

Stock Code: 000055, 200055

Stock ID: Fangda Group, Fangda B

Announcement No. 2018-34

China Fangda Group Co., Ltd. Interim Report 2018 Summary

I. Important Declaration

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

No objection from directors, supervisors and senior management

Applicable Inapplicable

Statement

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

Non-standard auditing opinion

Applicable Inapplicable

Profit distribution pre-plan or capitalization plan in the period reviewed by the Board of Directors

Applicable Inapplicable

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

The preference share profit distribution pre-plan approved by the Board of Directors

Applicable Inapplicable

II. General Information

1. Company Profile

Stock ID	Fangda Group, Fangda B	Stock code	000055、200055
Stock Exchange	Shenzhen Stock Exchange		
Modified stock ID (if any)	None		
Contacts and liaisons	Secretary of the Board	Representative of Stock Affairs	
Name	Zhou Zhigang	Guo Linchen	
Office address	20F, Fangda Technology Building, Kejinan 12 th Avenue, High-tech Zone, Hi-tech Park South Zone, Shenzhen, PR China.	20F, Fangda Technology Building, Kejinan 12 th Avenue, High-tech Zone, Hi-tech Park South Zone, Shenzhen, PR China.	
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2. Financial Highlight

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

Yes No

	This report period	Same period last year	Year-on-year change (%)
Turnover (yuan)	1,442,050,896.53	1,399,710,941.29	3.02%
Net profit attributable to shareholders of the listed company (yuan)	230,131,663.19	228,003,319.43	0.93%
Net profit attributable to the shareholders of the listed company and after deducting of non-recurring gain/loss (RMB)	209,705,118.34	218,498,976.52	-4.02%

Net cash flow generated by business operation (RMB)	-31,426,267.64	215,263,207.38	-114.60%
Basic earnings per share (yuan/share)	0.1944	0.1926	0.93%
Diluted Earnings per share (yuan/share)	0.1944	0.1926	0.93%
Weighted average net income/asset ratio	6.99%	9.37%	-2.38%
	End of the report period	End of last year	Year-on-year change
Total asset (RMB)	7,892,969,369.92	7,625,422,688.63	3.51%
Net profit attributable to the shareholders of the listed company (RMB)	3,289,644,771.10	3,238,939,202.18	1.57%

3. Shareholders and shareholding

In share

Number of shareholders of common shares at the end of the report period	67,440	Number of shareholders of preferred stocks of which voting rights recovered in the report period	0			
Top 10 Shareholders						
Shareholder	Nature of shareholder	Shareholding percentage	Number of shares	Conditional shares	Pledging or freezing	
					Share status	Amount
Shenzhen Banglin Technologies Development Co., Ltd.	Domestic non-state legal person	8.72%	103,161,409	0	Pledged	31,540,000
Shengjiu Investment Ltd.	Foreign legal person	7.76%	91,820,182	0		
GUOTAI JUNAN SECURITIES(HONGKONG) LIMITED	Foreign legal person	3.39%	40,168,375	0		
Gong Qing Cheng Shi Li He Investment Management Partnership Enterprise (limited partner)	Domestic non-state legal person	2.26%	26,791,488	0		
CITIC Securities Brokerage (Hong Kong) Co., Ltd.	Foreign legal person	2.20%	26,034,425	0		
Shenwan Hongyuan Securities (Hong Kong) Co., Ltd.	Foreign legal person	1.58%	18,737,379	0		
China Resource SZITIC Trust – China Resource Trust No.13 Collective Trust Program	Others	1.30%	15,383,404	0		
Yunnan International Trust CO., Ltd. – Juxin No.5 Collective Fund Trust Program	Others	1.12%	13,229,635	0		
Yunnan International Trust CO., Ltd. – Yunxia No.3 Collective Fund Trust Program	Others	0.73%	8,635,314	0		
VANGUARD EMERGING MARKETS STOCK INDEX FUND	Foreign legal person	0.67%	7,946,483	0		
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.					

Statement of shareholders participating in margin trade (if any)	None
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4. Changes in controlling shareholder or actual controller

Changes in the controlling shareholder in the reporting period

Applicable Inapplicable

No change in the controlling shareholder in the report period

Change in the actual controller in the report period

Applicable Inapplicable

No change in the actual shareholder in the report period

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

Applicable Inapplicable

No shareholder of preferred shares in the report period

6. Bonds

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

No

III. Operation Discussion and Analysis

1. Business status in the report period

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

Yes

Decoration

In the first half of 2018, the country has continued to decrease its leverage and reinforce the environmental protection policy. The influence of Sino-US trade friction continued to deepen and the price fluctuations of major raw materials increased. The Company overcame many unfavorable factors and maintained a good development trend. During the reporting period, the Company achieved operating income of RMB1,442,500,900, a year-on-year increase of 3.02% and the net profit attributable to owners of the parent company was RMB231,131,700, an increase of 0.93%. As of the end of the reporting period, the company had a reserve of 4.476 billion yuan (excluding real estate sales).

1. High-end curtain wall system and material business

In the first half of the year the company took advantage of its location in the core area of Dawan District of Guangdong Hong Kong and Macao and continued to use Guangdong Hong Kong and Macao Dawan District as the main area for market expansion. The market development has achieved remarkable results and the number of new orders and quality has improved significantly. In the first half of the year, it signed the Shenzhen International Convention and Exhibition Center, Shenzhen Qianhai Hengchang Building, Shenzhen Hualian City Business Center, Shenzhen Longguang Jiuzuan, Shenzhen Hongrongyuan Yicheng Center Garden, Zhuhai Youte Square, Zhongshan Jiangbolong Science and Technology Park, Shanghai Pudong Shipyard Phase II, Nanchang Business Alliance Center, Hefei Vanke Forest Park, Hangzhou Alibaba Xixi Park Phase IV, Wuhan Rongchuang Center Phase III, Suzhou Huawei R&D Center and many other high-end curtain wall and materials projects totaling RMB1.232 billion. The year-on-year growth was 9.47%. Among them, the orders in the Guangdong Hong Kong and Macao Dawan District amount to RMB905 million. The Company has abundant orders busy construction and sales of curtain wall system and material industry. Shenzhen Vanke Yuncheng Project, Shenzhen Bay Innovation and Technology Center Project, Guangzhou Kaidal Hub International Plaza Tower, Zhuhai Hengqin Star Art Wenchuang, Wuxi Wanda Mao, Hangzhou Huanglong Vanke Center and other projects are progressing smoothly. In the first half of the year, the Company's curtain wall system and materials industry achieved operating income of RMB813,932,200 with a year-on-year increase of 10.40%. The final order reserve reached RMB 310,292,700, which was 381.23% of the curtain wall system and material industry operating income in the first half of the year, paving the way for the continuous development of the Company's high-end curtain wall and material business.

In order to meet the Company's growing demand for orders, the Company continues to invest in hardware such as production base construction. In June this year, the Fangda Western Headquarters Base in Chengdu Xinjin started construction. The base covers an area of 45,000 square meters and has a total construction area of about 21,000 square meters. It will become the most modern energy-saving and environmental protection curtain wall research and development and production base in western China. The Company's production base in Songjiang Shanghai will start construction in September this year covering an area of 23,800 square meters and a total construction area of about 43,000 square meters. After the completion of the two bases, the national industrial

layout of the upgrade company will be improved and the production capacity of the Company's energy-saving and environmental protection curtain wall will be enhanced to provide guarantee for the Company's sustained and rapid development.

In the first half of the year, the company thoroughly implemented the "contract-centric" business management model, further optimized resources, optimized business processes, strengthened management and control effectively, reduced costs comprehensively, improved contract execution efficiency and enabled orders to be converted into sales revenue and profits as soon as possible.

2. Rail transport equipment business

With the "Belt and Road" Initiative of the country and the development strategy of Guangdong Hong Kong and Macau's Dawan District continued to deepen during the reporting period, the Company's subway screen door industry has achieved fruitful expansion at home and abroad and has successively obtained the first phase of the Ahmedabad Metro in India Shijiazhuang for the screen door system of Metro Line 3, Wuhan Metro Line 8 and Phase 3, Chengdu Metro Line 3 Phase 2 and Phase 3 and Nanchang Metro Line 1, Nanning Subway Line 1, Nanjing Metro Line 1 and Wuhan Intercity Railway and other projects screened the door maintenance orders with a total amount of RMB317 million. Among them, the India Ahmedabad Metro Project is the second project of the Company in the Indian market after the Noida Metro project in India. The Company will seize the opportunity of rapid development of the Indian subway construction and take the "Belt and Road" express train to accelerate the overseas market. The layout has enabled the Company's rail transit business to go hand in hand at the domestic and overseas markets, further consolidating the Company's leading position in the industry.

In the first half of the year, in addition to Lanzhou Metro Line 1, Nanchang Subway Line 2, Wuhan Metro Line 11, Zhengzhou Metro Line 5, BYD Cloud Trail and other domestic projects under construction, Hong Kong Subway Shazhong Line, India Noida Metro, Malaysia subway screen doors such as the Kuala Lumpur Metro are also under construction. A total of 13 screen door products are under construction. The subway screen door order reserve reached RMB1.373 billion at the end of the period laid a solid foundation for the future quality and profitable growth of the Company's subway screen door industry.

In recent years, the Company's rail transit screen door has also achieved remarkable results in the maintenance of professional services. As an extension of the industrial chain of the screen door project, it has become a new profit growth point for the Company. During the reporting period, the Company's rail transit screen door maintenance service revenue reached RMB 12,328,600, an increase of 24.92% over the previous year. As more and more subways are opened and operated, the weight of technical services for subway screen doors will continue to increase. In the future, the Company will further innovate existing technologies and business models, vigorously expand industry extensions, make full use of advanced technologies such as cloud data Internet and face recognition and vigorously develop new products with the model of "technical and service" to further improve shielding. The integration level of door system components will enhance the comprehensive competitiveness of the Company's rail transit business.

3. New energy industry

During the reporting period, the three solar photovoltaic power plants that the Company had connected to the grid were operating safely and steadily. In the first half of the year, the total power generation was 10,095,900 kWh, the sales revenue was RMB11.0426 million and the operating profit was RMB6,914,100, which reached the expected target. Among them, the 20MW distributed photovoltaic power generation project of Chayu Village, Xuanfeng Town, Luxi County, Jiangxi Province and the distributed photovoltaic power generation project of Songshan Lake in Dongguan have been included in the Renewable Issue issued by the Ministry of Finance the National Development and Reform Commission and the National Energy Administration. The Company's solar photovoltaic power station will continue to bring long-term stable income and profits to the Company.

4. Real estate

In the reporting period, the Company focused on real estate and urban renewal projects in the core areas of Guangdong, Hong Kong, and Macau Bay, and continued to grow and strengthen the Company's real estate business. In the first half of the year, the Fangda Town project achieved a sales area of 8,751.56 square meters with a cumulative sales of 79,312.64 square meters; the commercial signing rate reached 75%, while Huayi Brothers Cinema Fangda Town Store has opened. It is planned that before the end of this year, Fangda Town will start the commercial operation and the second phase of the project will be completed and accepted. In addition to the Company's own use, the 1# floor is about 70,000 square meters to earn rentals and capital appreciation. The part of the property will be measured at fair value. According to current accounting standards and the Company's accounting policies, this will increase the company's profit and net assets in 2018.

The Nanchang Honggutan Fenghuangzhou Fangda Center project started construction in May this year. The project covers an area of about 17,000 square meters with a total construction area of about 93,000 square meters. The total construction area is 66,000 square meters. The commercial complex of hotels, apartments and office buildings is planned to be completed and pre-sold at the end of 2019. The urban renewal project and major project declaration of the signed Shenzhen Fangda Bangshen project are being actively promoted. The project covers an area of 20,714.9 square meters. In addition there are several key renovation projects in Shenzhen being pushed forward by the Company. The land area of these projects is about 200,000 square meters. It is expected that the real estate sales and property leasing will continue to contribute profits to the Company in the future.

5. Innovation

The Company has been adhering to the "technology-based, innovation as the source" business philosophy, independent innovation ability and technical level have remained the industry leader. During the reporting period, the Company applied for 27 new patents including 9 invention patents and 18 utility model patents. As of the end of the reporting period, the Company obtained a total of 785 patents (of which 109 were invention patents), 4 international PCT patents, 8 software copyrights, and the total number of patents ranked first in the nation's industry.

Scientific and technological innovation is an indispensable element in the long-term stable development of the Company. The Company invests heavily in research and development every year. In the first half of the year, it invested RMB42.08 million in research and development and completed the establishment of 21 science and technology projects including 18 new product development projects, three technical transformation projects; completed 10 government science and technology project award applications. The Company's research and development of "blue and white porcelain aluminum veneer" "free-form aluminum alloy

sun visor" have won the Jiangxi Province outstanding new product award. In the future, the Company will vigorously promote the application and promotion of big data, new technologies, automation artificial intelligence and modern manufacturing technologies and strive to achieve new improvements in technological innovation, system innovation and management innovation.

6. Awards

During the reporting period, the Company was awarded the honorary title of Shenzhen Outstanding Social Responsibility Enterprise, China's Best Employer Enterprise Award, Guangdong Province Honesty Model Enterprise, Best Board of Directors and the 2017 Information Disclosure Appraisal. Mr. Xiong Jianming was elected as the representative of the 13th National People's Congress.

Fangda Automation Co. Ltd. a wholly-owned subsidiary was awarded the honorary title of "Excellent Contractor" issued by Nanjing Metro Operation Company and Tianjin Metro Operation Company and "Excellent Contractor" issued by MTR Rail Transit Co. Ltd.

Fangda Real Estate Co. Ltd., a wholly-owned subsidiary, was awarded the "Shenzhen Real Estate Development Industry Brand Value Enterprise".

Xu Weihua, an employee of Fangda Jiangxi New Materials Co. Ltd., a wholly-owned subsidiary, won the "Nanchang May 1st Labor Medal" Fang Hongjian staff, Li Honglin and Wei Zhengpei were awarded the title of "Star Craftsman" in Shenzhen Decoration Industry.

2. Related issues involved the financial report

(1) Statement of changes to accounting policies, estimates and audit methods compared with the financial report of the report period

Applicable Inapplicable

No change in accounting policies, assumptions and auditing methods in the report period.

(2) Statement of retrospective restatement of major accounting errors in the report period

Applicable Inapplicable

No retrospective restatement of major accounting errors in the report period

(3) Statement of change in the financial statement consolidation scope compared with the previous financial report

Applicable Inapplicable

In the current period, Shanghai Fangda Jingling Technology Co. Ltd. and Shenzhen Fangda Cloud Rail Technology Co. Ltd. have been newly established two new companies in the current consolidated statement.

China Fangda Group Co., Ltd.

Legal representative: Xiong Jianming

07.08.18