Account receivable disclosed by categories

In RMB

Type	Closing balance	Opening balance
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	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	2,216,897,439.52	97.97%	218,060,820.77	9.84%	1,998,836,618.75	2,573,188,876.31	98.35%	230,259,248.17	8.95%	2,342,929,628.14
Account receivable with minor individual amount and bad debt provision provided individually	45,852,685.68	2.03%	45,852,685.68	100.00%	0.00	43,290,086.64	1.65%	43,290,086.64	100.00%	0.00
Total	2,262,750,125.20	100.00%	263,913,506.45	11.66%	1,998,836,618.75	2,616,478,962.95	100.00%	273,549,334.81	10.45%	2,342,929,628.14

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	1,483,335,631.03	44,500,068.93	3.00%
1-2 years	391,359,475.39	39,135,947.54	10.00%
2-3 years	183,381,811.41	55,014,543.42	30.00%
3-4 years	84,291,287.13	42,145,643.59	50.00%
4-5 years	37,325,486.32	18,662,743.16	50.00%
Over 5 years	37,203,748.24	18,601,874.13	50.00%
Total	2,216,897,439.52	218,060,820.77	9.84%

Group recognition basis:

The Company must comply with disclosure requirements of the Shenzhen Stock Exchange Industry Information Disclosure Guideline No.6 – Listed Companies Engaged in Decoration Business.

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-9,635,828.36 was made in the period. RMB0.00 was recovered or reversed.

Including significant recovery or reversal:

In RMB

Entity	Written-back or recovered amount	Method
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(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 RMB438,655,305.97, accounting for 19.39% of the total remaining balance of all accounts receivable. The bad debt provision made at the end of the period is RMB18,723,322.69.

5. Prepayment**(1) Account age of prepayments**

In RMB

Age	Closing balance		Opening balance	
	Amount	Proportion	Amount	Proportion
Less than 1 year	45,366,614.82	84.86%	28,442,485.03	90.22%
1-2 years	7,142,771.23	13.36%	1,224,651.51	3.88%
2-3 years	13,816.32	0.03%	540,874.20	1.72%
Over 3 years	938,179.09	1.75%	1,318,315.51	4.18%
Total	53,461,381.46	--	31,526,326.25	--

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 RMB24,631,218.49, accounting for 46.07% of the total prepayments at the end of the period.

Others:

6. Receivable interest**(1) Receivable interest**

In RMB

Items	Closing balance	Opening balance
Bank financial products		302,950.68

Total		302,950.68
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(2) Important overdue interest

Borrower	Closing balance	Overdue time	Reason	Basis of judgment
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Others:

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	62,798,263.44	98.70%	9,758,762.41	15.51%	53,039,501.03	67,471,244.99	98.79%	10,092,250.27	14.96%	57,378,994.72
Other receivables with minor individual amount and bad debt provision provided individually	825,887.03	1.30%	825,887.03	100.00%	0.00	825,887.03	1.21%	825,887.03	100.00%	0.00
Total	63,624,150.47	100.00%	10,584,649.44	16.61%	53,039,501.03	68,297,132.02	100.00%	10,918,137.30	15.99%	57,378,994.72

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	31,574,834.33	947,272.49	3.00%
1-2 years	15,422,643.11	1,542,264.31	10.00%
2-3 years	3,155,836.73	946,751.02	30.00%
3-4 years	1,215,612.21	607,806.12	50.00%

4-5 years	1,932,839.51	966,419.76	50.00%
Over 5 years	9,496,497.55	4,748,248.70	50.00%
Total	62,798,263.44	9,758,762.40	15.54%

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 RMB-267,997.02 was made in the period. RMB was recovered or reversed.

Including significant recovery or reversal:

In RMB

Entity	Written-back or recovered amount	Method
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(3) Other receivables are disclosed by nature

In RMB

By nature	Closing balance of book value	Opening balance of book value
Deposit	34,319,930.58	35,468,468.79
Construction borrowing and advanced payment	9,997,255.67	16,300,394.58
Staff borrowing and petty cash	4,183,116.50	2,954,984.22
Receivable refund of VAT	943,746.87	1,949,939.35
Others	14,180,100.85	11,623,345.08
Total	63,624,150.47	68,297,132.02

(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.	Deposit	6,931,316.60	1-2 years	10.89%	693,131.66
Wang Weihong	Advanced construction fee	4,944,388.15	Over 3 years	7.77%	2,472,194.08
China Merchants	Futures margin	2,684,425.00	Less than 1 year	4.22%	80,532.75

Futures Brokerage Co., Ltd.					
Xin Song	Advanced construction fee	2,620,327.61	Over 5 years	4.12%	1,310,163.81
Zeng Liang	Construction borrowing and advanced payment	2,355,324.74	Less than 3 year	3.70%	343,436.21
Total	--	19,535,782.10	--	30.70%	4,899,458.51

8. Inventories

Whether the Company needs to comply with disclosure requirements of the real estate industry.

Yes

(1) Classification of inventories

The Company must comply with disclosure requirements of the Shenzhen Stock Exchange Industry Information Disclosure Guideline No.3 – Listed Companies Engaged in Property Development.

Classified by nature:

In RMB

Items	Closing balance			Opening balance		
	Remaining book value	Depreciation provision	Book value	Remaining book value	Depreciation provision	Book value
Development cost	1,175,271,604.23		1,175,271,604.23	1,116,777,166.82		1,116,777,166.82
Development products	439,050,974.67		439,050,974.67	579,792,563.00		579,792,563.00
Raw materials	89,652,708.62	1,776,760.32	87,875,948.30	83,474,670.86	1,776,760.32	81,697,910.54
Product in process	10,700,424.07		10,700,424.07	16,439,362.04		16,439,362.04
Finished goods in stock	9,105,474.48		9,105,474.48	8,845,931.76		8,845,931.76
Assets unsettled for finished construction contracts	189,629,229.94		189,629,229.94	186,288,217.00		186,288,217.00
Low price consumable				73,018.52		73,018.52
OEM materials	5,424,718.01	1,499,169.52	3,925,548.49	2,206,059.11	1,499,169.52	706,889.59
Goods delivered	37,408,292.60	35,068,431.20	2,339,861.40	35,068,431.20	35,068,431.20	0.00

Total	1,956,243,426.62	38,344,361.04	1,917,899,065.58	2,028,965,420.31	38,344,361.04	1,990,621,059.27
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Development cost and capitalization rate of its interest are disclosed as follows:

In RMB

Project	Starting time	Estimated finish time	Estimated total investment	Opening balance	Transferred to development product in this period	Other decrease in this period	Increase (development cost) in this period	Closing balance	Accumulative capitalized interest	Including: capitalized interest for the current period	Capital source
Fangda Nanchang Phoenix Land Project		31.12.18	630,000,000.00	199,959,230.55	-	0.00	8,732,722.94	208,691,953.49	0.00	0.00	Others
Fangda Plaza project phase II	01.05.14	31.12.17	927,000,000.00	916,817,936.27	-	0.00	49,761,714.47	966,579,650.74	42,717,404.57	10,062,716.96	Bank loan
Total	--	--	1,557,000,000.00	1,116,777,166.82	0	0.00	58,494,437.41	1,175,271,604.23	42,717,404.57	10,062,716.96	--

Development product is disclosed as follows:

In RMB

Project	Completion time	Opening balance	Increase	Decrease	Closing balance
Fangda Plaza project phase I	01.12.16	579,792,563.00		140,741,588.33	439,050,974.67
Total	--	579,792,563.00		140,741,588.33	439,050,974.67

Development product with receivable installments, development product for lease and turnover property are disclosed as follows:

In RMB

Project	Opening balance	Increase	Decrease	Closing balance

(2) Inventory depreciation provision

The inventory depreciation provision is disclosed as follows:

Classified by nature:

In RMB

Items	Opening balance	Increase in this period		Decrease in this period		Closing balance	Notes
		Provision	Others	Recover or write-off	Others		

Raw materials	1,776,760. 32					1,776,760.32	
Product in process							
Finished goods in stock							
Assets unsettled for finished construction contracts							
Low price consumable							
OEM materials	1,499,169. 52					1,499,169.52	
Goods delivered	35,068,431 .20					35,068,431.20	
Total	38,344,361 .04					38,344,361.04	--

By items:

In RMB

Project	Opening balance	Increase in this period		Decrease in this period		Closing balance	Notes
		Provision	Others	Recover or write-off	Others		

(3) Capitalization rate of borrowing cost in the closing inventory balance

The balance at the end of the period includes capitalization of borrowing expense of Fangda Town project of RMB42,717,404.57. The capitalization amount of cumulative borrowing expenses is RMB111,846,534.72, of which RMB10,062,716.96 occurred in this year.

(4) Restriction of inventory

Restricted inventory is disclosed by project

In RMB

Project	Opening balance	Closing balance	Reason

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

In RMB

Items	Amount
Accumulative occurred costs	7,484,959,171.97
Accumulative recognized gross margin	1,276,205,207.30
Settled amount	8,571,535,149.33
Assets unsettled for finished construction contracts	189,629,229.94

Others:

Whether Company needs to comply with disclosure requirements of the Shenzhen Stock Exchange Industry Information Disclosure Guideline No.4 – Listed Companies Engaged in Seed and Plantation Business

No

9. Other current assets

In RMB

Items	Closing balance	Opening balance
Input tax to be deducted	17,072,719.42	14,896,029.18
Bank financial products	167,000,000.00	41,000,000.00
Prepaid income tax		433,807.84
Prepaid VAT	1,500,201.55	4,726,521.18
Prepaid business tax		1,150,216.13
Total	185,572,920.97	62,206,574.33

10. Sellable financial assets

(1) Sellable financial assets

In RMB

Items	Closing balance			Opening balance		
	Remaining book value	Impairment provision	Book value	Remaining book value	Impairment provision	Book value
Sellable equity instruments:	28,562,575.67	0.00	28,562,575.67	28,562,575.67	0.00	28,562,575.67
Measured at fair value	0.00	0.00	0.00	0.00	0.00	0.00
Measured at cost	28,562,575.67	0.00	28,562,575.67	28,562,575.67	0.00	28,562,575.67
Total	28,562,575.67	0.00	28,562,575.67	28,562,575.67	0.00	28,562,575.67

(2) Sellable financial assets measured at costs at the end of the period

In RMB

Invested entity	Remaining book value				Impairment provision				Shareholding in the invested entity	Cash dividend in the period
	Beginning of the period	Increase	Decrease	Closing balance	Beginning of the period	Increase	Decrease	Closing balance		
Shenyang Fangda	28,562,575.67			28,562,575.67					64.58%	
Total	28,562,575.67			28,562,575.67					--	

11. Long-term share equity investment

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.	8,600,939.78			-99,063.07						8,501,876.71	
Shenzhen Huihai Yirong Internet Service Co., Ltd.	3,504,090.90			-527,568.55						2,976,522.35	
Subtotal	12,105,030.68			-626,631.62						11,478,399.06	
Total	12,105,030.68			-626,631.62						11,478,399.06	

12. Investment real estates**(1) Investment real estate measured at costs**

√ Applicable □ Inapplicable

In RMB

Items	Houses & buildings	Land using right	Construction in process	Total
I. Book value				
1. Opening balance	38,146,315.13			38,146,315.13
2. Increase in this period				
(1) External purchase				
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	7441,246.45			7441,246.45
2. Increase in this period	495,747.00			495,747.00
(1) Provision or amortization	495,747.00			495,747.00
3. Decrease in this period				
(1) Purchase				
Other transfer-out				
4. Closing balance	7,936,993.45			7,936,993.45
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	30,209,321.68			30,209,321.68
2. Opening book value	30,705,068.68			30,705,068.68

(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	303,090,562.62			303,090,562.62
II. Change in this period	-324,864.99			-324,864.99
Add: external purchase				
Transfer-in from inventory\fixed assets\construction in progress				
Increase due to enterprise merger				
Less: disposal	694,455.99			694,455.99
Other transfer-out				
Change in fair value	369,591.00			369,591.00
III. Closing balance	302,765,697.63			302,765,697.63

The Company must comply with disclosure requirements of the Shenzhen Stock Exchange Industry Information Disclosure Guideline No.3 – Listed Companies Engaged in Property Development.

Disclosure of investment real estate measured at fair value by projects

In RMB

Project	Location	Building area	Rental income in the report	Opening fair value	Closing fair value	Change in fair value	Reason for the change and report

			period				
Fangda Town	Shenzhen	18,204.95	13,762,249.36	296,740,660.63	296,740,660.63	0.00%	The fair value of the investment real estate is determined based on 深同诚凭字(2017A)04QZ 第0001号 Real Estate Valuation Report issued by TOUCHSTONE.
Ningbo Wanda	Ningbo	96.75	20,400.00	774,000.00	803,025.00	3.75%	
Chongqing Didu	Chongqing	567.61		4,881,446.00	5,222,012.00	6.98%	
Others	Dalian	110.24		694,455.99		-100.00%	
Total	—	18,979.55	13,782,649.36	303,090,562.62	302,765,697.63	-0.11%	—

Whether there is new investment real estate measured at fair value in the report period

Yes No

13. 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 balance	347,001,165.39	131,259,721.22	140,152,751.11	22,912,617.28	53,220,973.99	694,547,228.99
2. Increase in this period			2,071,792.79	650,616.79	1,242,313.82	3,964,723.40
(1) Purchase			2,071,792.79	650,616.79	1,242,313.82	3,964,723.40
(2) Transfer-in of construction in progress						
(3) Increase due to enterprise merger						

3. Decrease in this period			2,697,920.85	2,358,000.89	879,292.76	5,935,214.50
(1) Disposal or retirement			2,697,920.85	2,358,000.89	879,292.76	5,935,214.50
4. Closing balance	347,001,165.39	131,259,721.22	139,526,623.05	21,205,233.18	53,583,995.05	692,576,737.89
II. Accumulative depreciation						
1. Opening balance	46,654,415.08	3,656,903.15	98,355,644.79	14,205,751.83	23,500,858.26	186,373,573.11
2. Increase in this period	4,033,102.77	3,121,798.29	3,238,947.80	1,136,870.29	2,334,781.69	13,865,500.84
(1) Provision	4,033,102.77	3,121,798.29	3,238,947.80	1,136,870.29	2,334,781.69	14,437,445.38
3. Decrease in this period			1,169,616.83	1,584,035.37	762,344.95	3,515,997.15
(1) Disposal or retirement			1,169,616.83	1,584,035.37	762,344.95	3,515,997.15
				15,064.68		15,064.68
4. Closing balance	50,687,517.85	6,778,701.44	100,424,975.76	13,758,586.75	25,073,295.00	196,723,076.80
III. Impairment provision						
1. Opening balance			1,354,389.50			1,354,389.50
2. Increase in this period						
(1) Provision						
3. Decrease in this period						
(1) Disposal or retirement						
4. Closing balance			1,354,389.50			1,354,389.50

IV. Book value						
1. Closing book value	296,313,647.54	124,481,019.78	37,747,257.79	7,446,646.43	28,510,700.05	494,499,271.59
2. Opening book value	300,346,750.31	127,602,818.07	40,442,716.82	8,706,865.45	29,720,115.73	506,819,266.38

(2) Temporary idle fixed assets

In RMB

Items	Book value	Accumulative depreciation	Impairment provision	Book value	Notes
Mechanical equipment	21,380,678.50	5,131,233.00		16,249,445.50	
Transportation facilities	1,708,670.28	822,246.80		886,423.48	
Electronics and other devices	6,142,004.42	2,545,793.98		3,596,210.44	
Total	29,231,353.20	8,499,273.78		20,732,079.42	

(3) Fixed assets without ownership certificate

In RMB

Items	Book value	Reason
Houses in Urumuqi for offsetting debt	545,794.73	Applying for
Yuehai Office Building C 502	145,813.44	Historical reasons

Other note

On 30.06.17, the cumulative depreciation of the original value of RMB29,231,353.20 in the Group's fixed assets is RMB8,499,273.78. The net value of RMB20,732,079.42 is the amount frozen by the court due to the Fangda SOZN sales and purchase proceedings.

14. 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 saving	834,644.79		834,644.79	834,644.79		834,644.79

environmental protection curtain wall project						
PV power generation project	1,703,080.57	0.00	1,703,080.57	1,703,080.57	0.00	1,703,080.57
Total	2,537,725.36		2,537,725.36	2,537,725.36		2,537,725.36

15. Disposal of fixed assets

In RMB

Items	Closing balance	Opening balance
Electronics and other devices	596.00	0.00
Total	596.00	

16. Intangible assets

(1) Intangible assets

In RMB

Items	Land using right	Patent	Unpatented technologies	Others	Total
I. Book value					
1. Opening balance	63,127,001.10	2,974,548.20	5,719,888.40	15,586,388.80	87,407,826.40
2. Increase in this period	0.00	9,597.50	0.00	427,350.40	436,947.90
(1) Purchase	0.00	9,597.50	0.00	427,350.40	436,947.90
(2) Internal R&D	0.00	0.00	0.00	160,377.40	160,377.40
(3) Increase due to enterprise merger	0.00	0.00	0.00	0.00	0.00
3. Decrease in this period					
(1) Purchase					
4. Closing balance	63,127,001.10	2,984,145.60	5,719,888.40	16,174,116.60	88,005,151.60

II. Accumulative amortization					
1. Opening balance	8,477,953.80	1,612,050.30	4,094,649.90	6,762,325.50	20,946,979.50
2. Increase in this period	652,432.70	132,221.20	285,994.40	633,860.10	1,704,508.40
(1) Provision	652,432.70	133,690.40	285,994.40	634,684.20	1,706,801.70
3. Decrease in this period					
(1) Purchase					
4. Closing balance	9,130,386.50	1,745,740.70	4,380,644.30	7,397,009.70	22,653,781.20
III. Impairment provision					
1. Opening balance					
2. Increase in this period					
(1) Provision					
3. Decrease in this period					
(1) Purchase					
4. Closing balance					
IV. Book value					
1. Closing book value	53,996,614.60	1,238,404.90	1,339,244.10	8,777,106.90	65,351,370.40
2. Opening book value	54,649,047.30	1,362,497.90	1,625,238.50	8,824,063.30	66,460,846.90

Proportion of intangible asset formed by internal R&D of the period in the closing total book value of intangible assets

17. Goodwill**(1) Original book value of goodwill**

In RMB

Invested entity or item of goodwill	Opening balance	Increase		Decrease		Closing balance
Fangda SOZN	26,279,395.89					26,279,395.89

(2) Goodwill impairment provision

In RMB

Invested entity or item of goodwill	Opening balance	Increase		Decrease		Closing balance
Fangda SOZN	26,279,395.89					26,279,395.89

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

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. Because Fangda SOZN is insolvent and has stopped business operation, the Company did impairment test on the goodwill of this investment according to the current value of estimated future cash flow and made full impairment provision of RMB26,279,395.89.

18. Long-term amortizable expenses

In RMB

Items	Opening balance	Increase in this period	Amortized amount in this period	Other decrease	Closing balance
Plant and dormitory decoration	255,483.50	64,492.23	153,576.61	0.00	166,399.12
Upgrading of workshop rented by Fangda Jianke Nanchang Branch	795,527.19	0.00	795,527.19	0.00	0.00
Jinshan factory renovation of Fangda Jianke Shanghai Branch	192,280.34	0.00	54,937.08	0.00	137,343.26
Expense of renovation of leased fixed assets by Fangda Property	111,474.45	0.00	55,737.18	0.00	55,737.27

Development					
Dongguan separation project	155,634.49	0.00	38,908.80	0.00	116,725.69
Fangda Building Floor #5 wiring project	7,604.64	0.00	7,604.64	0.00	0.00
Land transfer compensation	1,309,034.90	0.00	28,050.78	0.00	1,280,984.12
Membership fee	199,999.92	0.00	74,999.98	0.00	124,999.94
Kingdee aftersales service	48,217.98		12,578.64		35,639.34
Huawei storage device maintenance fee	4,639.50		4,639.50		0.00
Temporary sales center construction cost	495,469.58		495,469.58		
Subscription of newspaper and magazines	105,699.80		52,849.92		52,849.88
Network broad band service	14,700.04		2,449.98		12,250.06
Permanent sales center construction cost		982,607.50	245,651.88		736,955.62
Others		181,995.35	91,097.00		90,898.35
Total	3,695,766.33	1,229,095.08	2,114,078.76	0.00	2,810,782.65

19. 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 provision	343,867,901.43	62,595,355.84	334,020,087.32	65,372,067.16
Deductible loss	62,817,146.19	18,763,055.31	79,647,747.51	19,403,071.58

Unrealizable gross profit	74,935,912.32	18,733,978.08	59,313,354.67	13,083,940.06
Reserved expense	384,271,981.96	95,835,112.18	3,245,302.51	486,795.38
Deferred earning	146,679.81	22,001.97	1,963,532.75	474,053.75
Anticipated liabilities	3,046,499.32	456,974.90	3,156,625.24	473,493.79
Adjustment of fair value of investment real estate			327,320.67	49,098.10
Provided unpaid taxes			309,816,714.95	77,454,178.74
Derivative financial instruments	54,175.00	8,126.25		
Total	869,140,296.03	196,414,604.53	791,490,685.62	176,796,698.56

(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
Change in fair value of sellable financial assets			2,164,873.87	324,731.08
Gain/loss caused by changes in fair value	255,471,385.63	63,830,697.32	304,518,955.06	76,129,738.77
Estimated gross margin when Fangda Town records income, but does not reach the taxable income level	621,239,213.59	155,309,803.40	495,010,133.99	123,752,533.50
Others	255,673.87	38,351.08		
Total	876,966,273.09	219,178,851.80	801,693,962.92	200,207,003.35

(3) Details of unrecognized deferred income tax assets

In RMB

Items	Closing balance	Opening balance
Deductible temporary difference	69,882,888.12	69,882,888.12
Deductible loss	103,119,540.05	103,119,540.05
Total	173,002,428.17	173,002,428.17

(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
2017	1,476,671.03	1,476,671.03	
2018	58,067.78	58,067.78	
2019			
2020	80,885,430.25	80,885,430.25	
2021	20,699,370.99	20,699,370.99	
Total	103,119,540.05	103,119,540.05	--

20. Other non-current assets

In RMB

Items	Closing balance	Opening balance
Prepaid house and equipment amount	45,834,479.71	61,184,253.71
Total	45,834,479.71	61,184,253.71

Others:

The closing balance of other non-current assets is mainly the prepaid house payment of Fangda Jianke.

21. Short-term borrowings**(1) Classification of short-term borrowings**

In RMB

Items	Closing balance	Opening balance
Guarantee loan	550,000,000.00	591,000,000.00
Discount borrowing of commercial acceptance bills	1,000,000.00	
Total	551,000,000.00	591,000,000.00

Notes to classification of short-term borrowings

22. Derivative financial liabilities

√ Applicable □ Inapplicable

In RMB

Items	Closing balance	Opening balance
Futures contracts	54,175.00	
Total	54,175.00	

Others:

It is mainly attributable to the cash flow hedging on aluminum futures contracts conducted by Fangda New Material.

23. Notes payable

In RMB

Type	Closing balance	Opening balance
Commercial acceptance	311,681,164.70	88,302,684.45
Bank acceptance	99,236,701.98	468,998,636.00
Total	410,917,866.68	557,301,320.45

The total amount of payable bills that have matured but not been paid at the end of the period is RMB2,820,451.95.

24. Account payable

(1) Account payable

In RMB

Items	Closing balance	Opening balance
Account repayable and engineering repayable	792,237,703.17	861,679,467.39
Construction payable	49,815.30	64,941,147.47
Payable installation and implementation fees	298,311,008.31	342,832,605.32
Others	488,373.43	5,802,741.16
Total	1,091,086,900.21	1,275,255,961.34

(2) Significant payables aging more than 1 year

In RMB

Items	Closing balance	Reason
Foshan Youfeng Trading Co., Ltd.	10,221,570.84	Debt of subsidiary Fangda SOZN, which is insolvent
Xiangneng Hualei Optoelectronic Co., Ltd.	8,715,326.31	Debt of subsidiary Fangda SOZN, which is insolvent
Huacan Optoelectronic (Suzhou) Co., Ltd.	6,105,483.64	Debt of subsidiary Fangda SOZN, which is

		insolvent
Suzhou Nanojoin Photonics Co., Ltd.	5,768,077.38	Debt of subsidiary Fangda SOZN, which is insolvent
Total	30,810,458.17	--

25. Prepayment received

(1) Prepayment received

In RMB

Items	Closing balance	Opening balance
Curtain wall and screen door engineering payment	91,263,254.65	82,684,893.50
Material loan	4,479,849.61	3,096,489.93
Real estate sales payment	53,602,711.02	198,135,269.02
Others	2,199,693.70	1,988,791.68
Total	151,545,508.98	285,905,444.13

26. Employees' wage payable

1. Employees' wage payable

In RMB

Items	Opening balance	Increase	Decrease	Closing balance
1. Short-term remuneration	41,965,384.45	111,159,088.47	130,999,922.21	22,124,550.71
2. Retirement pension program-defined contribution plan	6,958.21	6,029,860.94	6,021,778.35	15,040.80
3. Dismiss compensation	0.00	226,272.50	226,272.50	0.00
4. Other welfare due in one year	0.00	0.00	0.00	0.00
Total	41,972,342.66	117,415,221.91	137,247,973.06	22,139,591.51

(2) Short-term remuneration

In RMB

Items	Opening balance	Increase	Decrease	Closing balance
1. Wage, bonus,	39,824,961.13	104,365,824.66	124,043,347.65	20,147,438.14

allowance and subsidies				
2. Employee welfare	0.00	1,778,856.22	1,778,856.22	0.00
3. Social insurance	74,574.19	2,501,570.36	2,574,584.63	1,559.92
Including: medical insurance	74,056.97	1,761,414.85	1,833,911.90	1,559.92
Labor injury insurance	515.52	216,108.77	216,624.29	0.00
Breeding insurance	1.70	524,046.74	524,048.44	0.00
4. Housing fund	99,320.00	2,312,752.84	2,385,194.84	26,878.00
5. Labor union budget and staff education fund	1,966,529.13	200,084.39	217,938.87	1,948,674.65
Total	41,965,384.45	111,159,088.47	130,999,922.21	22,124,550.71

(3) Defined contribution plan

In RMB

Items	Opening balance	Increase	Decrease	Closing balance
1. Basic pension	6,436.75	5,807,977.76	5,799,373.71	15,040.80
2. Unemployment insurance	521.46	221,883.18	222,404.64	0.00
3. Enterprise annuity contribution	0.00			0.00
Total	6,958.21	6,029,860.94	6,021,778.35	15,040.80

27. Taxes payable

In RMB

Items	Closing balance	Opening balance
VAT	18,249,500.35	46,317,900.91
Enterprise income tax	50,470,606.80	130,608,894.15
Personal income tax	1,697,662.17	1,440,370.54
City maintenance and construction tax	490,809.19	4,160,327.99
Land using tax	429,118.06	684,277.95
Property tax	1,416,762.37	2,140,282.85
Education surtax	239,634.70	1,963,232.23
Local education surtax	147,319.87	1,106,894.43

Deed tax	3,429,437.28	3,429,437.28
Others	95,060.11	384,956.07
Total	76,665,910.90	192,236,574.40

28. Interest payable

In RMB

Items	Closing balance	Opening balance
Long-term borrowing with interest installment and repayment of principal upon maturity	1,783,797.23	1,753,879.87
Short-term borrowing interests payable	667,091.67	881,099.60
Total	2,450,888.90	2,634,979.47

Significant interest overdue but not paid

In RMB

Borrower	Overdue amount	Reason

29. Other payables

(1) Other payables presented by nature

In RMB

Items	Closing balance	Opening balance
Performance and quality deposit	7,592,011.02	10,596,919.41
Deposit	7,862,930.84	8,104,969.14
Reserved expense	8,622,773.46	14,327,754.95
Fangda Town pledge	400,000.00	100,000.00
Tax withheld	381,943,148.83	309,816,714.95
Others	19,628,514.41	23,236,440.96
Total	426,049,378.56	366,182,799.41

(2) Significant payables aging more than 1 year

In RMB

Items	Closing balance	Reason
None		

Other note

The tax withheld is the land VAT that needs to be settled and paid for the property delivered of the Fangda Town phase I developed

by Fangda Property.

30. Non-current liabilities due within 1 year

In RMB

Items	Closing balance	Opening balance
Long-term loans due within 1 year	100,000,000.00	
Total	100,000,000.00	

31. Other current liabilities

In RMB

Items	Closing balance	Opening balance
Substituted money on VAT	13,429,739.77	35,148,084.44
Total	13,429,739.77	35,148,084.44

32. Long-term borrowings

(1) Classification of long-term borrowings

In RMB

Items	Closing balance	Opening balance
Loan by pledge	965,178,626.29	922,169,568.24
Total	965,178,626.29	922,169,568.24

Notes to classification of long-term borrowings:

The above-mentioned borrowing is the 100% stock pledging of Fangda Property Development held by the Company.

Other note, including interest rate range:

The interest rate of long-term borrowings ranges between 5.39% and 6.15%.

33. Anticipated liabilities

In RMB

Items	Closing balance	Opening balance	Reason
Product quality warranty	3,046,499.32	3,156,625.24	Estimated project completion quality cost
Total	3,046,499.32	3,156,625.24	--

34. Deferred earning

In RMB

Items	Opening balance	Increase	Decrease	Closing balance	Reason
Government subsidy	11,567,224.78		315,289.62	11,251,935.16	
Total	11,567,224.78		315,289.62	11,251,935.16	--

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	1,795,238.30		28,571.40		1,766,666.90	Assets-related
Massive production project of air-breathing double-layer hollow glass energy-saving curtain call	7,641,830.27		61,993.62		7,579,836.65	Assets-related
Railway transport screen door controlling system and information transmission technology	168,294.45		21,614.64		146,679.81	Assets-related
LED production expansion technology renovation project	1,493,111.71		190,609.98		1,302,501.73	Assets-related
Distributed PV power generation	468,750.05		12,499.98		456,250.07	Assets-related

project subsidy sponsored by Dongguan Reform and Development Commission						
Total	11,567,224.78		315,289.62		11,251,935.16	--

35. Capital share

In RMB

	Opening balance	Change (+,-)					Closing balance
		Issued new shares	Bonus shares	Transferred from reserves	Others	Subtotal	
Total of capital shares	789,094,836.00			394,547,418.00		394,547,418.00	1,183,642,254.00

36. Capital reserve

In RMB

Items	Opening balance	Increase	Decrease	Closing balance
Capital premium (share capital premium)	465,922,805.61		394,547,418.00	71,375,387.61
Other capital reserves	1,454,097.35			1,454,097.35
Total	467,376,902.96		394,547,418.00	72,829,484.96

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

The decrease in the capital reserve is due to transfer to share equity.

37. 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	2,130,454.52	3,494,000.0	4,752,130.15	524,100.00	-1,782,230.		348,224.3

re-classified into gain and loss		0			15		7
Effective part in the gain and loss of arbitrage of cash flow	1,840,142.79	3,494,000.00	4,638,768.75	524,100.00	-1,782,230.15		171,274.04
Translation difference of foreign exchange statement	198,480.10		113,361.40				85,118.70
Investment real estate measured at fair value	91,831.63						91,831.63
Other miscellaneous income	2,130,454.52	3,494,000.00	4,752,130.15	524,100.00	-1,782,230.15		348,224.37

38. Surplus reserves

In RMB

Items	Opening balance	Increase	Decrease	Closing balance
Statutory surplus reserves	88,839,790.50			88,839,790.50
Total	88,839,790.50			88,839,790.50

39. Retained profit

In RMB

Items	Current period	Last period
Adjustment on retained profit of previous period	1,016,820,576.30	432,271,424.56
Retained profit adjusted at beginning of year	1,016,820,576.30	432,271,424.56
Plus: Net profit attributable to owners of the parent	228,003,319.43	53,156,405.36
Common share dividend payable	276,183,192.60	75,690,990.50
Closing retained profit	968,640,703.13	409,736,839.42

40. Operational revenue and costs

In RMB

Items	Amount occurred in the current period		Occurred in previous period	
	Income	Cost	Income	Cost
Main business	1,380,976,886.98	893,499,713.26	985,562,292.82	818,328,044.96
Other businesses	18,734,054.31	9,898,213.71	23,893,756.93	12,979,574.65
Total	1,399,710,941.29	903,397,926.97	1,009,456,049.75	831,307,619.61

41. Taxes and surcharges

In RMB

Items	Amount occurred in the current period	Occurred in previous period
City maintenance and construction tax	3,811,990.65	2,637,029.89
Education surtax	1,912,382.95	1,233,551.35
Property tax	1,912,543.31	520,660.84
Land using tax	602,382.14	70,486.84
Stamp tax	480,851.19	
Business tax	1,199,973.15	1,138,974.07
Land VAT	93,136,916.43	
Others	1,015,236.98	757,025.13
Total	104,072,276.80	6,357,728.12

42. Sales expense

In RMB

Items	Amount occurred in the current period	Occurred in previous period
Labor costs	10,452,498.33	10,595,121.39
Freight and miscellaneous charges	2,531,576.75	3,223,019.97
Advertisement and exhibition costs	2,068,972.23	3,075,896.31
Travel expense	2,713,200.94	2,145,274.48
Others	5,371,033.52	6,377,990.69
Total	23,137,281.77	25,417,302.84

43. Management expenses

In RMB

Items	Amount occurred in the current period	Occurred in previous period
Labor costs	35,844,267.20	35,734,018.99
Depreciation and amortization	8,586,833.31	10,006,510.02
R&D	8,758,714.52	7,486,513.39
Tax	120,324.19	3,282,834.40
Others	17,696,589.57	17,290,875.22
Total	71,006,728.79	73,800,752.02

44. Financial expenses

In RMB

Items	Amount occurred in the current period	Occurred in previous period
Interest expense	31,694,708.78	21,187,915.60
Less: Interest income	7,660,124.39	2,980,732.93
Exchange gain/loss	1,379,236.27	-1,074,524.76
Commission charges and others	483,494.23	455,196.65
Total	25,897,314.89	17,587,854.56

45. Assets impairment loss

In RMB

Items	Amount occurred in the current period	Occurred in previous period
1. Bad debt loss	-9,908,133.36	10,347,572.61
Total	-9,908,133.36	10,347,572.61

46. 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
Investment real estate measured at fair value	698,811.63	10,576,793.91
Total	698,811.63	10,163,410.45

47. Investment income

In RMB

Items	Amount occurred in the current period	Occurred in previous period
Gains from long-term equity investment measured by equity	-626,631.62	-399,777.88
Investment gain of financial products	7,507,227.89	109,920.54
Total	6,880,596.27	-289,857.34

48. 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	33,313.54	68,572.07	33,313.54
Including: Gains from disposal of fixed assets	33,313.54	68,572.07	33,313.54
Gains from disposal of intangible assets	0.00		0.00
Government subsidy	1,418,717.85	1,545,204.08	1,418,717.85
Penalty income	204,691.26	68,946.51	204,691.26
Penalty received	183,860.65	102,105.47	183,860.65
VAT rebated into revenue	1,233,869.85	1,155,945.30	
Payable account not able to be paid	4,428.50	241,152.78	4,428.50
Others	2,870,397.98	3,181,802.95	2,870,397.98
Total	5,949,279.63	6,363,729.16	4,715,409.78

Government subsidies accounted into current profit or loss:

In RMB

Item	Issuer	Reason	Nature	Whether affecting gain and loss in this year	Whether it is a special subsidy	Amount occurred in the current period	Occurred in previous period	Related to assets/earning
Pre-employment training subsidy	Shenzhen Hi-tech Talent Public Training Management Service Center	Subsidy		No	No	103,200.00	86,849.06	Earning-related
Childbearing subsidy	Shenzhen Social Security Bureau	Subsidy		No	No	73,280.27	9,362.99	Earning-related
Income tax commission	Shenzhen Local Tax Bureau	Award		No	No	10,266.85		Assets-related

Significant industrial and trade development investment project award	Gongguan 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	61,993.62	Assets-related
Employment subsidy	Xinjing human resource	Subsidy		No	No	13,781.11		Earning-related
Intellectual property right subsidy	Market Supervision Administration of Shenzhen Municipality	Subsidy		No	No	100,000.00		Earning-related
Railway transport screen door controlling system and information transmission technology	Shenzhen Science and Technology Innovation Committee	Subsidy		No	No	21,614.64		Assets-related
Patent subsidy	Nanchang Hi-tech Area management committee	Subsidy		No	No	7,000.00	4,000.00	Earning-related
Hi-tech enterprise technology subsidy	Nanchang Hi-tech Area management committee	Subsidy		No	No	100,000.00		Earning-related
Training subsidy	Nanchang Hi-tech Area management committee	Subsidy		No	No	15,900.00		Earning-related

Industrial growth	Shenzhen Nanshan District Financial Bureau	Award		No	No	680,000.00		Earning-related
IT development subsidy	Shenzhen SME Service Center	Subsidy		No	No		470,000.00	Earning-related
PV power generation Dongguan subsidy	Dongguan financial treasury	Subsidy		No	No	12,499.98		Earning-related
Zhongshan Henglan Economy Development and Technological Bureau sponsorship	Zhongshan Henglan Economy Development and Technological Bureau	Subsidy		No	No	190,609.98		Assets-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
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	Earning-related
Technically improvement subsidy	Zhongshan Economy and Information Bureau	Subsidy	Subsidy for research development, technology upgrade and	No	No		330,000.00	Earning-related

			improvement					
LED production expansion, technical improvement and technological innovation service subsidy	Zhongshan Reform and Development Bureau	Subsidy	Subsidy for research development, technology upgrade and improvement	No	No		204,759.96	Assets-related
PV power plant subsidy	Guangdong Development and Reform Commission	Subsidy		No	No		18,749.97	Assets-related
Total	--	--	--	--	--	1,418,717.85	1,545,204.08	--

49. 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	120,557.86	2,453,627.28	120,557.86
Including: Losses from disposal of fixed assets	120,557.86	2,453,627.28	120,557.86
Donation		29,000.00	
Others	229,327.22	861,918.15	229,327.22
Total	349,885.08	3,344,545.43	349,885.08

50. 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	68,286,547.49	11,587,965.22
Deferred income tax expenses	-518,442.97	-2,686,269.81
Total	67,768,104.52	8,901,695.41

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

In RMB

Items	Amount occurred in the current period
Total profit	295,286,347.88
Income tax expenses calculated based on the legal (or applicable) tax rates	73,821,586.97
Impacts of different tax rates applicable for some subsidiaries	-10,050,636.60
Impacts of income tax before adjustment	454,975.61
Impacts of non-deductible cost, expense and loss	4,368,963.61
Deductible temporary difference and deductible loss of unrecognized deferred income tax assets	-518,442.97
Taxation impact of R&D expense	-465,000.00
Profit and loss of associates and joint ventures calculated using the equity method	156,673.46
Income tax expenses	67,768,104.52

51. Other miscellaneous income

See Note VII 37.

52. 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	3,708,261.11	2,540,342.54
Subsidy income	2,874,387.49	1,429,421.98
Retrieving of deposits for exchange bills		3,814,291.12
Bidding deposit and pledge	75,525,724.38	46,131,969.36
Others	9,607,007.94	7,114,288.38
Total	91,715,380.92	61,030,313.38

Notes to other cash inflow related to operation:

(2) Other cash paid related to operation

In RMB

Items	Amount occurred in the current period	Occurred in previous period
-------	---------------------------------------	-----------------------------

Management costs paid	15,879,543.69	14,048,584.70
Sales costs paid	5,406,466.34	7,262,362.08
Deposit and pledge paid	69,992,371.84	54,017,213.61
Personal borrowing		3,451,294.08
Others	9,991,825.76	9,357,452.43
Total	101,270,207.63	88,136,906.90

Notes to other cash paid related to operation:

(3) Other cash received related to investment activities

In RMB

Items	Amount occurred in the current period	Occurred in previous period
Total	0.00	

Notes to other cash received related to investment activities:

(4) 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
Total		1,150,000.00

Notes to other cash paid related to investment activities:

(5) 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

Notes to other cash received related to financing:

(6) Other cash paid related to financing

In RMB

Items	Amount occurred in the current period	Occurred in previous period
Payment appreciation fee		641,119.57
Total		641,119.57

53. 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	227,518,243.36	48,628,261.42
Plus: Asset impairment provision	-9,908,133.36	10,347,572.61
Fixed asset depreciation, gas and petrol depreciation, production goods depreciation	14,933,192.38	12,815,549.95
Amortization of intangible assets	1,706,801.70	1,973,088.31
Amortization of long-term amortizable expenses	2,114,078.76	1,912,143.29
Loss from disposal of fixed assets, intangible assets, and other long-term assets (“-“ for gains)	-33,313.54	2,385,055.21
Loss from fixed asset discard (“-“ for gains)	120,557.86	
Loss from fair value fluctuation (“-“ for gains)	-698,811.63	-10,163,410.45
Financial expenses (“-“ for gains)	31,694,708.78	20,113,390.84
Investment losses (“-“ for gains)	-6,880,596.27	289,857.34
Decrease of deferred income tax asset (“-“ for increase)	-19,617,905.97	-5,455,328.51
Increase of deferred income tax asset (“-“ for increase)	18,971,848.45	2,956,260.52
Decrease of inventory (“-“ for increase)	72,721,993.69	-271,168,255.93
Decrease of operational receivable items (“-“ for increase)	323,784,130.19	-153,629,463.47
Increase of operational receivable items (“-“ for decrease)	-441,163,587.02	637,464,622.79
Cash flow generated by business operations, net	215,263,207.38	298,469,343.92
2. Major investment and financing operation not involving with cash	--	--
3. Net change of cash and cash equivalents	--	--
Balance of cash at period end	792,090,304.49	367,564,230.41

Less: Initial balance of cash	935,824,575.40	247,739,243.78
Net increase in cash and cash equivalents	-143,734,270.91	119,824,986.63

(2) Composition of cash and cash equivalents

In RMB

Items	Closing balance	Opening balance
I. Cash	792,090,304.49	935,824,575.40
Including: Cash in stock	1,079,247.26	18,968.85
Bank savings can be used at any time	788,408,558.90	361,326,250.00
Other monetary capital can be used at any time	2,602,498.33	6,219,011.56
3. Balance of cash and cash equivalents at end of term	792,090,304.49	935,824,575.40

54. Ownership- or use-right-restricted assets

In RMB

Items	Closing book value	Reason
Monetary capital	104,089,891.35	Frozen deposit and pledge
Fixed assets	71,524,022.93	Borrowing pledge or frozen by a court
Investment real estate	296,740,660.63	Loan by pledge
100% stake in Fangda Property Development held by the Company	200,000,000.00	Loan by pledge
Total	672,354,574.91	--

55. Foreign currency monetary items**(1) Foreign currency monetary items**

In RMB

Items	Closing foreign currency balance	Exchange rate	Closing RMB balance
Including: USD	754,846.35	6.7744	5,113,631.12
HK Dollar	33,393,538.90	0.8679	28,983,118.39
SGD	177,912.77	4.9135	874,174.40
AUD	249,725.41	5.2099	1,301,044.41
Including: USD	16,151.51	6.7744	109,416.78

HK Dollar	-25,692,457.80	0.8679	-22,299,038.77
SGD	476,621.22	4.9135	2,341,878.36
AUD	-40,000.00	5.2099	-208,396.00
Account receivable		-	
Including: USD	639,300.00	6.7744	4,330,873.92
HK Dollar	16,991,951.18	0.8679	14,747,314.43
Other payables		-	
Including: USD	3,706.26	6.7744	25,107.69
HK Dollar	100.00	0.8679	86.79

(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

56. Hedging

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

Hedging type	Hedged item	Hedging instrument	Hedged risk
Cash flow hedging	Aluminum plate futures transaction	Aluminum futures contract	Rise on raw material prices, causing purchase cost increase

VIII. Change to Consolidation Scope

1. 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:

Shenzhen Hongjun Investment Co., Ltd. and Fangda Australia Co., Ltd. were newly established in this period. The two companies are consolidated in this 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,	98.39%	1.61%	Incorporation

			manufacturing, and installation of curtain walls			
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 Aluminum	Nanchang	Nanchang	Design, production, sales and installation of aluminum materials, doors and windows	99.00%	1.00%	Incorporation
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 Holding Co., Ltd.	Virgin Islands	Virgin Islands	Investment	100.00%		Incorporation
Dongguan New Material	Dongguan	Dongguan	Installation and sales of building curtain walls		100.00%	Incorporation
Shenyang	Shenyang	Shenyang	Designing,		100.00%	Incorporation

Decoration			manufacturing, and installation of curtain walls			
Fangda SOZN	Zhongshan	Zhongshan	Production and sales of light products		60.00%	Consolidation of entities not under common control
Fangda Property Management	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	Metro screen door		100.00%	Incorporation
Fangda Australia Co., Ltd.	Brisbane	Brisbane	Curtain wall installation		100.00%	Incorporation
Shenzhen Hongjun Investment Co., Ltd.	Shenzhen	Shenzhen	Industrial investment	98.00%	2.00%	Incorporation

Note to the difference between shareholdings in subsidiaries and percentage of votes:

Basis for holding half or less votes but controlling invested entities, and holding half or more votes but not controlling invested entities:

Basis for control of structural entities incorporated in the consolidation scope:

Basis for recognizing a company as an agent or consigner:

Others:

(2) Financial support or other support provided to structural entities to be consolidated

Others:

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	11,478,399.06	12,105,030.68
Total shareholding	--	--
Net profit	-626,631.62	-399,777.88
Total of misc. incomes	-626,631.62	-399,777.88

Other note

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 19.39% of the total accounts receivable (2016: 23.59%); among other receivables, other receivables from top 5 customers account for 30.70% of the total other receivables (2016: 35.93%).

(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.

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			Total
	Less than 1 year	Within 1-3 years	Over 3 years	
Financial liabilities:				
Short-term loans	55,100.00			55,100.00
Notes payable	41,091.79			41,091.79
Account payable	90,640.78	18,467.91		109,108.69
Interest payable	245.09			245.09
Other payables	6,558.13	36,046.81		42,604.94
Other current liabilities	1,342.97			1,342.97
Non-current liabilities due in 1	10,000.00			10,000.00

year				
Long-term loans		50,000.00	46,517.86	96,517.86
Total liabilities	204,978.76	104,514.72	46,517.86	356,011.34

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			Total
	Less than 1 year	Within 1-3 years	Over 3 years	
Financial liabilities:				
Short-term loans	59,100.00			59,100.00
Notes payable	55,730.13			55,730.13
Account payable	113,483.10	14,042.50		127,525.60
Interest payable	263.50			263.50
Other payables	5,636.61	30,981.67		36,618.28
Other current liabilities	3,514.81			3,514.81
Long-term loans		20,000.00	72,216.96	92,216.96
Total liabilities	237,728.15	65,024.17	72,216.96	374,969.28

(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.

Because there was no floating interest borrowings in the period, the Group's net profit and shareholders' equity on December 31, 2016 remained unchanged.

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. 55 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 30.06.17, the Group's assets/liability ratio is 64.23% (31.12.16: 66.08%).

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	--	--	--	--
3. Derivative financial assets	323,000.00			323,000.00
2. Leased building		302,765,697.60		302,765,697.60
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. Switch between different levels, switch reason and switching time policy

In the period, there is no switch in the financial assets measured at fair value between the first and second level or transfer in or out of the third level.

5. 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	30,000,000.00	8.72%	8.72%
Shenzhen Shilihe Investment Co., Ltd.	Shenzhen	Industrial investment	19,780,992.00	2.26%	2.26%
Shengjiu Investment Ltd.	Hong Kong	Industrial investment	HKD1.00	7.27%	7.27%

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 VII. 11 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 lessee	Category of asset for lease	Rental recognized in the period	Rental recognized in the period
Shenzhen Ganshang Joint Investment Co., Ltd.	Houses & buildings	62,170.38	61,252.86

The Company is the lessee:

In RMB

Name of the owner	Category of asset for lease	Rental recognized in the period	Rental recognized in previous period
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Note to related leasing

(2) Related guarantees

The Company is the guarantor:

In RMB

Beneficiary party	Amount guaranteed	Start date	Due date	Completed or not
Fangda Jianke	480,000,000.00	06.07.16	05.07.18	No
Fangda Jianke	400,000,000.00	01.11.16	01.11.17	No
Fangda Jianke	260,000,000.00	27.12.16	02.11.17	No
Fangda Jianke	200,000,000.00	23.08.16	22.08.17	No
Fangda Jianke	200,000,000.00	17.10.16	17.10.17	No
Fangda Jianke	180,000,000.00	16.02.17	15.02.18	No
Fangda Jianke	300,000,000.00	17.11.16	17.11.17	No
Fangda Automatic	216,000,000.00	06.07.16	05.07.18	No
Fangda Automatic	100,000,000.00	12.12.16	12.12.17	No
Fangda Automatic	100,000,000.00	27.12.16	02.11.17	No
Fangda New Material (Jiangxi)	80,000,000.00	27.05.17	26.05.18	No
Fangda New Material (Jiangxi)	52,000,000.00	18.11.16	18.11.17	No
Fangda Property	1,300,000,000.00	03.02.15	02.02.23	No

The Company is the guaranteed party:

In RMB

Guarantor	Amount guaranteed	Start date	Due date	Completed or not
Fangda Jianke, Fangda Automatic	200,000,000.00	12.12.16	12.12.17	No
Guarantor	Amount guaranteed	Start date	Due date	Completed or not
Fangda Jianke, Fangda Automatic	200,000,000.00	12.12.16	12.12.17	No

(3) Remuneration of key management

In RMB

Items	Amount occurred in the current period	Occurred in previous period
Wage, remuneration and subsidy	2,601,833.77	2,565,850.00

6. Receivable and payables due with related parties**(1) Receivable interest**

In RMB

Project	Affiliated party	Closing balance		Opening balance	
		Remaining book value	Bad debt provision	Remaining book value	Bad debt provision
Other receivables	Shenzhen Woke	867,442.96	77,480.29	867,442.94	25,974.09

(2) Receivable interest

In RMB

Project	Affiliated party	Closing balance of book value	Opening balance of book value
Other payables	Shenyang Fangda	7,908.80	7,908.80

XIII. Share Payment**1. Overall share payment** Applicable Inapplicable**2. Share payment settled by equity** Applicable Inapplicable**3. Share payment settled by cash** Applicable Inapplicable**4. Revising and termination of share payment**

None

XIV. Commitment and Contingent Events**1. Major commitments**

Major commitments that exist on the balance sheet day

The Company has no other commitments that should be disclosed by 31.12.17.

2. Contingencies

(1) Significant contingencies on the balance sheet date

(1) 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 de-freezing of the amount RMB23 million by the bank. By the report date, the lawsuit remains 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. The second trial remains pending on the report date.

(2) Pending major lawsuits

On January 2, 2003, Guangzhou Middle Court issued a civil case conciliation statement (2002)穗中法民三初字第 No. 00596 to rule that the Guangzhou Yi An Square Real Estate Development Co., Ltd. to make the engineering payment of RMB5,621,329.63 to Fangda Jianke within 15 days of the effectiveness of the conciliation statement. By December 31, 2016, Fangda Jianke has recovered RMB1,950,000.00.

On December 23, 2015, Zhongshan Guzhen People's Court judged according to 中二法古民二初字第1040号 that Fangda SOZN make the payment of RMB10,331,348.20, interest and the lawsuit fee to Foshan Youfeng Trading Co., Ltd. within 15 days. By the report date, Fangda SOZN has not made the payment.

On 29.04.16, Zhongshan Second People's Court judged according to (2016)粤2072民初2165号 that Fangda SOZN make the payment of RMB9,627,359.16, interest and the lawsuit fee to Xiangneng Hualei Optoelectronic Co., Ltd. within 7 days. By the report date, Fangda SOZN has not made the payment.

On 10.05.16, Zhongshan Second People's Court judged according to (2016)粤2072民初3204号 that Fangda SOZN make the payment of RMB6,849,847.00, interest and the lawsuit fee to Huacan Optoelectronic (Suzhou) Co., Ltd. within 10 days. By the report date, Fangda SOZN has not made the payment.

(3) Providing guarantee for property purchasers

The Group's property business provides periodic mortgage guarantee for property purchasers. The term of the periodic guarantee lasts from the effectiveness of guarantee contracts to the completion of mortgage registration and transfer of housing ownership certificates to banks. By December 31, 2017, the Company has provided periodic guarantee of RMB363 million.

On 30.06.17, the Company has no other contingent events that should be disclosed.

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

No such significant contingent event

XV. Other material events

1. 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
Major business turnover	737,244,117.11	154,612,475.20	477,870,274.15	10,417,329.25	5,099,531.65	-4,266,840.38	1,380,976,886.98
Main business cost	631,139,134.81	119,799,197.58	140,741,588.36	3,658,643.94	2,390,719.24	-4,229,570.67	893,499,713.26

2. Major transactions and events with impacts on investors' decisions

1. Acquisition of Fangda SOZN, repurchasing of shares and debt payment

(1) About the acquisition

Fangda New Energy entered into an investment agreement with Luo Huichi on July 18, 2014. According to the agreement, Fangda Energy and Shenzhen Jinma Yinke entered into a share transfer agreement on July 29, 2014. Luo Huichi makes contribution to a

newly established company with limited liability using fixed assets, intangible assets, sales network and teams in three companies under her actual control: Zhongshan SOZN Lighting, Zhongshan Henglan Tengding Lighting Factory, Shenzhen Jinma Yinke. After confirming the Target Company's assets, both parties entered into the stock transfer and capital increment agreement, under which the Company acquires 60% stake in the Target Company by acquiring stocks and injecting capital.

Fangda New Energy made the share transfer payment of RMB12 million as agreed and provided interest-free loans of RMB30 million to Fangda SOZN. Fangda SOZN did not fulfill 90% of the sales or net profit target in 2015.

(2) Share repurchasing and debt payment agreement

On 22.04.16, the Company, Fangda New Energy, Fangda SOZN, Shenzhen Jinma Yinke Electronics Co., Ltd., Luo Huichi and Jin Yaping (sponse of Luo Huichi) signed the Stock Repurchasing and Debt Payment Agreement. According to the agreement, Shenzhen Jinma Yinke shall pay RMB12 million to repurchase the 60% stake in Fangda SOZN held by Fangda New Energy and all parties are released from all rights and obligations under the Investment Agreement. All parties agree, if Fangda SOZN repays the debt of RMB23 million within the agreed period, the Company and Fangda New Energy shall give up all remaining debt on Fangda SOZN. The agreement was approved at the 20th meeting of the 7th Board of Directors held on April 22, 2016 and comes into effect after being approved at the 2015 General Shareholders' Meeting.

As Jinma Yingke failed to make the repurchase payment as agreed, Fangda New Energy filed proceedings to the Shenzhen Nanshan District People's Court and applied for property preservation of RMB2 million on August 30, 2016 to require Jinma Yingke to make the share transfer payment of RMB12 million and make the penalty. On November 21, 2016, Fangda New Energy and Jinma Yingke reached the dispute settlement agreement and agreed to make the share repurchasing payments of RMB2 million before December 5, 2016, March 30, 2017, and June 30, 2017 and make the share repurchasing payment of RMB6 million before December 30, 2017. By the report date, only RMB1,500,000 was received.

As Jinma Yingke failed to make the share repurchasing payments, the Company filed proceeding to Shenzhen Nanshan District People's Court on September 1, 2016 to require Luo Huichi and Jin Yaping to assume joint liability and make the principal payment of RMB15,158,586.39 and interest. The payment is made on the report date.

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						468,186.44	100.00%	14,045.59	3.00%	454,140.85

provisions on groups										
Total						468,186.44	100.00%	14,045.59	3.00%	454,140.85

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

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-14,045.59 was made in the period. RMB0.00 was recovered or reversed.

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	77,261,420.29	16.91%	77,261,420.29	100.00%	0.00	77,261,420.29	14.40%	77,261,420.29	100.00%	
(2) Recognition and providing of bad debt provisions on groups	456,803,048.86	85.53%	131,502.16	0.03%	456,671,546.70	459,434,528.66	85.60%	79,545.24	0.02%	459,354,983.42
Total	534,064,469.15	100.00%	77,392,922.45	14.49%	456,671,546.70	536,695,948.95	100.00%	77,340,965.53	14.41%	459,354,983.42

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	77,261,420.29	77,261,420.29	100.00%	Cannot be recovered because of insolvency
Total	77,261,420.29	77,261,420.29	--	--

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	239,247.49	7,177.42	3.00%
1-2 years	735,802.94	73,580.29	10.00%
2-3 years		0.00	
3-4 years	20,789.35	10,394.68	50.00%
4-5 years	10,000.00	5,000.00	50.00%
Over 5 years	70,699.54	35,349.77	50.00%
Total	1,076,539.32	131,502.16	12.22%

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 RMB51,956.92 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	532,987,929.83	535,629,171.29
Other trades	1,076,539.32	1,066,777.66
Total	534,064,469.15	536,695,948.95

(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
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					provision at the end of the period
Fangda Jianke	Associate accounts	232,605,607.77	Less than 1 year	43.55%	
Fangda Property	Associate accounts	133,514,199.76	Less than 1 year	25.00%	
Fangda SOZN	Associate accounts	77,261,420.29	2-3 years	14.47%	77,261,420.29
Fangda New Energy	Associate accounts	41,742,886.04	Less than 1 year	7.82%	
Shihui International	Associate accounts	30,459,793.09	2-3 years	5.70%	
Total	--	515,583,906.95	--	96.54%	77,261,420.29

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	905,139,494.35	19,800,000.00	885,339,494.35	905,139,494.35	19,800,000.00	885,339,494.35
Investment in associates and joint ventures	11,478,399.06		11,478,399.06	12,105,030.68		12,105,030.68
Total	916,617,893.41	19,800,000.00	896,817,893.41	917,244,525.03	19,800,000.00	897,444,525.03

(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 Aluminum	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		
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	905,139,494.35			905,139,494.35		19,800,000.00

(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.	8,600,939.78			-99,063.07						8,501,876.71	
Shenzhen Huihai Yirong Internet Service Co., Ltd.	3,504,090.90			-527,568.55						2,976,522.35	
Subtotal	12,105,030.68			-626,631.62						11,478,399.06	
Total	12,105,030.68			-626,631.62						11,478,399.06	

4. Operational revenue and costs

In RMB

Items	Amount occurred in the current period		Occurred in previous period	
	Income	Cost	Income	Cost
Other businesses	13,854,120.29	803,595.88	14,499,890.63	1,019,406.36

Total	13,854,120.29	803,595.88	14,499,890.63	1,019,406.36
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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	-626,631.62	-399,777.88
Investment gain of financial products	1,641,303.05	
Other investment gains		5,424.66
Total	1,014,671.43	-394,353.22

XVII. Supplementary Materials

1. Detailed accidental gain/loss

√ Applicable □ Inapplicable

In RMB

Items	Amount	Notes
Gain/loss of non-current assets	-87,244.32	
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)	1,418,717.85	
Gain from entrusted investment or assets management	7,507,227.89	
Gain/loss from change of fair value of investment property measured at fair value in follow-up measurement	698,811.63	
Other non-business income and expenditures other than the above	3,034,051.17	
Less: Influenced amount of income tax	3,010,038.32	
Influenced amount of minority shareholders' equity	57,182.99	
Total	9,504,342.91	--

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	Earnings per share	
		Basic earnings per share (yuan/share)	Diluted Earnings per share (yuan/share)
Net profit attributable to common shareholders of the Company	9.37%	0.1926	0.1926
Net profit attributable to the common owners of the PLC after deducting of non-recurring gains/losses	8.98%	0.1846	0.1846

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

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

Applicable Inapplicable

Chapter 11 Documents for Reference

1. The Interim Report 2017 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.

China Fangda Group Co., Ltd.

Legal representative: Xiong Jianming

August 1, 2017