China Fangda Group Co., Ltd.

2018 Interim Report

August 2018

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.

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

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.

Table of Contents

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	Gong Qing Cheng Shi Li He Investment Management Partnership Enterprise (limited partner)
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.
Fangda Property	Refers to	Shenzhen Fangda Property Development Co., Ltd.
Chengdu Fangda Jianke	Refers to	Chengda Fangda Construction Technology Co., Ltd.
Dongguan Fangda New Material	Refers to	Dongguan Fangda New Material Co., Ltd.
Kechuangyuan Software	Refers to	Shenzhen Qianhai Kechuangyuan Software Co., Ltd.

Kexunda Co.	Refers to	Shenzhen Kexunda Software Co., Ltd.
Fangda Property	Refers to	Shenzhen Fangda Property Management Co., Ltd.
Jiangxi Property	Refers to	Fangda (Jiangxi) Property Development Co., Ltd.
Hongjun Investment Company	Refers to	Shenzhen Hongjun Investment Co., Ltd.
Jianke Australia	Refers to	Fangda Australia Pty Ltd
Automatic Hong Kong	Refers to	Fangda Automation (Hong Kong) Co., Ltd.
Shihui International	Refers to	Shihui International Holding Co., Ltd.
Shenyang Decoration	Refers to	Fangda Decoration Engineering (Shenyang) 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 Cloud Rail	Refers to	Shenzhen Fangda Could Rail Technology 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 Technology Building, Kejinan 12th Avenue, High-tech Zone, Hi-tech Park South Zone, Shenzhen, PR China.	20F, Fangda Technology Building, Kejinan 12th Avenue, High-tech Zone, Hi-tech Park South Zone, Shenzhen, PR China.
Tel.	86(755) 26788571 ext. 6622	86(755) 26788571 ext. 6622
Fax	86(755)26788353	86(755)26788353
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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 2017 for details.

2. Information disclosure and inquiring

Changes to the information disclosure and inquiring place

□ Applicable √ Inapplicable

Please refer to the 2017 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 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%

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

Item	Amount	Notes
Non-current asset disposal gain/loss (including the write-off part for which assets impairment provision is made)	-1,565,317.62	
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)	2,185,580.79	
Gain from entrusted investment or assets management	9,615,882.62	
Gain generated by contingencies irrelevant to the Company's business	8,939,594.68	
Gain/loss from change of fair value of transactional financial asset and liabilities, and investment gains from disposal of transactional financial assets and liabilities and sellable financial assets, other than valid period value instruments related to the Company's common businesses	187,445.30	
Gain/loss from change of fair value of investment property measured at fair value in follow-up measurement	-323,794.00	
Other non-business income and expenditures other than the above	6,110,628.97	
Other gain/loss items satisfying the definition of non-recurring gain/loss account	0.40	
Less: Influenced amount of income tax	4,723,476.29	
Total	20,426,544.85	--

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

I. Major businesses of the Company during the report period

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

Yes

Decoration

The Company is headquartered in Nanshan District of Shenzhen and became listed in Shenzhen Stock Exchange on November 29, 1995. Currently, five 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

(1) Main products and purposes

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.

(2) Main business modes, specific risks and changes;

The projects implemented by the Company are mainly through the bidding method to obtain contract orders. Project design, material procurement, production and processing, and the construction and installation and after-sales service model are based on the contract orders. The main risk of this mode is that it takes a long period of time from the completion of the order to the completion of the project, and it is highly dependent on raw materials and labor costs. It is greatly affected by the national industrial policy, raw material prices, and labor market fluctuations. The Company's curtain wall products are engineered by itself. The operation mode remained unchanged in the report period.

(3) Main business drive

See 3. Core competitiveness analysis in this chapter.

(4) Development stage of the industry, circle and industry position

In the first half of the year, the country has continued to decrease leverage and reinforce environmental protection policy. The influence of Sino-US trade friction continued to deepen and the fluctuations in the prices of major raw materials increased. The market competition in the curtain wall industry became fiercer and the concentration of enterprises became higher and higher. However, with the further development of Guangdong Hong Kong and Macao Dawan District, Xiong'an New District and Hainan Free Trade Zone, it has also brought many opportunities to the industry. Urban commercial space such as commercial office buildings, urban commercial complexes, star-rated hotels and urban public spaces such as airports, stations rail transit, museums, libraries, stadiums, schools, hospitals etc. demand for building curtain walls systems and materials industry still has a good foundation. In recent years, the state has strongly promoted a series of industrial policies for building energy conservation, providing a good development opportunity for the energy-saving curtain wall and materials business. First- and second-tier cities have better economic development and have continuous demand for building curtain walls. Therefore, the market capacity is large and it is also the main area for competition in the curtain wall market. There is no obvious periodicity in the curtain wall industry

The Company is a pioneer and first listed company in this industry. Over the past more than 20 years, the Company has undertaken hundreds of large projects and received the highest award in the industry China Construction Luban Award and Zhan Tianyou Civil Engineering Award for many times. The Company has also received nearly 100 provincial and above awards. The Company has been in the top 10 of "China's top 100 building curtain wall industry" for many years, and has already had strong brand advantages and competitiveness in the industry. The Company has a strong technology lead in the industry with 422 patents, including 36 intention patents and one software copyright. The Company also took part in the preparation of more than 10 national or industry standards including the Public Construction Energy Saving Design Standard, making 9 records among Chinese enterprises. The Company has a Class A qualification for building curtain wall engineering contracting and class A qualification for building curtain wall engineering design. It is the highest level for curtain wall design and construction companies in China.

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, after-sales services and technical 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. At present, the Company's subway screen doors have covered more than 60% of metropolitan-operated cities in China. More than 60 metro and cloud rails of over 30 cities around the world have adopted the Fangda screen door systems, making the Company the world's largest supplier of screen doors.

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. In the first half of 2018, the three photovoltaic power plants that have been connected to the grid have been operating smoothly and the power generation sales revenue and operating profit have all reached the Company's expectations. 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 list of energy and electricity price additional funds subsidies can be subsidized by electricity prices.

4. Real estate

The Company is currently developing three projects: the Fangda Town in Shenzhen Nanshan District, the Fangda Bangshen project in Bao'an District, and the Phoenix Valley Fangda Center in Honggutan, Nanchang. In addition, several key update projects in Shenzhen are underway. It is expected that the real estate sales and property leasing will continue to contribute profits to the Company in the future.

For a detailed discussion of the Company’s business, please refer to “III. Analysis of Core Competencies” in this section of the report and Chapter VI “Operation Discussion and Analysis”.

II. Major assets change

1. Major assets change

Main assets	Major change
Equity assets	None
Fixed assets	None
Intangible assets	Intangible assets increased by 36.18% year-on-year mainly due to the acquisition of land use rights by Shanghai Fangda Qingling Technology Co. Ltd. with a book value of

	RMB21.75 million.
Construction in process	None

2. Major foreign assets

□ Applicable √ Inapplicable

III. Core Competitiveness Analysis

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

Yes

Decoration

(1) Curtain wall system and material

1. Expertise and brand competitiveness

The Company actively responded to the national supply-side reforms and revitalized real economic policies, persisted in innovation-driven development, and actively developed low-carbon energy-conserving curtain walls, solar photovoltaic curtain walls, and fabricated curtain walls. The number of patents for the curtain wall systems and materials industry reached 422 (including 36 invention patents) with one software copyright and active innovation, leading to its brand advantages. It is one of the top end brands of the domestic curtain wall system and material industry. FANGDA is a nationwide well-known trademark in China. The Company's four subsidiaries engaged in curtain wall systems and materials production are state-level high-tech enterprises.

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

In the fierce market competition, the Company accurately positions the market in the field of high-end energy-saving curtain wall systems with high requirements for technology and management, and focuses its resources on high-end curtain wall projects.The construction of a number of curtain wall projects won the national "Luban Award", "Zhan Tianyou Civil Engineering Award", "National Quality Engineering Award", "China Construction Engineering Decoration Award", "Magnolia" Award and "Customer Satisfaction Project" awards, and won the title of "China's curtain wall industry's most competitive top 10" and so on. 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

After years of accumulation and continuous investment in hardware facilities, the Company's curtain wall system and materials industry are formed with Shenzhen as the headquarters South China with Dongguan Songshan Lake and Foshan as the base Southwest China with Chengdu as the base East China with Shanghai and Central China with Nanchang. As the base of the national industrial layout, it provides an important guarantee for improving market share and comprehensive 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

With the implementation of major national strategies such as the Guangdong, Hong Kong, and Macao Bay District, Xiong'an New District, and the "Belt and Road" Initiative, the region has radiated into Southeast Asia, South Asia, Central Asia, and West Asia, and has extended to Eastern Europe and North Africa with strong demand for infrastructure construction and interconnection. As the world's largest supplier of rail transit shielding door systems, the Company will also make full use of its advantages in technology, brand, and service to further consolidate and increase its domestic market share, and actively participate in rail transit construction in Guangdong, Hong Kong, Macau BayDistrict and Xiong'an New District. The Company will vigorously expand overseas markets, especially the “Belt and Road” Initiative, maintain the continuity and stability of overseas orders, balance the development of domestic and foreign markets, and continue to “lead” the rail transit industry.

2. Technical advantage

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

3. Brand equity

Up to now, the Company has undertaken the construction of shielded door projects for more than 30 metro and cloud rail lines in more than 30 cities including Hong Kong, Singapore, Malaysia Kuala Lumpur, Noida India and Ahmedabad India.The Fangda subway 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.

4. Industry chain advantage

As the first company to enter the subway screen door industry in China, the Company's subway screen doors have reached to more than 60% of the subway cities in China, and many domestic subway screen doors have entered the maintenance period. The Company actively expands its industrial chain and takes the lead in the domestic market to provide metro maintenance services. The Company has a natural advantage in this high-end service industry. Our screen door system are independently developed by us, thus enabling us to provide prompt, overall, effective and standard maintenance services for our customers without other third parties. As more and more subways are opened, the business volume will continue to increase. The Company has once again realized the expansion of the industrial chain through the cloud-rail screen door project of 8 cities that have signed up last year, opening up a new development space for the Company.

(3) New energy industry

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

1. Technical advantage

With more than ten years’ experience in developing solar energy PV power generating curtain wall technology, the Company is the earliest company that masters the intelligent property right in the designing, production and integration of solar energy PV curtain wall systems and is a pioneer in the application of PV curtain wall technology.

2. Relation with other industries

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

(4) Real Estate

1. Shenzhen is located in the core area of Guangdong, Hong Kong and Macau Bay District, and the economy continues growing. In recent years, Shenzhen has introduced a series of measures to limit house purchase. However, due to the limited supply of land for development, it is still difficult to stop the rise in prices. Benefited from the rapid economic development of Shenzhen in the core area of Guangdong, Hong Kong, and Macau Bay, during the reporting period, the sales price of the Company’s Fangda Town project has increased over the previous period. It is expected that the real estate sales and property leasing will continue to contribute profits to the Company in the future.

2. The Company is currently developing three projects: the Fangda Town in Shenzhen Nanshan District, the Fangda Bangshen project in Bao'an District, and the Phoenix Valley Fangda Center in Honggutan, Nanchang. The Fangda Town project and Fangda Bangshen project are located in Shenzhen, the core region of Guangdong, Hong Kong and Macau Bay District. The projects have significant geographical advantages and great regional development potential. The Nanchang Fangda Center project is located in the Phoenix Valley district of Honggutan New District, Nanchang with an outstanding river view. Phoenix Valley is an important part of Honggutan New District in Nanchang. It is a business and office gathering place in Nanchang. The location of the project enjoys significant advantages. There are fewer office and business apartments with first-class river view in the region. The project has obvious competitive advantages.

Chapter 4 Operation Discussion and Analysis

1. Summary

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 Macau 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 "echnology-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. 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	1,442,050,896.53	1,399,710,941.29	3.02%	
Operation cost	935,486,175.73	903,397,926.97	3.55%	
Sales expense	27,060,141.24	23,137,281.77	16.95%	Mainly due to the subsidiary the increased commission paid to the agencies by Fangda Real Estate

				Co. Ltd. for development of a variety of sales channels
Administrative expense	74,534,585.80	71,006,728.79	4.97%	
Financial expenses	33,772,321.68	25,897,314.89	30.41%	Mainly due to the increase in total borrowings resulting in interest expenses
Income tax expenses	63,046,179.95	67,768,104.52	-6.97%	
R&D investment	42,082,922.04	56,202,159.95	-25.12%	
Cash flow generated by business operations, net	-31,426,267.64	215,263,207.38	-114.60%	
Cash flow generated by investment activities, net	-43,736,732.77	-144,406,688.71	69.71%	Mainly due to the increase in income from wealth management products
Net cash flow generated by financing activities	94,383,606.69	-213,486,321.35	144.21%	Mainly to increase long-term borrowing
Net increase in cash and cash equivalents	20,226,410.15	-143,734,270.91	114.07%	Mainly to increase long-term borrowing

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.

3. Business composition

In RMB

	Turnover	Operation cost	Gross margin	Year-on-year change in operating revenue	Year-on-year change in operating costs	Year-on-year change in gross margin
Industry						
Metal production	813,931,956.56	700,957,914.39	13.88%	10.40%	11.06%	-0.51%
Railroad industry	131,268,676.36	100,640,757.68	23.33%	-15.10%	-15.99%	0.81%
New energy industry	11,042,648.38	3,604,459.58	67.36%	6.00%	-1.48%	2.48%
Real estate	476,482,925.03	126,847,465.83	73.38%	-0.29%	-9.87%	2.83%
Others	9,324,690.20	3,435,578.25	63.16%	-52.34%	-57.37%	4.35%
Product						
Curtain wall	813,931,956.56	700,957,914.39	13.88%	10.40%	11.06%	-0.51%

system and materials						
Subway screen door and service	131,268,676.36	100,640,757.68	23.33%	-15.10%	-15.99%	0.81%
PV power generation products	11,042,648.38	3,604,459.58	67.36%	6.00%	-1.48%	2.48%
Real estate sales	476,482,925.03	126,847,465.83	73.38%	-0.29%	-9.87%	2.83%
Others	9,324,690.20	3,435,578.25	63.16%	-52.34%	-57.37%	4.35%
District						
In China	1,402,603,038.50	907,013,907.61	35.33%	1.71%	1.89%	-0.11%
Out of China	39,447,858.03	28,472,268.12	27.82%	90.37%	116.09%	-8.59%

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	1,199,195,175.72	15.19%	896,180,195.84	14.23%	0.96%	
Account receivable	2,77,617,891.78	26.32%	1,998,836,618.75	31.75%	-5.43%	
Inventory	726,389,203.30	9.2%	1,917,899,065.58	30.46%	-21.26%	Mainly due to that the Fangda Town project will achieve sales carryover in the current period and the property used for renting in Fangda Town will be included in the investment real estate according to the actual construction cost when it is ready for its intended use.
Investment real estate	2,332,213,399.66	29.55%	332,975,019.31	5.29%	24.26%	Mainly due to that the property used for renting in Fangda Town is

						included in the investment real estate according to the actual construction cost when it is ready for its intended use and is subsequently measured by fair value.
Long-term share equity investment	69,871,054.85	0.89%	11,478,399.06	0.18%	0.71%	
Fixed assets	474,159,833.94	6.01%	494,499,271.59	7.85%	-1.84%	
Construction in process	2,820,259.75	0.04%	2,537,725.36	0.04%	0.00%	
Short-term loans	524,000,000.00	6.64%	551,000,000.00	8.75%	-2.11%	
Long-term loans	1,293,978,153.39	16.39%	965,178,626.29	15.33%	1.06%	

2. Assets and liabilities measured at fair value

√ Applicable □ Inapplicable

In RMB

Item	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							
1. Financial assets measured at fair value with variations accounted into current income account (excluding derivative financial assets)		-8,572,843.25			279,998,000.00	80,000,000.00	191,425,156.75
Subtotal		-8,572,843.25			279,998,000.00	80,000,000.00	191,425,156.75

Investment real estate	1,492,278,859.69				83,046,894.38	5,343,905.00	1,569,981,849.57
Total	1,492,278,859.69	-8,572,843.25			363,044,894.38	85,343,905.00	1,761,407,006.32
Financial liabilities	159,000.00						2,050,625.00

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

Item	Closing book value (RMB)	Reason
Monetary capital	247,683,230.02	Deposit and special account deposit
Fixed assets	52,068,945.34	Loan by pledge
Investment real estate	307,321,568.00	Loan by pledge
100% stake in Fangda Property Development held by the Company	200,000,000.00	Loan by pledge
Total	807,073,743.36	

VI. Investment

1. General situation

□ Applicable √ Inapplicable

2. Major equity investment in the report period

□ Applicable √ Inapplicable

3. Major nonequity 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	151.25	26.09.17	31.01.19	151.25	13,010.5	6,110.13		6,105.12	1.87%	-198.51
Total				151.25	--	--	151.25	13,010.5	6,110.13		6,105.12	1.87%	-198.51

Capital source	Self-owned fund
Lawsuit (if any)	None
Disclosure date of derivative investment approval by the Board of Directors (if any)	31.10.17
Disclosure date of derivative investment approval by the Shareholders' Meeting (if any)	None
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	Fair value of derivatives are measured at open prices in the futures market

assumptions and parameters.	
Material changes in the accounting policies and rules related to the derivative in the report period compared to last period	None
Opinions of independent directors on the Company's derivative investment and risk controlling	None

VI. 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

VII. 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	Registered capital	Total assets	Net assets	Turnover	Operation profit	Net profit
Fangda Jianke	Subsidiary	Curtain wall design and installation	500,000,000.00	2,923,826,826.51	854,912,009.10	728,375,835.42	30,420,058.94	32,941,158.58
Fangda Property	Subsidiary	Real estate development	200,000,000.00	3,525,867,451.76	1,283,872,802.04	469,663,006.95	213,995,017.56	161,805,496.27

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
Shanghai Fangda Jingling Technology Co., Ltd.	Newly established	None
Shenzhen Fangda Could Rail Technology Co., Ltd.	Newly established	None

Major joint-stock companies

VIII. Structural entities controlled by the Company

□ Applicable √ Inapplicable

IX. Forecast of operating performance between January and September in 2018

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

X. 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. In addition, the market concentration of first- and second-tier cities will increase, and regional competition will become more intense. The Company will continue to adopt a prudent management policy, refined management, and technological innovations to reduce management costs and accelerate the return of funds. 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 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. We will create a sound environment for innovation and development encourage product innovation technological innovation and management innovation and further enhance the Company's business competitiveness.

3. Production and operation risks and measures

The trade fight between China and the U.S., 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, accelerate inventory turnover, 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. The Company will continue paying attentions to the development of the industry. The Company will conduct adequate verification on project feasibility, control costs, quality and schedules strictly, and improve its development, construction and maintenance capabilities.

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
2017 Annual Shareholder Meeting	Annual shareholders' meeting	19.68%	15.05.18	16.05.18	*Notice on Resolutions of the Annual Shareholders' Meeting* (2017) 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

There is no commitment that has not been fulfilled by actual controller, shareholders, related parties, acquirers of the Company

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 RMB14,009,216.71.

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
None								
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
Fangda Jianke	26.04.16	48,000	06.07.16	14,392.28	Joint liability	since engage of contract to 2 years upon due of debt	No	Yes
Fangda Jianke	21.03.17	40,000	06.12.17	14,753.86	Joint liability	since engage of contract to 2 years upon due of debt	No	Yes
Fangda Jianke	21.03.17	30,000	23.08.17	15,000	Joint liability	since engage of contract to 2 years upon due of debt	No	Yes
Fangda Jianke	24.04.18	20,000	10.04.18	23,601.57	Joint liability	since engage of contract to 2 years upon due of debt	No	Yes
Fangda Jianke	21.03.17	40,000	01.11.17	5,882.44	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	1,600	Joint liability	since engage of contract to 2 years upon	No	Yes

						due of debt		
Fangda Automatic	21.03.17	15,000	31.10.17	1,254.34	Joint liability	since engage of contract to 2 years upon due of debt	No	Yes
Fangda Automatic	21.03.17	20,000	23.08.17	0	Joint liability	since engage of contract to 2 years upon due of debt	No	Yes
Fangda Automatic	24.04.18	15,000	08.03.18	1,419.41	Joint liability	since engage of contract to 2 years upon due of debt	No	Yes
Fangda New Material	21.03.17	8,000	27.05.17	1,677.21	Joint liability	since engage of contract to 2 years upon due of debt	No	Yes
Fangda New Material	24.04.18	6,500	01.06.18	0	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	99,397.82	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)		394,100		Total of guarantee to subsidiaries actually occurred in the report term (B2)		35,237.81		
Total of guarantee to subsidiaries approved as of the report term (B3)		394,100		Total of balance of guarantee actually provided to the subsidiaries as of end of report term (B4)		178,978.93		
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)		394,100		Total of guarantee occurred in the report term (A2+B2+C2)		35,237.81		

Total of guarantee approved as of end of report term (A3+B3+C3)	394,100	Total of guarantee occurred as of the end of report term (A4+B4+C4)	178,978.93
Percentage of the total guarantee occurred (A4+B4+C4) on net asset of the Company		54.41%	
Including:			
Amount of guarantee over 50% of the net asset (F)		14,496.69	
Total of the above 3 (D+E+F)		14,496.69	
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. Environmental protection

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

No

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

The Company and its subsidiaries have earnestly implemented the Environmental Protection Law of the People's Republic of China, the Law of the People's Republic of China on Water Pollution Prevention and Control, the Law of the People's Republic of China on the Prevention and Control of Air Pollution, and the Law of the People's Republic of China on the Prevention and Control of Solid Waste Pollution. In the environmental protection laws and regulations, there were no penalties for violations of laws and regulations during the reporting period.

2. Performance of poverty relieving responsibilities

(1) Half-year poverty relieving summary

In H1 2018, the Company donated a photovoltaic poverty alleviation power station to the Dongshui Villagers Committee of Xishan Town Lianping County Guangdong Province with a value of about RMB150,000.

(2) Result of targeted poverty alleviation

Item	Unit	Qty/Description
I. General situation	——	——
2. Value of materials	(in RMB10,000)	15
II. Investment	——	——
1. Industry development poverty relief	——	——
Including: 1.1 Industry development projects	——	Capital earning
1.2 Number of industry development projects	Item	1
1.3 Amount of industry development fund	(in RMB10,000)	15
2. Employment transfer	——	——
3. Relocation	——	——
4. Education	——	——
5. Health care support	——	——
6. Eco-protection support	——	——
7. Last-line guarantee	——	——
8. Social poverty relieving	——	——
9. Others	——	——
III. Prizes	——	——

(3) Further property relief plans

The Company donated totally RMB2,030,000 for targeted poverty in H1 2018:

1. Donated 1 million yuan to Shenzhen Nanshan District Charity Association.
2. Donated 1 million yuan to Lianhua County Pingxiang City Jiangxi Province.
3. Donated RMB30,000 to two students at Jiangxi Ganzhou Zhanggong district Shahe Longcun village.

The Company will continue to fulfill its social responsibility for precision poverty alleviation, and make donations from time to time based on business development.

XVI. Other material events

√ Applicable □ Inapplicable

The Company reviewed and approved the Resolution on the Repurchase of Domestically Listed Foreign Shares (B Shares) of the

Company at the 8^{th} meeting of the 8^{th} Board of Directors and the 2017 Annual General Meeting of Shareholders on April 24 2018 and May 15 2018 respectively.Due to the Company's repurchase of B shares, it is necessary to open a special foreign exchange account and make foreign exchange funds to obtain the consent of the relevant departments of the State Administration of Foreign Exchange. As of the disclosure date of this report, the Company is still in the process of handling relevant procedures and has not repurchased B share.

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	1,417,243	0.12%						1,417,243	0.12%
3. Other domestic shares	1,417,243	0.12%						1,417,243	0.12%
Domestic natural person shares	1,417,243	0.12%						1,417,243	0.12%
II. Shares without trading limited conditions	1,182,225,011	99.88%						1,182,225,011	99.88%
1. Common shares in RMB	678,298,229	57.31%						678,298,229	57.31%
2. Foreign shares in domestic market	503,926,782	42.57%						503,926,782	42.57%
III. Total of capital shares	1,183,642,254	100.00%						1,183,642,254	100.00%

Reasons

□ Applicable √ Inapplicable

Approval of the change

□ Applicable √ Inapplicable

Share transfer

□ Applicable √ Inapplicable

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

□ Applicable √ Inapplicable

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

□ Applicable √ Inapplicable

2. Changes in conditional shares

□ Applicable √ Inapplicable

2. 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	67,440	Number of shareholders of preferred stocks of which voting rights recovered in the report period (if any) (note 8)	0

Shareholders holding 5% of the Company's common shares or top-10 shareholders								
Shareholder	Nature of shareholder	Shareholding percentage	Number of common shares held at the end of the report period	Change in the reporting period	Conditional common shares	Unconditional common shares	Pledging or freezing	
							Share status	Amount
Shenzhen Banglin Technologies Development Co., Ltd.	Domestic non-state legal person	8.72%	103,161,409	0		103,161,409	Pledged	31,540,000
Shengjiu Investment Ltd.	Foreign legal person	7.76%	91,820,182	1,122,300		91,820,182		
GUOTAI JUNAN SECURITIES(HONGKONG) LIMITED	Foreign legal person	3.39%	40,168,375	-8,355,852		40,168,375		
Gong Qing Cheng Shi Li He Investment Management Partnership Enterprise	Domestic non-state legal person	2.26%	26,791,488	0		26,791,488		

(limited partner)								
CITIC Securities Brokerage (Hong Kong) Co., Ltd.	Foreign legal person	2.20%	26,034,425	-1,186,300		26,034,425		
Shenwan Hongyuan Securities (Hong Kong) Co., Ltd.	Foreign legal person	1.58%	18,737,379	2,438,942		18,737,379		
China Resource SZITIC Trust – China Resource Trust No.13 Collective Trust Program	Others	1.30%	15,383,404	0		15,383,404		
Yunnan International Trust CO., Ltd. – Juxin No.5 Collective Fund Trust Program	Others	1.12%	13,229,635	0		13,229,635		
Yunnan International Trust CO., Ltd. – Yunxia No.3 Collective Fund Trust Program	Others	0.73%	8,635,314	0		8,635,314		
VANGUARD EMERGING MARKETS STOCK INDEX FUND	Foreign legal person	0.67%	7,946,483	Unknown		7,946,483		
A strategic investor or ordinary legal person becomes the Top10 common share shareholder due a stock issue (see note 3)		None						
Notes to top ten shareholder relationship or "action in concert"		Among the shareholders, Shenzhen Banglin Technology Development Co., Ltd. and Shengjiu Investment Co., Ltd. are parties action-in-concert. Shenzhen Banglin Technology Development Co., Ltd. and 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.	91,820,182	Foreign shares listed in domestic exchanges	91,820,182
GUOTAI JUNAN SECURITIES(HONGKONG) LIMITED	40,168,375	Foreign shares listed in domestic exchanges	40,168,375
Gong Qing Cheng Shi Li He Investment Management Partnership Enterprise (limited partner)	26,791,488	RMB common shares	26,791,488
CITIC Securities Brokerage (Hong Kong) Co., Ltd.	26,034,425	Foreign shares listed in domestic exchanges	26,034,425
Shenwan Hongyuan Securities (Hong Kong) Co., Ltd.	18,737,379	Foreign shares listed in domestic exchanges	18,737,379
China Resource SZITIC Trust – China Resource Trust No.13 Collective Trust Program	15,383,404	RMB common shares	15,383,404
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
VANGUARD EMERGING MARKETS STOCK INDEX FUND	7,946,483	Foreign shares listed in domestic exchanges	7,946,483
No action-in-concert or related parties among the top10 unconditional common share shareholders and between the top10 unconditional common share	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.		

shareholders and the top10 common share shareholders	
Top-10 common share shareholders participating in margin trade (if any) (see note 4)	None

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

The Company’s Directors, supervisors and senior management shareholding has remained unchanged during the report period. For details, please refer to the 2017 annual report.

2. Changes in the Directors, Supervisors and Senior Executives

□ Applicable √ Inapplicable

The Company’s Directors, supervisors and senior management have remained unchanged during the report period. For details, please refer to the 2017 annual report.

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.

30.06.18

In RMB

Item	Closing balance	Opening balance
Current asset:		
Monetary capital	1,199,195,175.72	1,180,398,479.51
Settlement provision		
Outgoing call loan		
Financial assets measured at fair value with variations accounted into current income account	191,425,156.75	
Derivative financial assets		
Notes receivable	61,196,071.50	39,636,437.20
Account receivable	2,077,617,891.78	1,920,372,426.16
Prepayment	43,871,514.09	54,680,269.84
Insurance receivable		
Reinsurance receivable		
Provisions of Reinsurance contracts receivable		
Interest receivable	2,374,520.56	3,829,315.07
Dividend receivable		
Other receivables	83,295,634.69	57,075,357.62

Repurchasing of financial assets		
Inventory	726,389,203.30	819,610,960.67
Assets held for sales		
Non-current assets due in 1 year		
Other current assets	270,720,575.33	439,890,493.06
Total current assets	4,656,085,743.72	4,515,493,739.13
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	69,871,054.85	34,142,055.62
Investment real estate	2,332,213,399.66	2,253,794,404.55
Fixed assets	474,159,833.94	468,118,279.18
Construction in process	2,820,259.75	2,668,198.62
Engineering materials		
Disposal of fixed assets		
Productive biological assets		
Gas & petrol		
Intangible assets	80,168,033.16	58,869,444.53
R&D expense		
Goodwill		
Long-term amortizable expenses	1,658,790.79	2,046,202.29
Deferred income tax assets	245,982,195.38	230,597,590.58
Other non-current assets	1,447,483.00	31,130,198.46
Total of non-current assets	3,236,883,626.20	3,109,928,949.50
Total of assets	7,892,969,369.92	7,625,422,688.63
Current liabilities		
Short-term loans	524,000,000.00	616,000,000.00
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	2,050,625.00	159,000.00
Notes payable	491,358,271.55	532,921,025.48
Account payable	862,659,220.78	946,392,258.92
Prepayment received	193,425,255.96	175,351,686.45
Selling of repurchased financial assets		
Fees and commissions payable		
Employees' wage payable	19,873,819.40	40,399,130.75
Taxes payable	55,074,133.40	136,955,516.44
Interest payable	2,412,315.60	2,425,311.97
Dividend payable		
Other payables	587,168,313.71	501,189,510.69
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	200,000,000.00	200,000,000.00
Other current liabilities	12,076,092.33	9,531,014.81
Total current liabilities	2,950,098,047.73	3,161,324,455.51
Non-current liabilities:		
Long-term loans	1,293,978,153.39	893,978,153.39
Bond payable		
Including: preferred stock		
Perpetual bond		
Long-term payable		
Long-term employees' wage payable		
Special payables		
Anticipated liabilities	4,427,700.40	6,368,353.05
Deferred earning	10,365,629.03	10,489,483.94
Deferred income tax liabilities	344,455,068.27	314,323,040.56
Other non-current liabilities		

Total of non-current liabilities	1,653,226,551.09	1,225,159,030.94
Total liabilities	4,603,324,598.82	4,386,483,486.45
Owner's equity:		
Share capital	1,183,642,254.00	1,183,642,254.00
Other equity tools		
Including: preferred stock		
Perpetual bond		
Capital reserves	72,829,484.96	72,829,484.96
Less: Shares in stock		
Other miscellaneous income	6,706,091.82	8,585,847.99
Special reserves		
Surplus reserves	110,690,396.65	110,690,396.65
Common risk provisions		
Retained profit	1,915,776,543.67	1,863,191,218.58
Total of owner's equity belong to the parent company	3,289,644,771.10	3,238,939,202.18
Minor shareholders' equity		
Total of owners' equity	3,289,644,771.10	3,238,939,202.18
Total of liabilities and owner's interest	7,892,969,369.92	7,625,422,688.63

Legal representative: Xiong Jianming CFO: Lin Kebing Accounting Manager: Wu Bohua

2. Balance Sheet of the Parent Company

In RMB

Item	Closing balance	Opening balance
Current asset:		
Monetary capital	340,242,138.19	310,299,329.68
Financial assets measured at fair value with variations accounted into current income account		
Derivative financial assets	76,569,871.27	
Notes receivable		
Account receivable		408,154.54
Prepayment	118,131.74	349,740.31
Interest receivable		1,020,000.00

Dividend receivable	150,000,000.00	150,000,000.00
Other receivables	942,840,178.57	672,773,780.45
Inventory		
Assets held for sales		
Non-current assets due in 1 year		
Other current assets	360,181.65	100,176,058.36
Total current assets	1,510,130,501.42	1,235,027,063.34
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	983,339,494.35	925,349,494.35
Investment real estate	307,321,568.00	307,321,568.00
Fixed assets	54,987,574.85	55,816,611.77
Construction in process		
Engineering materials		
Disposal of fixed assets		
Productive biological assets		
Gas & petrol		
Intangible assets	2,172,846.41	2,293,133.59
R&D expense		
Goodwill		
Long-term amortizable expenses	394,999.90	460,000.00
Deferred income tax assets	23,434,245.40	23,409,576.18
Other non-current assets		
Total of non-current assets	1,400,213,304.58	1,343,212,959.56
Total of assets	2,910,343,806.00	2,578,240,022.90
Current liabilities		
Short-term loans	250,000,000.00	250,000,000.00
Financial liabilities measured at fair value with variations accounted into current income account		
Derivative financial liabilities		
Notes payable		
Account payable	606,941.85	606,941.85

Prepayment received	693,045.60	721,888.86
Employees' wage payable	943,281.35	2,151,237.91
Taxes payable	4,284,613.67	11,721,681.36
Interest payable	789,875.00	365,520.83
Dividend payable		
Other payables	306,095,876.47	287,607,287.54
Liabilities held for sales		
Non-current liabilities due in 1 year		
Other current liabilities		
Total current liabilities	563,413,633.94	553,174,558.35
Non-current liabilities:		
Long-term loans	500,000,000.00	
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	63,769,081.63	63,864,007.22
Other non-current liabilities		
Total of non-current liabilities	563,769,081.63	63,864,007.22
Total liabilities	1,127,182,715.57	617,038,565.57
Owner's equity:		
Share capital	1,183,642,254.00	1,183,642,254.00
Other equity tools		
Including: preferred stock		
Perpetual bond		
Capital reserves	71,736,128.89	71,736,128.89
Less: Shares in stock		
Other miscellaneous income	8,756,553.46	8,756,553.46
Special reserves		

Surplus reserves	110,690,396.65	110,690,396.65
Retained profit	408,335,757.43	586,376,124.33
Total of owners' equity	1,783,161,090.43	1,961,201,457.33
Total of liabilities and owner's interest	2,910,343,806.00	2,578,240,022.90

3. Consolidated Income Statement

In RMB

Item	Amount occurred in the current period	Occurred in previous period
1. Total revenue	1,442,050,896.53	1,399,710,941.29
Incl. Business income	1,442,050,896.53	1,399,710,941.29
Interest income		
Insurance fee earned		
Fee and commission received		
2. Total business cost	1,173,912,382.53	1,117,603,395.86
Incl. Business cost	935,486,175.73	903,397,926.97
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	101,204,195.03	104,072,276.80
Sales expense	27,060,141.24	23,137,281.77
Administrative expense	74,534,585.80	71,006,728.79
Financial expenses	33,772,321.68	25,897,314.89
Asset impairment loss	1,854,963.05	-9,908,133.36
Plus: gains from change of fair value (“-“ for loss)	-8,896,637.25	698,811.63
Investment gains (“-“ for loss)	26,244,762.41	6,880,596.27
Incl. Investment gains from affiliates and joint ventures		-626,631.62

Exchange gains (“-“ for loss)		
Investment gains ("-" for loss)	-1,551,865.58	-87,244.32
Other gains	2,699,191.58	1,408,451.00
3. Operational profit (“-“ for loss)	286,633,965.16	291,008,160.01
Plus: non-operational income	7,066,038.41	4,507,515.09
Less: non-operational expenditure	522,160.43	229,327.22
4. Gross profit (“-“ for loss)	293,177,843.14	295,286,347.88
Less: Income tax expenses	63,046,179.95	67,768,104.52
5. Net profit (“-“ for net loss)	230,131,663.19	227,518,243.36
(1) Net profit from continuous operation ("-" for net loss)	230,131,663.19	227,518,243.36
(2) Net profit from discontinuous operation ("-" for net loss)		
Net profit attributable to the owners of parent company	230,131,663.19	228,003,319.43
Minor shareholders’ equity		-485,076.07
6. After-tax net amount of other misc. incomes	-1,879,756.17	-1,782,230.15
After-tax net amount of other misc. incomes attributed to parent's owner	-1,879,756.17	-1,782,230.15
(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	-1,879,756.17	-1,782,230.15
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	-1,839,001.25	-1,782,230.15
5. Translation difference of foreign exchange statement	-40,754.92	
6. Others		
After-tax net of other misc. income attributed to minority shareholders		
7. Total of misc. incomes	228,251,907.02	225,736,013.21
Total of misc. incomes attributable to the owners of the parent company	228,251,907.02	226,221,089.28
Total misc gains attributable to the minor shareholders		-485,076.07
8. Earnings per share:		
(1) Basic earnings per share	0.1944	0.1926
(2) Diluted earnings per share	0.1944	0.1926

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

Item	Amount occurred in the current period	Occurred in previous period
1. Turnover	15,112,290.20	13,854,120.29
Less: Operation cost	673,578.25	803,595.88
Taxes and surcharges	650,802.82	653,338.66
Sales expense		
Administrative expense	10,133,470.85	12,556,952.25
Financial expenses	7,548,692.03	-1,445,023.38
Asset impairment loss	98,676.88	37,911.33
Plus: gains from change of fair value (“-“ for loss)	-3,429,128.73	
Investment gains (“-“ for loss)	8,138,483.22	1,014,671.43
Incl. Investment gains from affiliates and joint ventures		-626,631.62

Investment gains ("-" for loss)	-574.06	-31,271.82
Other gains	114,556.59	
2. Operational profit ("-" for loss)	830,406.39	2,230,745.16
Plus: non-operational income	258,644.66	3,614,153.51
Less: non-operational expenditure	738.00	
3. Gross profit ("-" for loss)	1,088,313.05	5,844,898.67
Less: Income tax expenses	1,582,341.85	1,301,047.38
4. Net profit ("-" for net loss)	-494,028.80	4,543,851.29
(1) Net profit from continuous operation ("-" for net loss)	-494,028.80	4,543,851.29
(2) Net profit from discontinuous operation ("-" for net loss)		
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	-494,028.80	4,543,851.29
7. Earnings per share:		
(1) Basic earnings per share		
(2) Diluted earnings per share		

5. Consolidated Cash Flow Statement

In RMB

Item	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	1,344,633,305.24	1,707,815,692.38
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	876,405.15	32,965,303.99

Other cash received from business operation	243,292,723.31	91,715,380.92
Sub-total of cash inflow from business operations	1,588,802,433.70	1,832,496,377.29
Cash paid for purchasing products and services	956,677,112.92	1,062,204,721.25
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	141,086,415.75	133,690,986.71
Taxes paid	208,947,437.06	320,067,254.32
Other cash paid for business activities	313,517,735.61	101,270,207.63
Sub-total of cash outflow from business operations	1,620,228,701.34	1,617,233,169.91
Cash flow generated by business operations, net	-31,426,267.64	215,263,207.38
2. Cash flow generated by investment:		
Cash received from investment recovery	4,675,800,000.00	4,330,200,000.00
Cash received as investment profit	28,989,224.36	7,834,655.67
Net cash retrieved from disposal of fixed assets, intangible assets, and other long-term assets	9,501,692.00	3,539,281.00
Net cash received from disposal of subsidiaries or other operational units		
Other investment-related cash received		
Sub-total of cash inflow generated from investment	4,714,290,916.36	4,341,573,936.67
Cash paid for construction of fixed assets, intangible assets and other	45,443,864.13	30,780,625.38

long-term assets		
Cash paid as investment	4,712,583,785.00	4,455,200,000.00
Net increase of loan against pledge		
Net cash paid for acquiring subsidiaries and other operational units		
Other cash paid for investment		
Subtotal of cash outflows	4,758,027,649.13	4,485,980,625.38
Cash flow generated by investment activities, net	-43,736,732.77	-144,406,688.71
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	508,000,000.00	393,009,058.05
Cash received from bond placing		
Other cash received from financing activities		
Subtotal of cash inflow from financing activities	508,000,000.00	393,009,058.05
Cash paid to repay debts	200,000,000.00	290,000,000.00
Cash paid as dividend, profit, or interests	213,616,393.31	316,495,379.40
Incl. Dividend and profit paid by subsidiaries to minority shareholders		
Other cash paid for financing activities		
Subtotal of cash outflow from financing activities	413,616,393.31	606,495,379.40
Net cash flow generated by financing activities	94,383,606.69	-213,486,321.35
4. Influence of exchange rate changes on cash and cash equivalents	1,005,803.87	-1,104,468.23
5. Net increase in cash and cash equivalents	20,226,410.15	-143,734,270.91
Plus: Balance of cash and cash	931,285,535.55	935,824,575.40

equivalents at the beginning of term		
6. Balance of cash and cash equivalents at the end of the period	951,511,945.70	792,090,304.49

6. Cash Flow Statement of the Parent Company

In RMB

Item	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	147,110,597.39	12,095,764.44
Tax refunded		
Other cash received from business operation	882,838,625.05	520,946,233.20
Sub-total of cash inflow from business operations	1,029,949,222.44	533,041,997.64
Cash paid for purchasing products and services	409,933.49	27,852,746.78
Cash paid to and for the staff	7,664,913.27	9,265,037.35
Taxes paid	14,786,626.11	1,405,482.25
Other cash paid for business activities	1,276,945,197.63	402,671,567.73
Sub-total of cash outflow from business operations	1,299,806,670.50	441,194,834.11
Cash flow generated by business operations, net	-269,857,448.06	91,847,163.53
2. Cash flow generated by investment:		
Cash received from investment recovery	1,879,880,000.00	1,272,000,000.00
Cash received as investment profit	9,159,483.22	435,352,305.75
Net cash retrieved from disposal of fixed assets, intangible assets, and other long-term assets		
Net cash received from disposal of subsidiaries or other operational units	10,000,000.00	
Other investment-related cash received		

Sub-total of cash inflow generated from investment	1,899,039,483.22	1,707,352,305.75
Cash paid for construction of fixed assets, intangible assets and other long-term assets	421,910.00	655,772.35
Cash paid as investment	1,917,870,000.00	1,272,000,000.00
Net cash paid for acquiring subsidiaries and other operational units		
Other cash paid for investment		
Subtotal of cash outflows	1,918,291,910.00	1,272,655,772.35
Cash flow generated by investment activities, net	-19,252,426.78	434,696,533.40
3. Cash flow generated by financing activities:		
Cash received from investment		
Cash received from borrowed loans	500,000,000.00	
Cash received from bond placing		
Other cash received from financing activities		
Subtotal of cash inflow from financing activities	500,000,000.00	
Cash paid to repay debts		100,000,000.00
Cash paid as dividend, profit, or interests	180,947,316.65	279,409,832.29
Other cash paid for financing activities		
Subtotal of cash outflow from financing activities	180,947,316.65	379,409,832.29
Net cash flow generated by financing activities	319,052,683.35	-379,409,832.29
4. Influence of exchange rate changes on cash and cash equivalents		-2.88
5. Net increase in cash and cash equivalents	29,942,808.51	147,133,861.76
Plus: Balance of cash and cash equivalents at the beginning of term	310,049,329.68	74,159,732.87
6. Balance of cash and cash equivalents	339,992,138.19	221,293,594.63

at the end of the period		

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

Amount of the Current Term

In RMB

Item	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	1,183,642,254.00				72,829,484.96		8,585,847.99		110,690,396.65		1,863,191,218.58		3,238,939,202.18
Plus: Changes in accounting policies													
Correction of previous errors													
Consolidation of entities under common control													
Others													
2. Balance at the beginning of current year	1,183,642,254.00				72,829,484.96		8,585,847.99		110,690,396.65		1,863,191,218.58		3,238,939,202.18
3. Amount of change in current term ("-" for decrease)							-1,879,756.17				52,585,325.09		50,705,568.92
(1) Total of misc. incomes							-1,879,756.17				230,131,663.19		228,251,907.02
(2) Investment or decreasing of capital by owners													
1. Common shares													

contributed by shareholders													
2. Capital contributed by other equity instrument helders													
3. Amount of shares paid and accounted as owners' equity													
4. Others													
(3) Profit allotment											-177,546,338.10		-177,546,338.10
1. Providing of surplus reserves													
2. Common risk provision													
3. Allotment to the owners (or shareholders)											-177,546,338.10		-177,546,338.10
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	1,183,642,254.00				72,829,484.96		6,706,091.82		110,690,396.65		1,915,776,543.67		3,289,644,771.10

Amount of Last Year

In RMB

Item	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					94.24								94.24

capital by owners													
1. Common shares contributed by shareholders													
2. Capital contributed by other equity instrument helders													
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		1,137,692.88		51,123,554.51		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

Item	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	1,183,642,254.00				71,736,128.89		8,756,553.46		110,690,396.65	586,376,124.33	1,961,201,457.33
Plus: Changes in accounting policies											
Correction of previous errors											
Others											
2. Balance at the beginning of current year	1,183,642,254.00				71,736,128.89		8,756,553.46		110,690,396.65	586,376,124.33	1,961,201,457.33
3. Amount of change in current term ("-" for decrease)										-178,040,366.90	-178,040,366.90
(1) Total of misc. incomes										-494,028.80	-494,028.80
(2) Investment or decreasing of capital by owners											
1. Common shares											

contributed by shareholders											
2. Capital contributed by other equity instrument helders											
3. Amount of shares paid and accounted as owners' equity											
4. Others											
(3) Profit allotment										-177,546,338.10	-177,546,338.10
1. Providing of surplus reserves											
2. Allotment to the owners (or shareholders)										-177,546,338.10	-177,546,338.10
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	1,183,642,254.00				71,736,128.89		8,756,553.46		110,690,396.65	408,335,757.43	1,783,161,090.43

Amount of Last Year

In RMB

Item	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	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				466,283,546.89		91,831.63		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				-394,547,418.00					-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											
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. 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				-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				71,736,128.89		91,831.63		88,839,790.50	394,264,520.23	1,738,574,525.25

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 unified social credit code is: 91440300192448589C; 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 Innovation 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.

The financial statements and notes are approved at the 9th meeting of the 8th term of the Board held on 03.08.18.

The consolidation scope for the consolidated financial statements includes the Company and all subsidiaries. Two subsidiaries are newly consolidated in this period. In this period, Fangda Decoration Engineering (Shenyang) Co. Ltd. an indirectly controlled subsidiary was cancelled and no longer controlled. Therefore, one subsidiary is moved out of the consolidation scope in this period. See Note 8 Change to consolidation scope and Note 9 Interests in other entities.

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. In addition, the Group also complies with the "Regulations on the Compilation and Submission of Information Disclosures by Companies That Offer Securities to the Public No. 15 - General Provisions on Financial Reporting" (revised in 2014) and the "Rules for the Compilation and Submission of Information Disclosures to Companies That Publicly Issue Securities" No. 11 - Special Provisions on the Notes to the Financial Statements of Companies Engaged in Real Estate Development Disclosure of Financial Information.

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 Company assessed the continuing operations capability of the Company for the 12 months from the end of the reporting period. No matters were found that would affect the Company's ability to continue as a going concern. It is reasonable for the Company to prepare financial statements based on continuing operations.

V. Significant Account Policies and Estimates

Specific accounting policy and estimate prompt:

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

Yes

Property development and decoration industries

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. 28.

1. Statement of compliance to the Enterprise Accounting Standard

The financial report and statements are prepared with compliance to the requirement of the Enterprise Accounting Standard. They reflect the financial position as of 30.06.18, and business performance and cash flow situation in Year 2018 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 Company, domestic subsidiaries and overseas subsidiary Shihui International Holding Co., Ltd. use RMB as bookkeeping standard money. Overseas subsidiaries Automatic System (Hong Kong) Co., Ltd. and Fangda Australia Pty Ltd use HKD and AUD as bookkeeping standard money respectively. The Group prepares financial statements in RMB.

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 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 subsudiaries 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 losted, except for the other misc. incomes generated by remeasurement and resetting of earning plan or change in the net assets by the invested party.

7. Recognition of cash and cash equivalents

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

8. Foreign exchange business and foreign exchange statement translation

(1) Foreign currencies

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.

(2) Translation of foreign exchange statement

On the balance sheet date, when foreign currency financial statements of overseas subsidiaries are converted, the assets and liabilities items in the balance sheet are converted using the spot exchange rate on the balance sheet date. The shareholders' equity items are calculated as "undistributed profits", except for other items. The spot exchange rate on the date of occurrence is used for conversion.

The income and expense items in the income statement are translated using the exchange rate that is determined by the system's reasonable method and approximate to the spot exchange rate on the transaction date.

All items in the cash flow statement are converted according to the exchange rate that is determined by the system's reasonable method and approximate to the spot exchange rate on the day the cash flow occurs. The impact of changes in exchange rates on cash is used as a reconciliation item, which is separately presented in the cash flow statement "Items Affecting Exchange Rate Movements on Cash and Cash Equivalents".

The difference arising from the translation of the financial statements is reflected in the "Other comprehensive income" item under the shareholders' equity item in the balance sheet.

When foreign operations are disposed of and the control rights are lost, the difference in foreign currency statements related to the overseas operations that are listed in the shareholders' equity items in the balance sheet is transferred to the profit or loss for the current period, either in whole or in proportion to the disposal of the foreign operations.

9. Financial instrument

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

(1) Recognition and derecognition of financial instrument

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

Financial asset is derecognized when:

(1) The contractual right to receive the cash flows of the financial assets is terminated;

(2) The financial asset is transferred and meets the following derecognition condition.

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

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

(2) Classification and measurement of financial assets

Financial assets of the Group are categorized as: financial assets measured at fair value with variations accounted into current income account, receivables and financial assets available for sales.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.

Sellable financial assets

Sellable financial asset refers to those sellable non-derivate financial assets recognized initially and financial assets otherthan the above-mentioned types of financial assets. Sellable financial assets are further measured by fair value and the premium/discount is amortized by the effective interest method and recognized as interest income. Other than the exchange difference of impairment loss and foreign exchange monetary financial assets, which is recognized as current gain and loss, the variations in fair value of sellable financial assets is recognized as other comprehensive gain. When it is derecognized and transferred out, it is accounted into the current gain/loss account.Dividends and interest income related to sellable financial assets are accounted into the current gain/loss account.

Equity instrument investment without quotation in an active market and whose fair value cannot be reliably measured and derivative financial assets that are linked to the equity instrument and that need to be settled through delivery of the equity instruments are measured by costs.

(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.

Differences between financial liabilities and equity instruments

Financial liabilities is liabilities that meet one of the following conditions:

(1) contractual obligation to deliver cash or other financial assets to other parties.

(2) under potential adverse conditions, the contractual obligation to exchange financial assets or financial liabilities with other parties.

(3) In the future, a non-derivative instrument contract that can be settled with the company's own equity instruments will be used, and the company will deliver a variable amount of its own equity instruments based on the contract.

(4) Derivatives contracts that may be settled with the company's own equity instruments or may be settled in the future, except for a derivative contract that exchanges a fixed amount of its own equity instruments for a fixed amount of cash or other financial assets.

Equity instruments refer to contracts that prove the ownership of a company’s remaining equity in assets after deducting all liabilities.

If the Group cannot unconditionally avoid the performance of a contractual obligation by delivering cash or other financial assets, the contractual obligation is in line with the definition of a financial liability.

If a financial instrument is required to be settled with or can be settled with the Group's own equity instruments, the Group's own equity instrument used to settle the instrument needs to be considered as a substitute for cash or other financial assets or for the holder of the instrument to enjoy the remaining equity in the assets after all liabilities are deducted. If it is the former, the instrument is the financial liabilities of the Group; if it is the latter, the instrument is the equity instrument of the Group.

(4) Derivative financial instruments and embedded derivatives

The Group's derivative financial instruments include futures contracts. It is initially measured at the fair value at the date of signing the derivative transaction contract and is subsequently measured at its fair value. Derivative financial instruments with a positive fair value are recognized as asset, and instruments with a negative fair value are recognized as liabilities. Any gains or losses arising from changes in fair value that do not meet the hedge accounting requirements are directly charged to profit or loss for the current period.

For hybrid instruments containing embedded derivatives, if there are no financial assets or financial liabilities that are not designated as measured at fair value and their changes are recorded as profit or loss for the current period, there is no close relationship between the embedded derivatives and the principal contract in terms of economic characteristics and risks with same conditions as embedded derivatives, the separately existing tools are in accordance with the definition of the derivatives, the embedded derivatives are split from the hybrid tools and processed as separate derivative financial instruments. If it is not possible to separately measure the embedded derivative instrument at the time of acquisition or on the subsequent balance sheet date, the entire hybrid instrument is designated as financial asset or financial liabilities that are measured at its fair value and whose changes are recorded as profit or loss for the current period.

(5) Fair value of financial instrument

Fair value is the price that can be obtained from selling an asset or paid for transferring liabilities in an orderly transaction on the measurement date.

The Group measures the related assets or liabilities at fair value, assuming that the orderly sale of assets or transfer of liabilities is carried out in the main market of the relevant assets or liabilities; if there is no major market, the Group assumes that the transaction is the most advantageous in the relevant assets or liabilities. The major market (or the most advantageous market) is the trading market that the Group can enter on the measurement date. The Group uses assumptions that market participants use to maximize their economic benefits when pricing the asset or liability.

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.

For the measurement of non-financial assets at fair value, the ability of market participants to use the assets for optimal purposes to generate economic benefits, or the ability to sell the assets to other market participants that can be used for optimal purposes to generate economic benefits.

The Group uses valuation techniques that are applicable in the current circumstances and have sufficient available data and other information to support the use of the relevant observable input values prioritized. Unobservable input values are used only when the observable input value cannot be obtained or is not feasible.

For assets and liabilities that are measured or disclosed at fair value in the financial statements, based on the lowest level input value that is of significance to the overall fair value measurement, the level of fair value to which they belong is determined: The input value at the first level can be calculated at the measurement date. Unadjusted quotes for the same assets or liabilities that have been obtained in active markets; input values at the second level are input values that are directly or indirectly observable for the underlying assets or liabilities other than those entered at the first level; Level 3 inputs are Unobservable inputs to related assets or liabilities.

At each balance sheet date, the Group reassesses the assets and liabilities that are continuously measured at fair value and confirmed in the financial statements to determine whether there is a conversion between the fair value measurement levels.

(6) 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 guanrantee considered.

Conduct imparement test separately for major financial assets. If there is objective evidence suggesting impairement, determine the impairment loss and account it into the current gain/loss account. For financial assets with insignificant single amounts, impairment tests are conducted separately or included in the portfolio of financial assets with similar credit risk characteristics. 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.

(7) 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.

(8) 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 RMB10 million (inclusive) as "individual receivable with large amount" while recognizes product receivables over RMB2 million (included) as "individual receivable with large amount" and other receivables over RMB1 million (included) as "individual receivable with large amount".
Provision method for account receivable with major individual amount and bad debt provision provided individually	The Company performs impairment examination individually on each large amount receivables, and recognizes impairment and provides bad debt provision when the impairment is recognized based on objective evidence. Those not impaired are accounted along with the minor amount receivables and recognized in risk groups.

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

Group	Method of bad debt provision
Account age	Aging method
Receivables within consolidation, receivables of real estate property sold with bank mortgage and accounts between the Company and partners	Other method

Receivables adopting the aging method in the group:

√ Applicable □ Inapplicable

Age	Providing rate for receivable account			Providing rate for other receivables
	Engineering	Real estate	Others	
Within 1 year (inclusive)	1.00%	1.00%	3.00%	3.00%
1-2 years	5.00%	5.00%	10.00%	10.00%
2-3 years	20.00%	10.00%	30.00%	30.00%
3-4 years	30.00%	30.00%	50.00%	50.00%
4-5 years	50.00%	50.00%	80.00%	80.00%
Over 5 years	100.00%	100.00%	100.00%	100.00%

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

Decoration

(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 sel-made semi-finished products are measured by the weighted average method.

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

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

The development costs include land transfer payment, infrastructure and facility costs, installation engineering costs, borrows before completion of the development and other costs during the development process. 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 recognizeable 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 recoginzied 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) Equity investment held for sale

For the remaining equity investments not classified as assets held for sale, the equity method is adopted for accounting treatment.

Equity investments classified as held for sale to associates that are no longer eligible to hold classified assets for sale are retrospectively adjusted using the equity method starting from the date that they are classified as held for sale.

(5) 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

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 investment real estate under construction (including investment real estate under construction for the first time), if the fair value cannot be reliably determined but the expected fair value of the real estate after completion is continuously and reliably obtained, the investment real estate under construction is measured by cost. When the fair value can be measured reliably or after completion (the earlier one), it is measured at fair value. 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 hen economic interests related to the fixed assets are very likely to flow into the company and the costs of the fixed assets can be reliably measured. The Group measures fixed assets at the actual costs when the fixed assets are obtained

(2) Depreciation method

Type	(2) Depreciation method	Service year	Residual rate	Annual depreciation rate %
Houses & buildings	Average age	35-45	10%	2%-2.57%
Mechanical equipment	Average age	10	10%	9%
Transportation facilities	Average age	5	10%	18%
Electronics and other devices	Average age	5	10%	18%
PV power plants	Average age	20	5%	4.75%

15. Construction in process

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

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

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

16. Borrowing expenses

(1) Recognition principles for capitalization of borrowing expenses

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

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

(2) The borrowing expense has already occurred;

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

(2) During borrowing expense capitalization

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

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

(3) Calculation of the capitalization amount of borrowing expense

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

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

17. Intangible assets

(1) Pricing method, service life and depreciation test

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

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

Intangible assets with limited useful life are amortized as followings:

Type	Useful life	Basis of amortization
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 estatement, 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.

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

Decoration

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 laber 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 competition percentage is determined by the share of the costs incurred in the total cost.

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

(2) Specific revenue recognition method

① Construction contracts

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

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

Income and expenses of the construction contracts carried over-year are recognized on percentage basis at balance sheet day when all of the following conditions are satisfied: contract income can be reliably measured, relative financial benefit can inflow to the Company; progress of the project and costs to complete the contract can be reliably recognized; cost occurred to complete the contract can be clearly distinguished and reliably measured, which enables comparing of actual cost with predicted cost.

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

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

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. None monetary capital are 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 them, the whole subsidies will be measured as benefit-related government subsidies.

If the asset-related government subsidy is recognized as deferred gain, should be recorded in gain and loss in the service life.

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

If a government subsidy related to income is used to compensate for related costs or losses that have occurred, it shall be included in the current profit or loss or write-down related costs; if it is used to compensate for the related costs or losses in the subsequent period, it shall be included in the deferred income. During the period in which the related cost, expense or loss is recognized, it is included in the current profit or loss or the relevant cost is written off. Government subsidy measured at the nominal amount is accounted into current income account.The Group adopts a consistent approach to the same or similar government subsidies.

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.

When a confirmed government subsidy needs to be returned, the book value of the asset is adjusted against the book value of the relevant asset at initial recognition. If there is a related deferred income balance, the book balance of the related deferred income is written off and the excess is credited to the current profit or loss; In other cases, it is directly included in the current profit and loss.

The policy-based preferential loan obtained has interest subsidy. If the government allocates the interest-subsidy funds to the lending bank, the loan amount actually received will be used as the entry value of the loan, and the borrowing cost will be calculated based on the loan principal and policy-based preferential interest rate. If the government allocates the interest-bearing funds directly to the Group, discount interest will offset the borrowing costs.

24. Differed income tax assets and differed income tax liabilities

Income tax includes current and deferred income taxExcept 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 subsudiaries 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-exmaines the book value of the deferred income tax assets. If it is unlikely to have adequate taxable proceeds to reduct the benefits of the deferred income tax assets, less the deferred income tax assets’ book value. When there is adequate taxable proceeds, the lessened amount will be reversed.

25. Leasing

(1) Accounting of operational leasing

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. The Group's lease forms are mainly operating leases.

(1) The Group is the leasor

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 leasee

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

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 helf 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%、13%、17%
City maintenance and construction tax	Taxable turnover	1%、5%、7%
Enterprise income tax	Taxable turnover	See the following table
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 Co., Ltd. (hereinafter Fangda Jianke)	15%
Shenzhen Fangda Automatic System Co., Ltd. (hereinafter Fangda Automatic)	15%
Fangda New Material (Jiangxi) Co., Ltd. (hereinafter Fangda New Material)	15%

Dongguan Fangda New Material Co., Ltd. (hereinafter Dongguan New Material)	15%
Shenzhen Kexunda Software Co., Ltd. (hereinafter Kexunda)	25%
Chengdu Fangda Construction Technology Co., Ltd. (hereinafter Chengdu Fangda)	15%
Fangda Decoration Engineering (Shenyang) Co., Ltd. (hereinafter Shenyang Decoration)	25%
Shenzhen Fangda Property Development Co., Ltd. (hereinafter Fangda Property Development)	25%
Shenzhen Fangda New Energy Co., Ltd. (hereinafter Fangda New Energy)	25%
Shenzhen Fangda Property Development Co., Ltd. (hereinafter Fangda Property Development)	25%
Jiangxi Fangda Property Development Co., Ltd. (hereinafter Jiangxi Property Development)	25%
Pingxiang Fangda Luxin New Energy Co., Ltd. (hereinafter Luxin New Energy)	25%
Pingxiang Xiangdong Fangda New Energy Co., Ltd. (hereinafter Xiangdong New Energy)	25%
Nanchang Xinjian Fangda New Energy Co., Ltd. (hereinafter Xinjian New Energy)	25%
Dongguan Fangda New Energy Co., Ltd. (hereinafter Dongguan New Energy)	25%
Shenzhen QIanhai Kechuangyuan Software Co., Lt.d (hereinafter Kechuangyuan Software)	15%
Fangda Automatic (Hong Kong) Co., Ltd. (hereinafter Automation Hong Kong)	16.50%
Shihui International Holding Co., Ltd. (hereinafter Shihui International)	16.50%
Shenzhen Hongjun Investment Co., Ltd.	25%
Fangda Australia Pty Ltd (hereinafter Jianke Australia)	30%
Shanghai Fangda Jingling Technology Co., Ltd. (hereinafter Jingling Technology)	25%
Shenzhen Fangda Cloud Rail Technology Co., Ltd. (hereinafter Fangda Cloud Rail)	25%

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.

(10) According to the Certification of High-tech Enterprise issued by Guangdong Ministry of Science and Technology, Guangdong Ministry of Finance, Guangdong National Tax Bureau, and Guangdong Local Tax Bureau on 25.09.15, Dongguan New Material was entitled to enjoy a tax preference of enterprise income tax of 15% for three years (2016-2018) since the qualifications were awarded.

3. Others

VII. Notes to the consolidated financial statements

1. Monetary capital

In RMB

Item	Closing balance	Opening balance
Inventory cash:	205,631.16	42,636.09
Bank deposits	953,083,087.78	923,163,199.39
Other monetary capital	245,906,456.78	257,192,644.03
Total	1,199,195,175.72	1,180,398,479.51
Including: total amount deposited in overseas	22,824,218.99	24,527,445.09

Other note

The closing balance of the book value of the other monetary capital RMB245,906,456.78 is mainly the futures, bank acceptance bill and guarantee deposit and investment, including a deposit of RMB157,258,170.83. The deposit and frozen deposit shall not be treated as cash and cash equivalent in the preparation of cash flow statements.

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

In RMB

Item	Closing balance	Opening balance
Transactional financial assets	191,425,156.75	
Others	191,425,156.75	
Total	191,425,156.75	

Others:

3. Derivative financial assets

√ Applicable □ Inapplicable

In RMB

Item	Closing balance	Opening balance

Others:

4. Notes receivable

(1) Classification of notes receivable

In RMB

Item	Closing balance	Opening balance
Bank acceptance	7,523,015.29	12,376,780.96
Commercial acceptance	53,673,056.21	27,259,656.24
Total	61,196,071.50	39,636,437.20

(2) Pledged notes receivable at the end of period

In RMB

Item	Amount pledged at the end of the period

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

In RMB

Item	De-recognized amount	Not de-recognized amount
Bank acceptance	15,498,361.56	
Commercial acceptance	16,605,812.05	
Total	32,104,173.61	

(4) Notes transferred to accounts receivable due to default of the issue at the end of period

In RMB

Item	Amount transferred to accounts receivable at the end of the period
Commercial acceptance	5,960,429.45
Total	5,960,429.45

Other note

There is no objective evidence that the Group's bills receivable are impaired and no provision for impairment of bills receivable has been accrued.

Bank acceptance bills used for endorsement or discounting are accepted by banks with higher credit ratings, the risk of credit risk and deferred payment is small, and the interest rate risk related to the bills has been transferred to banks, and the main risks and rewards on the ownership of the bills can be judged Transfer, so the termination of confirmation.

5. Account receivable

(1) Account receivable disclosed by categories

In RMB

Type	Closing balance			Opening balance		
	Remaining book	Bad debt provision	Book	Remaining book	Bad debt provision	Book value

	value				value	value				
	Amount	Proportion	Amount	Provision rate		Amount	Proportion	Amount	Provision rate	
Recognition and providing of bad debt provisions on groups	2,294,287,487.96	100.00%	216,669,596.18	9.44%	2,077,617,891.78	2,123,268,342.78	99.38%	202,895,916.62	9.56%	1,920,372,426.16
Account receivable with minor individual amount and bad debt provision provided individually						13,339,659.73	0.62%	13,339,659.73	100.00%	
Total	2,294,287,487.96	100.00%	216,669,596.18	9.44%	2,077,617,891.78	2,136,608,002.51	100.00%	216,235,576.35	10.12%	1,920,372,426.16

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

□ Applicable √ Inapplicable

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

√ Applicable □ Inapplicable

In RMB

Age	Closing balance		
	Account receivable	Bad debt provision	Provision rate
Sub-item of within 1 year			
Less than 1 year	1,092,290,646.04	12,759,334.43	1.17%
Subtotal for less than 1 year	1,092,290,646.04	12,759,334.43	1.17%
1-2 years	586,537,239.34	30,369,736.28	5.18%
2-3 years	264,556,651.96	53,133,954.73	20.08%
3-4 years	139,874,662.96	42,358,884.51	30.28%
4-5 years	90,239,490.16	45,148,888.27	50.03%
Over 5 years	32,898,797.96	32,898,797.96	100.00%
Total	2,206,397,488.42	216,669,596.18	9.82%

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:

At the end of the period, the balance of receivables from the real estate properties sold by bank mortgage payment was RMB87,889,999.54. Because the risk of bad debts was extremely small, no provision for bad debts was made.

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

A bad debt provision of RMB434,019.83 was made in the period. RMB was recovered or reversed.

Including significant recovery or reversal:

In RMB

Entity	Written-back or recovered amount	Method

(3) Written-off account receivable during the period

In RMB

Item	Amount

Including significant account receivable:

In RMB

Entity	Nature	Amount	Reason	Writing-off procedure	Related transaction

Notes to written-off account receivable

(4) 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 RMB388,541,008.96, accounting for 16.94% of the total remaining balance of all accounts receivable. The bad debt provision made at the end of the period is RMB22,169,321.40.

6. Prepayment

(1) Account age of prepayments

In RMB

Age	Closing balance		Opening balance	
	Amount	Proportion	Amount	Proportion
Less than 1 year	17,693,649.27	40.33%	45,346,974.64	82.93%
1-2 years	24,240,634.11	55.25%	7,891,890.96	14.43%
2-3 years	963,268.28	2.20%	679,375.39	1.24%
Over 3 years	973,962.43	2.22%	762,028.85	1.40%
Total	43,871,514.09	--	54,680,269.84	--

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 balance of top-five prepayments at the end of the period is RMB39,226,457.29, accounting for 89.41% of the total remaining balance of all accounts receivable. The bad debt provision made at the end of the period is RMB0.

Others:

7. Receivable interest

(1) Receivable interest

In RMB

Item	Closing balance	Opening balance
Bank financial products	2,374,520.56	3,829,315.07
Total	2,374,520.56	3,829,315.07

8. 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	69,340,548.52	40.30%	69,340,548.52	100.00%	0.00	69,380,548.52	48.04%	69,380,548.52	100.00%	
(2) Recognition and providing of bad debt provisions on groups	102,631,665.60	59.64%	19,336,030.91	18.84%	83,295,634.69	74,563,729.50	51.62%	17,681,770.19	23.71%	56,881,959.31
Other receivables with minor individual amount and bad debt provision provided individually	108,976.00	0.06%	108,976.00	100.00%	0.00	495,772.63	0.34%	302,374.32	60.99%	193,398.31
Total	172,081,190.12	100.00%	88,785,555.43	51.60%	83,295,634.69	144,440,050.65	100.00%	87,364,693.03	60.49%	57,075,357.62

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	Closing balance

entity)	Other receivables	Bad debt provision	Provision rate	Reason
Fangda SOZN	69,340,548.52	69,340,548.52	100.00%	
Total	69,340,548.52	69,340,548.52	--	--

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

√ Applicable □ Inapplicable

In RMB

Age	Closing balance		
	Other receivables	Bad debt provision	Provision rate
Sub-item of within 1 year			
Less than 1 year	67,541,688.92	2,026,250.69	3.00%
Subtotal for less than 1 year	67,541,688.92	2,026,250.69	3.00%
1-2 years	6,360,027.49	636,002.75	10.00%
2-3 years	14,105,836.42	4,231,750.93	30.00%
3-4 years	4,053,104.96	2,026,552.49	50.00%
4-5 years	777,668.79	622,135.03	80.00%
Over 5 years	9,793,339.02	9,793,339.02	100.00%
Total	102,631,665.60	19,336,030.91	18.85%

Group recognition basis:

Other receivables adopting the balance percentage method in the group:

□ Applicable √ Inapplicable

Other receivables adopting other methods in the group

□ Applicable √ Inapplicable

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

A bad debt provision of RMB1,420,862.40 was made in the period. RMB was recovered or reversed.

Including significant recovery or reversal:

In RMB

Entity	Written-back or recovered amount	Method

(3) Other receivable written off in the current period

In RMB

Item	Amount

Including significant other receivable:

In RMB

Entity	Nature	Amount	Reason	Writing-off	Related transaction

				procedure	

Notes to written-off other receivables:

(4) Other receivables are disclosed by nature

In RMB

By nature	Closing balance of book value	Opening balance of book value
Deposit	65,160,104.28	48,666,321.95
Construction borrowing and advanced payment	9,090,940.56	8,721,385.12
Staff borrowing and petty cash	5,142,003.25	5,532,782.96
Receivable refund of VAT	709,907.14	445,607.69
Fangda SOZN	69,340,548.52	69,380,548.52
Others	22,637,686.37	11,693,404.41
Total	172,081,190.12	144,440,050.65

(5) 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
Guangdong Fangda SOZN Lighting Co., Ltd.	Debt from original subsidiary	69,340,548.52	3-4 years	40.30%	69,340,548.52
Shenzhen Longhua District Public Resource Trading Center	Deposit	20,000,000.00	Less than 1 year	11.62%	600,000.00
Wang Weihong	Advanced construction fee	13,969,862.10	Over 4 years	8.12%	5,179,934.55
China Merchants Futures Brokerage Co., Ltd.	Deposit	10,245,885.00	Less than 1 year	5.95%	370,404.05
Lanzhou Railway Transport Co., Ltd.	Deposit	6,931,316.60	2-3 years	4.03%	2,079,394.98
Total	--	120,487,612.22	--	70.02%	77,570,282.10

Others:

9. Inventories

(1) Classification of inventories

In RMB

Item	Closing balance			Opening balance		
	Remaining book value	Depreciation provision	Book value	Remaining book value	Depreciation provision	Book value
Raw materials	68,287,804.67	55,182.86	68,232,621.81	60,999,279.59	55,182.86	60,944,096.73
Product in process	56,687,516.21	0.00	56,687,516.21	31,718,230.82		31,718,230.82
Finished goods in stock	9,706,345.47	0.00	9,706,345.47	11,569,608.79		11,569,608.79
Assets unsettled for finished construction contracts	158,578,196.96	0.00	158,578,196.96	166,288,661.69		166,288,661.69
Development cost	211,569,756.50		211,569,756.50	209,395,947.66		209,395,947.66
Development products	216,610,074.94		216,610,074.94	337,505,615.12		337,505,615.12
Low price consumable	17,374.15	0.00	17,374.15	41,725.37		41,725.37
OEM materials	1,786,223.05	0.00	1,786,223.05	2,147,074.49		2,147,074.49
Goods delivered	3,201,094.21	0.00	3,201,094.21			
Total	726,444,386.16	55,182.86	726,389,203.30	819,666,143.53	55,182.86	819,610,960.67

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

(2) Inventory depreciation provision

In RMB

Item	Opening balance	Increase in this period		Decrease in this period		Closing balance
		Provision	Others	Recover or write-off	Others	
Raw materials	55,182.86					55,182.86
Product in process						0.00
Finished goods in						0.00

stock						
Assets unsettled for finished construction contracts						0.00
Total	55,182.86					55,182.86

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

The balance at the end of the period includes capitalization of borrowing expense of Fangda Town project of RMB7,785,153.91. The capitalization amount of cumulative borrowing expenses is RMB120,294,570.53, of which RMB9,293,934.39 occurred in this year.

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

In RMB

Item	Amount
Accumulative occurred costs	6,981,959,708.12
Accumulative recognized gross margin	1,035,918,349.30
Settled amount	7,859,299,860.46
Assets unsettled for finished construction contracts	158,578,196.96

Others:

10. Other current assets

In RMB

Item	Closing balance	Opening balance
Input tax to be deducted	66,232,870.42	31,554,835.73
Bank financial products	200,000,000.00	400,000,000.00
Prepaid income tax	3,216,614.08	5,861,896.52
Prepaid VAT	1,271,090.83	2,233,706.21
Other prepaid taxes		11,502.34
Tax to be input		228,552.26
Total	270,720,575.33	439,890,493.06

Others:

11. Sellable financial assets

(1) Sellable financial assets

In RMB

Item	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		28,562,575.67	28,562,575.67		28,562,575.67
Measured at cost	28,562,575.67		28,562,575.67	28,562,575.67		28,562,575.67
Total	28,562,575.67		28,562,575.67	28,562,575.67		28,562,575.67

(2) Sellable financial assets messaged 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					--	

12. 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.	8,472,360.71			-3,454.95						8,468,905.76	
Shenzhen	6,469,694			-944,585.						5,525,109	

Huihai Yirong Internet Service Co., Ltd.	.91			78						.13	
Jiangxi Business Innovative Property Joint Stock Co., Ltd.	19,200,000.00	36,800,000.00		-122,960.04						55,877,039.96	
Subtotal	34,142,055.62	36,800,000.00		-1,071,000.77						69,871,054.85	
Total	34,142,055.62	36,800,000.00		-1,071,000.77						69,871,054.85	

Other note

(2) In this period, the subsidiary Hongjun Investment added a new investment of RMB 36.80 million to Jiangxi Business Innovative Property Joint Stock Co., Ltd., holding 16% of the shares and appointing a director on the board of directors.

13. Investment real estates

(1) Investment real estate measured at costs

√ Applicable □ Inapplicable

In RMB

Item	Houses & buildings	Land using right	Construction in process	Total
I. Book value				
1. Opening balance	767,970,582.63			767,970,582.63
2. Increase in this period	1,659,804.76			1,659,804.76
(1) External purchase				
(2) Transfer-in from inventory\fixed assets\construction in progress	1,659,804.76			1,659,804.76
(3) Increase due to enterprise merger				

3. Decrease in this period				
(1) Purchase				
Other transfer-out				
4. Closing balance	769,630,387.39			769,630,387.39
II. Accumulative depreciation and amortization				
1. Opening balance	6,455,037.77			6,455,037.77
2. Increase in this period	943,799.03			943,799.03
(1) Provision or amortization	417,270.06			417,270.06
(2) Fixed assets	526,528.97			526,528.97
3. Decrease in this period				
(1) Purchase				
Other transfer-out				
4. Closing balance	7,398,836.80			7,398,836.80
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	762,231,550.59			762,231,550.59

value				
2. Opening book value	761,515,544.86			761,515,544.86

(2) Investment real estate measured at fair value

√ Applicable □ Inapplicable

In RMB

Item	Houses & buildings	Land using right	Construction in process	Total
I. Opening balance	1,492,278,859.69			1,492,278,859.69
II. Change in this period				
Add: external purchase				
Transfer-in from inventory\fixed assets\construction in progress	83,046,894.38			83,046,894.38
Increase due to enterprise merger				
Less: disposal	5,343,905.00			5,343,905.00
Other transfer-out				
Change in fair value				
III. Closing balance	1,569,981,849.07			1,569,981,849.07

(3) Investment real estate without ownership certificate

In RMB

Item	Book value	Reason
Commercial podium of Fangda Town	1,229,634,705.70	Under initial registration
Building 1# of Fangda Town	846,945,841.00	Not completed (since it will be used for rental after completion, it will be included in the investment real estate according to the cost)

Other note

14. Fixed assets

(1) Fixed assets

In RMB

Item	Houses & buildings	PV power plants	Mechanical equipment	Transport equipment	Electronics and other devices	Total
I. Original book value:						
1. Opening balance	352,537,411.13	129,638,636.81	119,041,075.24	20,314,073.83	47,717,030.59	669,248,227.60
2. Increase in this period	24,662,085.83	40,692.31	1,010,683.76	369,128.21	388,412.43	26,471,002.54
(1) Purchase	24,662,085.83	40,692.31	1,010,683.76	369,128.21	388,412.43	26,471,002.54
(2) Transfer-in of construction in progress						
(3) Increase due to enterprise merger						
3. Decrease in this period	8,914,051.50		25,405.53	5,280.00	36,066.70	8,980,803.73
(1) Disposal or retirement	7,254,246.74		25,405.53	5,280.00	36,066.70	7,320,998.97
(2) Investment real estate transfer-out	1,659,804.76					1,659,804.76
4. Closing balance	368,285,445.46	129,679,329.12	120,026,353.47	20,677,922.04	48,069,376.32	686,738,426.41
II. Accumulative depreciation						
1. Opening balance	56,287,505.21	9,896,036.60	95,637,048.49	13,893,304.21	24,061,664.41	199,775,558.92
2. Increase in this period	5,020,766.60	3,078,980.50	1,823,913.85	806,517.51	1,372,219.60	12,102,398.06
(1) Provision	5,020,766.60	3,078,980.50	1,823,913.85	806,517.51	1,372,219.60	12,102,398.06

3. Decrease in this period	593,677.00		22,864.98	4,752.00	32,460.03	653,754.01
(1) Disposal or retirement	67,148.03		22,864.98	4,752.00	32,460.03	127,225.04
(2) Investment real estate transfer-out	526,528.97					526,528.97
4. Closing balance	60,714,594.81	12,975,017.10	97,438,097.36	14,695,069.72	25,401,423.98	211,224,202.97
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	307,570,850.65	116,704,312.02	21,233,866.61	5,982,852.32	22,667,952.34	474,159,833.94
2. Opening book value	296,249,905.92	119,742,600.21	22,049,637.25	6,420,769.62	23,655,366.18	468,118,279.18

(2) Fixed assets without ownership certificate

In RMB

Item	Book value	Reason
Houses in Urumuqi for offsetting debt	538,924.59	Historical reasons
Yuehai Office Building C 502	142,776.45	Historical reasons

Other note

On 30.06.18, the cumulative depreciation of the original value of RMB60,287,329.40 in the Group's houses and buildings is RMB8,218,384.06. The net value of RMB52,839,273.10 has been pledged to Shenzhen OCT branch of China Construction Bank.

The relevant borrowing has been repaid, but the pledge has not been released.

15. Construction in process

(1) Construction in progress

In RMB

Item	Closing balance			Opening balance		
	Remaining book value	Impairment provision	Book value	Remaining book value	Impairment provision	Book value
PV power generation project	1,703,080.57		1,703,080.57	1,703,080.57		1,703,080.57
Chengda Fangda's Xinjin energy-saving green curtain wall project	1,115,549.18		1,115,549.18	965,118.05		965,118.05
Fangda Group China East Base	1,630.00		1,630.00			
Total	2,820,259.75		2,820,259.75	2,668,198.62		2,668,198.62

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

In RMB

Project	Budget	Opening balance	Increase in this period	+Amount transfer-in to fixed assets in this period	Other decrease in this period	Closing balance	Proportion of accumulative engineering investment in the budget	Project progress	Accumulative capitalized interest	Including: capitalized interest for the current period	Interest capitalization rate	Capital source
Xiabu 20MWp PV power plant project	168,000,000.00	1,703,080.57				1,703,080.57	1.01%	Ground leveling				Others
Chengda Fangda's Xinjin	35,000,000.00	965,118.05	150,431.13			1,115,549.18	3.19%	Preliminary preparati				Others

energy-saving green curtain wall project								on				
Total	203,000,000.00	2,668,198.62	150,431.13			2,818,629.75	--	--				--

16. Intangible assets

(1) Intangible assets

In RMB

Item	Land using right	Patent	Unpatented technologies	Computer software	Total
I. Book value					
1. Opening balance	56,497,540.74	10,458,271.30	5,719,888.37	7,928,758.80	80,604,459.21
2. Increase in this period					
(1) Purchase	21,750,000.00	177,680.25		749,845.53	22,677,525.78
(2) Internal R&D					
(3) Increase due to enterprise merger					
3. Decrease in this period					
(1) Purchase					
4. Closing balance	78,247,540.74	10,635,951.55	5,719,888.37	8,678,604.33	103,281,984.99
II. Accumulative amortization					
1. Opening balance	8,816,354.27	3,705,177.97	4,666,638.58	4,546,843.86	21,735,014.68
2. Increase in	570,661.06	299,938.17	222,401.76	285,936.16	1,378,937.15

this period					
(1) Provision	570,661.06	299,938.17	222,401.76	285,936.16	1,378,937.15
3. Decrease in this period					
(1) Purchase					
4. Closing balance	9,387,015.33	4,005,116.14	4,889,040.34	4,832,780.02	23,113,951.83
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	68,860,525.41	6,630,835.41	830,848.03	3,845,824.31	80,168,033.16
2. Opening book value	47,681,186.47	6,753,093.33	1,053,249.79	3,381,914.94	58,869,444.53

Intangible asset formed by internal R&D of the period takes up 1.88% in the closing total book value of intangible assets.

(2) Failure to obtain the land use right certificates

In RMB

Item	Book value	Reason

Others:

17. Long-term amortizable expenses

In RMB

Item	Opening balance	Increase in this period	Amortized amount in this period	Other decrease	Closing balance
Xuanfeng Chayuan village and Zhuyuan village land transfer compensation	1,252,933.34		28,050.78		1,224,882.56
Dongguan separation project	77,817.13		38,908.80		38,908.33
Great Wall broadband network fee	9,799.96		9,799.96		
Membership fee	460,000.00		65,000.10		394,999.90
Temporary sales center construction cost	245,651.86		245,651.86		
Total	2,046,202.29		387,411.50		1,658,790.79

Other note

18. Differed income tax assets and differed income tax liabilities

(1) Non-deducted deferred income tax assets

In RMB

Item	Closing balance		Opening balance	
	Deductible temporary difference	Deferred income tax assets	Deductible temporary difference	Deferred income tax assets
Assets impairment provision	335,524,123.23	60,651,438.67	384,353,309.47	73,519,373.35
Deductible loss	79,008,453.57	19,401,372.69	27,076,168.17	5,825,923.08
Donation			700,000.00	175,000.00
Unrealizable gross profit	139,359,848.50	34,839,962.13	159,943,328.49	39,138,879.86
Reserved expense	2,525,840.01	369,964.39	1,931,083.44	289,662.51
Deferred earning	2,295,662.18	348,635.04	2,343,160.67	351,474.11
Anticipated liabilities	4,427,700.40	664,155.06	6,368,353.05	955,252.96
Arbitrage gain and loss	2,050,625.00	76,473.76	159,000.00	23,850.00
Adjustment of fair value	309,641.05	46,446.16	309,641.05	46,446.16

of investment real estate				
Provided unpaid taxes	518,334,989.90	129,583,747.48	441,086,914.18	110,271,728.55
Total	1,083,836,883.84	245,982,195.38	1,024,270,958.52	230,597,590.58

(2) Non-deducted deferred income tax liabilities

In RMB

Item	Closing balance		Opening balance	
	Taxable temporary difference	Deferred income tax liabilities	Taxable temporary difference	Deferred income tax liabilities
Gain/loss caused by changes in fair value	1,143,275,103.52	285,818,775.88	1,143,654,805.86	285,913,701.47
Estimated gross margin when Fangda Town records income, but does not reach the taxable income level	234,545,169.56	58,636,292.39	113,637,356.36	28,409,339.09
Total	1,377,820,273.08	344,455,068.27	1,257,292,162.22	314,323,040.56

(3) Net deferred income tax assets or liabilities listed

In RMB

Item	Deferred income tax assets and liabilities at the end of the period	Offset balance of deferred income tax assets or liabilities after offsetting	Deferred income tax assets and liabilities at the beginning of the period	Offset balance of deferred income tax assets or liabilities after offsetting
Deferred income tax assets		245,982,195.38		230,597,590.58
Deferred income tax liabilities		344,455,068.27		314,323,040.56

(4) Details of unrecognized deferred income tax assets

In RMB

Item	Closing balance	Opening balance
Deductible temporary difference	946,030.45	946,030.45
Deductible loss	5,506,383.60	5,506,383.60
Total	6,452,414.05	6,452,414.05

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

In RMB

Year	Closing amount	Opening amount	Notes
2021	772,174.85	772,174.85	
2022	4,734,208.75	4,734,208.75	
Total	5,506,383.60	5,506,383.60	--

Others:

19. Other non-current assets

In RMB

Item	Closing balance	Opening balance
Prepaid house and equipment amount	1,447,483.00	31,130,198.46
Total	1,447,483.00	31,130,198.46

Others:

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

20. Short-term borrowings

(1) Classification of short-term borrowings

In RMB

Item	Closing balance	Opening balance
Guarantee loan	324,000,000.00	416,000,000.00
Acceptant discount	200,000,000.00	200,000,000.00
Total	524,000,000.00	616,000,000.00

Notes to classification of short-term borrowings

21. Derivative financial liabilities

√ Applicable □ Inapplicable

In RMB

Item	Closing balance	Opening balance
Futures contracts	2,050,625.00	159,000.00
Total	2,050,625.00	159,000.00

Others:

22. Notes payable

In RMB

Type	Closing balance	Opening balance
Commercial acceptance	452,380,678.45	62,954,258.46
Bank acceptance	38,977,593.10	469,966,767.02
Total	491,358,271.55	532,921,025.48

The total amount of payable bills that have matured but not been paid at the end of the period is RMB869,338.55.

23. Account payable

(1) Account payable

In RMB

Item	Closing balance	Opening balance
Account repayable and engineering repayables	610,716,916.55	610,735,320.33
Construction payable	23,127.38	34,924,745.05
Payable installation and implementation fees	251,914,154.85	297,174,327.49
Others	5,022.00	3,557,866.05
Total	862,659,220.78	946,392,258.92

(2) Significant payables aging more than 1 year

In RMB

Item	Closing balance	Reason
Supplier 1	77,006,984.19	Not mature
Supplier 2	12,652,180.48	Not mature
Supplier 3	11,331,623.97	Not mature
Supplier 4	11,269,909.64	Not mature
Supplier 5	9,382,975.54	Not mature
Total	121,643,673.82	--

Others:

24. Prepayment received

(1) Prepayment received

In RMB

Item	Closing balance	Opening balance
Curtain wall and screen door engineering payment	157,270,671.47	89,485,775.55
Material loan	1,023,741.82	5,227,948.87
Real estate sales payment	33,936,292.00	78,377,257.88
Others	1,194,550.67	2,260,704.15
Total	193,425,255.96	175,351,686.45

25. Employees' wage payable

1. Employees' wage payable

In RMB

Item	Opening balance	Increase	Decrease	Closing balance
1. Short-term remuneration	40,387,519.16	113,392,044.46	133,917,808.10	19,861,755.52
2. Retirement pension program-defined contribution plan	11,611.59	6,354,798.60	6,354,346.31	12,063.88
3. Dismiss compensation		658,490.00	658,490.00	
4. Other welfare due in one year		0.00	0.00	
Total	40,399,130.75	120,405,333.06	140,930,644.41	19,873,819.40

(2) Short-term remuneration

In RMB

Item	Opening balance	Increase	Decrease	Closing balance
1. Wage, bonus, allowance and subsidies	38,779,381.74	106,385,893.92	126,920,701.62	18,244,574.04
2. Employee welfare		1,543,356.07	1,517,804.07	25,552.00
3. Social insurance		2,414,768.04	2,414,768.04	
Including: medical insurance		1,976,989.74	1,976,989.74	

Labor injury insurance		216,154.82	216,154.82	
Breeding insurance		221,623.48	221,623.48	
4. Housing fund	65,471.00	2,888,043.89	2,889,669.89	63,845.00
5. Labor union budget and staff education fund	1,542,666.42	159,982.54	174,864.48	1,527,784.48
Total	40,387,519.16	113,392,044.46	133,917,808.10	19,861,755.52

(3) Defined contribution plan

In RMB

Item	Opening balance	Increase	Decrease	Closing balance
1. Basic pension	11,611.59	6,112,144.65	6,113,174.42	10,581.82
2. Unemployment insurance		242,653.95	241,171.89	1,482.06
Total	11,611.59	6,354,798.60	6,354,346.31	12,063.88

Others:

26. Taxes payable

In RMB

Item	Closing balance	Opening balance
VAT	6,252,241.32	12,300,790.83
Enterprise income tax	38,377,712.06	114,953,308.81
Personal income tax	2,140,346.81	1,183,514.25
City maintenance and construction tax	1,527,893.08	1,881,115.36
Land using tax	493,781.01	333,906.32
Property tax	1,632,123.67	1,432,301.04
Education surtax	738,010.58	896,603.56
Local education surtax	353,663.61	460,806.13
Deed tax		3,429,437.28
Others	3,558,361.26	83,732.86
Total	55,074,133.40	136,955,516.44

Others:

27. Interest payable

In RMB

Item	Closing balance	Opening balance
Long-term borrowing with interest installment and repayment of principal upon maturity	1,965,436.98	1,822,719.47
Short-term borrowing interests payable	446,878.62	602,592.50
Total	2,412,315.60	2,425,311.97

28. Other payables

(1) Other payables presented by nature

In RMB

Item	Closing balance	Opening balance
Performance and quality deposit	33,348,339.57	20,867,337.69
Deposit	9,912,642.10	8,047,165.84
Reserved expense	8,844,296.69	11,466,723.82
Fangda Town pledge	100,000.00	100,000.00
Tax withheld	518,334,989.90	441,086,914.18
Others	16,628,045.45	19,621,369.16
Total	587,168,313.71	501,189,510.69

Other note

1. The tax withheld is the land VAT that needs to be settled and paid for the property delivered of the Fangda Town developed by Fangda Property.

2. The major other payables aged over 1 year at the end of the period are mainly the land value-added tax of RMB353,577,098.43, which is not yet settled.

29. Non-current liabilities due within 1 year

In RMB

Item	Closing balance	Opening balance
Long-term loans due within 1 year	200,000,000.00	200,000,000.00
Total	200,000,000.00	200,000,000.00

Others:

30. Other current liabilities

In RMB

Item	Closing balance	Opening balance
Substituted money on VAT	12,076,092.33	9,531,014.81
Total	12,076,092.33	9,531,014.81

31. Long-term borrowings

(1) Classification of long-term borrowings

In RMB

Item	Closing balance	Opening balance
Loan by pledge	793,978,153.39	893,978,153.39
Guarantee loan	500,000,000.00	
Total	1,293,978,153.39	893,978,153.39

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 range for pledge loans is 5.39%-6.785%; the interest rate for guaranteed loans is 4.845%.

In RMB

32. Anticipated liabilities

In RMB

Item	Closing balance	Opening balance	Reason
Others	4,427,700.40	6,368,353.05	
Total	4,427,700.40	6,368,353.05	--

Note: including related significant assumptions and estimates for anticipated liabilities

33. Deferred earning

In RMB

Item	Opening balance	Increase	Decrease	Closing balance	Reason
Government subsidy	10,489,483.94		123,854.91	10,365,629.03	Assets-related
Government subsidy		1,546,500.00	1,546,500.00		Earning-related
Total	10,489,483.94	1,546,500.00	1,670,354.91	10,365,629.03	--

Items involving government subsidies:

In RMB

Liabilities	Opening balance	Amount of new subsidy	Amount included in non-operating revenue	Other misc. gains recorded in this period	Costs offset in the period	Other change	Closing balance	Related to assets/earning
Major investment project prize from Industry and Trade Development Division of Dongguan Finance Bureau	1,738,095.50			28,571.40			1,709,524.10	Assets-related
Massive production project of air-breathing double-layer hollow glass energy-saving curtain call	7,517,843.03			61,993.62			7,455,849.41	Assets-related
Railway transport screen door controlling system and information transmission technology	125,065.17			18,927.09			106,138.08	Assets-related
Distributed PV power generation project subsidy sponsored by Dongguan Reform and Development Commission	443,750.09			12,499.98			431,250.11	Assets-related
Luxi county	184,730.15			1,862.82			182,867.33	Assets-relate

Xuanfeng town government business introduction subsidy								d
Shenzhen SME Service Bureau enterprise IT construction subsidy	480,000.00						480,000.00	Assets-related
Government subsidy		1,546,500.00		1,546,500.00				Earning-related
Total	10,489,483.94	1,546,500.00		1,670,354.91			10,365,629.03	--

Others:

34. Capital share

In RMB

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

Others:

35. Capital reserve

In RMB

Item	Opening balance	Increase	Decrease	Closing balance
Capital premium (share capital premium)	71,375,387.61			71,375,387.61
Other capital reserves	1,454,097.35			1,454,097.35
Total	72,829,484.96			72,829,484.96

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

36. Other miscellaneous income

In RMB

Item	Opening balance	Amount occurred in the current period					Closing balance
		Amount before income tax	Less: amount written into other gains and transferred into gain/loss in previous terms	Less: Income tax expenses	After-tax amount attributed to the parent	After-tax amount attributed to minority shareholders	
2. Other misc. incomes that will be re-classified into gain and loss	8,585,847.99	-671,004.92	1,303,288.75	-94,537.50	-1,879,756.17		6,706,091.82
Effective part in the gain and loss of arbitrage of cash flow	-119,850.00	-630,250.00	1,303,288.75	-94,537.50	-1,839,001.25		-1,958,851.25
Translation difference of foreign exchange statement	-50,855.47	-40,754.92			-40,754.92		-91,610.39
Investment real estate measured at fair value	8,756,553.46						8,756,553.46
Other miscellaneous income	8,585,847.99	-671,004.92	1,303,288.75	-94,537.50	-1,879,756.17		6,706,091.82

Other note, including the adjustment of the initial recognition amount of the effective part of the cash flow hedging profit and loss transferred to the hedged item:

37. Surplus reserves

In RMB

Item	Opening balance	Increase	Decrease	Closing balance
Statutory surplus reserves	110,690,396.65			110,690,396.65
Total	110,690,396.65			110,690,396.65

Note, including explanation about the reason of the change:

38. Retained profit

In RMB

Item	Current period	Last period
Adjustment on retained profit of previous period	1,863,191,218.58	1,016,820,576.30
Retained profit adjusted at beginning of year	1,863,191,218.58	1,016,820,576.30
Plus: Net profit attributable to owners of the parent	230,131,663.19	228,003,319.43
Common share dividend payable	177,546,338.10	276,183,192.60

Closing retained profit	1,915,776,543.67	968,640,703.13

Details of retained profit adjusted at beginning of the period

1) Retrospective adjustment due to adopting of the Enterprise Accounting Standard and related regulations, included the retained profit by RMB.

2) Variation of accounting policies, influenced the retained profit by RMB.

3) Correction of material accounting errors, influenced the retained profit by RMB.

4) Change of consolidation range caused by merger of entities under common control, influenced the retained profit by RMB.

5) Other adjustment influenced the retained profit by RMB.

39. Operational revenue and costs

In RMB

Item	Amount occurred in the current period		Occurred in previous period	
	Income	Cost	Income	Cost
Main business	1,426,207,018.36	925,306,886.60	1,380,976,886.98	893,499,713.26
Other businesses	15,843,878.17	10,179,289.13	18,734,054.31	9,898,213.71
Total	1,442,050,896.53	935,486,175.73	1,399,710,941.29	903,397,926.97

40. Taxes and surcharges

In RMB

Item	Amount occurred in the current period	Occurred in previous period
City maintenance and construction tax	3,980,442.45	3,811,990.65
Education surtax	2,866,384.67	1,912,382.95
Property tax	2,556,126.19	1,912,543.31
Land using tax	808,834.13	602,382.14
Vehicle usage tax	15,240.00	
Stamp tax	849,673.18	480,851.19
Business tax		1,199,973.15
Land VAT	89,995,084.20	93,136,916.43
Others	132,410.21	1,015,236.98
Total	101,204,195.03	104,072,276.80

Others:

41. Sales expense

In RMB

Item	Amount occurred in the current period	Occurred in previous period

Labor costs	9,512,746.08	10,452,498.33
Freight and miscellaneous charges	2,569,313.15	2,531,576.75
Advertisement and exhibition costs	932,974.88	2,068,972.23
Travel expense	1,011,110.84	2,713,200.94
Sales agency fee	8,390,339.52	895,705.00
Others	4,643,656.77	4,475,328.52
Total	27,060,141.24	23,137,281.77

Others:

The increase in sales agency fees for the current period was due to the increase in commissions paid by the subsidiary, Fangda Property, to various sales channels and to the agency companies.

42. Management expenses

In RMB

Item	Amount occurred in the current period	Occurred in previous period
Labor costs	36,024,438.72	35,844,267.20
Depreciation and amortization	5,262,351.65	8,586,833.31
R&D	7,700,023.60	8,758,714.52
Tax		120,324.19
Others	25,547,771.83	17,696,589.57
Total	74,534,585.80	71,006,728.79

Others:

43. Financial expenses

In RMB

Item	Amount occurred in the current period	Occurred in previous period
Interest expense	37,291,108.08	31,694,708.78
Less: Interest income	3,715,935.93	7,660,124.39
Exchange gain/loss	687,689.10	1,379,236.27
Commission charges and others	490,539.57	483,494.23
Total	33,772,321.68	25,897,314.89

Others:

44. Assets impairment loss

In RMB

Item	Amount occurred in the current period	Occurred in previous period
1. Bad debt loss	1,854,963.05	-9,908,133.36
Total	1,854,963.05	-9,908,133.36

Others:

45. 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	-8,572,843.25	
Investment real estate measured at fair value	-323,794.00	698,811.63
Total	-8,896,637.25	698,811.63

Others:

46. Investment income

In RMB

Item	Amount occurred in the current period	Occurred in previous period
Gains from long-term equity investment measured by equity	-1,071,000.77	-626,631.62
Investment gain obtained from disposal of financial assets measured at fair value with variations accounted into current income account	9,187,877.90	
Investment gain of financial products	18,127,885.28	7,507,227.89
Total	26,244,762.41	6,880,596.27

Others:

47. Assets disposal gains

In RMB

Source	Amount occurred in the current period	Occurred in previous period
Gain and loss from disposal of fixed assets ("-" for loss)	-1,551,291.52	-87,244.32
Total	-1,551,291.52	-87,244.32

48. Other gains

In RMB

Source	Amount occurred in the current period	Occurred in previous period
Pre-employment training subsidy	6,400.00	119,100.00
Childbearing subsidy	34,353.92	73,280.27
Significant industrial and trade development investment project award	28,571.40	28,571.40
Self-breathing dual-layer hallow grass energy-saving curtain wall development project	61,993.62	61,993.62
Employment subsidy	14,134.11	13,781.11
Intellectual property right subsidy	26,300.00	100,000.00
Railway transport screen door controlling system and information transmission technology	18,927.09	21,614.64
Patent subsidy	35,200.00	7,000.00
Hi-tech enterprise technology subsidy	300,000.00	100,000.00
Industrial growth		680,000.00
PV power generation Dongguan subsidy	12,499.98	12,499.98
Zhongshan Henglan economy development and technological bureau sponsorship		190,609.98
VAT rebated into revenue	945,948.64	
Integration sponsorship	100,000.00	
Shenzhen Technology Innovation Committee 2016 R&D sponsorship	1,113,000.00	
Others	1,862.82	
Total	2,699,191.58	1,408,451.00

49. Non-business income

In RMB

Item	Amount occurred in the current period	Occurred in previous period	Amount accounted into the current accidental gain/loss
Government subsidy	303,119.83	10,266.85	303,119.83
Penalty income	213,905.88	204,691.26	213,905.88
Compensation received	1,500,000.00		1,500,000.00

Penalty received	18,200.00	183,860.65	18,200.00
VAT rebated into revenue		1,233,869.85	
Payable account not able to be paid	0.20	4,428.50	0.20
Others	5,030,812.50	2,870,397.98	5,030,812.50
Total	7,066,038.41	4,507,515.09	7,066,038.41

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
Personal income tax refunding	Finance Bureau	Award		No	No	303,119.83	10,266.85	Earning-related
Total	--	--	--	--	--	303,119.83	10,266.85	--

Others:

1. The compensation income of RMB1,500,000.00 is the defendant's indemnity in the patent infringement lawsuit.

2. The other items in the other details are mainly the subsidiary company Jianke Company's confirmation of the winning case income of RMB4,688,191.35.

50. Non-business expenses

In RMB

Item	Amount occurred in the current period	Occurred in previous period	Amount accounted into the current accidental gain/loss
Loss of non-current assets disposal	14,020.21		14,020.21
Penalty and overdue fine	225,047.87		225,047.87
Others	283,092.35	229,327.22	283,092.35
Total	522,160.43	229,327.22	522,160.43

Others:

51. Income tax expenses

(1) Details about income tax expense

In RMB

Item	Amount occurred in the current period	Occurred in previous period
Income tax expenses in this period	48,132,940.61	68,286,547.49
Deferred income tax expenses	14,913,239.34	-518,442.97
Total	63,046,179.95	67,768,104.52

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

In RMB

Item	Amount occurred in the current period
Total profit	275,177,843.14
Income tax expenses calculated based on the legal (or applicable) tax rates	68,794,460.79
Impacts of different tax rates applicable for some subsidiaries	-10,867,680.86
Impacts of income tax before adjustment	1,876,714.28
Impacts of non-deductible cost, expense and loss	256,842.03
Deductable temporary difference and deductable loss of unrecognized deferred income tax assets	2,002,057.41
Taxation impact of R&D expense and (presented with "-")	-417,287.42
Others	1,401,073.72
Income tax expenses	63,046,179.95

Other note

52. Other miscellaneous income

See Note VII 36.

53. Notes to the cash flow statement

(1) Other cash inflow related to operation

In RMB

Item	Amount occurred in the current period	Occurred in previous period
Interest income	2,872,253.69	3,708,261.11
Subsidy income	2,028,279.98	2,874,387.49
Retrieving of deposits for exchange bills	7,101,000.00	
Bidding deposit and pledge	224,435,277.86	75,525,724.38
Others	6,855,911.78	9,607,007.94
Total	243,292,723.31	91,715,380.92

Notes to other cash inflow related to operation:

(2) Other cash paid related to operation

In RMB

Item	Amount occurred in the current period	Occurred in previous period
Management costs paid	12,475,066.93	15,879,543.69
Sales costs paid	3,036,411.56	5,406,466.34
Deposit and pledge paid	282,540,434.70	69,992,371.84
Personal borrowing		
Others	15,465,822.42	9,991,825.76
Total	313,517,735.61	101,270,207.63

Notes to other cash paid related to operation:

54. 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	230,131,663.19	227,518,243.36
Plus: Asset impairment provision	1,854,963.05	-9,908,133.36
Fixed asset depreciation, gas and petrol depreciation, production goods depreciation	10,105,993.76	14,933,192.38
Amortization of intangible assets	986,452.62	1,706,801.70
Amortization of long-term amortizable expenses	348,502.82	2,114,078.76
Loss from disposal of fixed assets, intangible assets, and other long-term assets (“-“ for gains)	-1,551,865.58	-33,313.54
Loss from fixed asset discard (“-“ for gains)	743.00	120,557.86
Loss from fair value fluctuation (“-“ for gains)	8,896,637.25	-698,811.63
Financial expenses (“-“ for gains)	31,237,594.20	31,694,708.78
Investment losses (“-“ for gains)	-26,244,762.41	-6,880,596.27
Decrease of deferred income tax asset	-15,384,604.80	-19,617,905.97

("-" for increase)		
Increase of deferred income tax asset ("-" for increase)	30,132,027.71	18,971,848.45
Decrease of inventory ("-" for increase)	93,221,757.37	72,721,993.69
Decrease of operational receivable items ("-" for increase)	-225,446,791.23	323,784,130.19
Increase of operational receivable items ("-" for decrease)	-119,226,407.78	-441,163,587.02
Others	-50,488,170.81	
Cash flow generated by business operations, net	-31,426,267.64	215,263,207.38
2. Major investment and financing operation not involving with cash	--	--
3. Net change of cash and cash equivalents	--	--
Balance of cash at period end	951,511,945.70	792,090,304.49
Less: Initial balance of cash	931,285,535.55	935,824,575.40
Net increase in cash and cash equivalents	20,226,410.15	-143,734,270.91

(2) Composition of cash and cash equivalents

In RMB

Item	Closing balance	Opening balance
I. Cash	951,511,945.70	931,285,535.55
Including: Cash in stock	205,631.16	42,636.09
Bank savings can be used at any time	950,871,321.82	921,773,052.65
Other monetary capital can be used at any time	434,992.72	9,469,846.81
III. Balance of cash and cash equivalents at end of term	951,511,945.70	931,285,535.55

Others:

55. Ownership- or use-right-restricted assets

In RMB

Item	Closing book value	Reason
Monetary capital	247,683,230.02	
Fixed assets	52,068,945.34	
Investment real estate	307,321,568.00	Loan by pledge

100% stake in Fangda Property Development held by the Company	200,000,000.00	Loan by pledge
Total	807,073,743.36	--

Others:

56. Foreign currency monetary items

(1) Foreign currency monetary items

In RMB

Item	Closing foreign currency balance	Exchange rate	Closing RMB balance
Monetary capital	--	--	80,938,421.50
Including: USD	4,340,674.80	6.6166	28,720,508.88
HK Dollar	56,604,049.86	0.8431	47,722,874.44
AUD	326,537.67	4.8633	1,588,050.65
SGD	600,791.04	4.8386	2,906,987.53
Account receivable	--	--	35,120,183.23
Including: USD	5,097,535.12	6.6166	33,728,350.87
AUD	4,404.39	4.8633	21,419.87
SGD	283,225.00	4.8386	1,370,412.49
Other receivables		--	268,037.09
Including: USD	13,682.31	6.6166	90,530.37
HK Dollar	208,960.00	0.8431	176,174.18
AUD	274.00	4.8633	1,332.54
Account payable		--	110,007.59
Including: USD	16,626.00	6.6166	110,007.59
Employees' wage payable		--	600,329.72
Including: HKD	653,533.19	0.8431	550,993.83
AUD	10,144.53	4.8633	49,335.89
Other payables		--	26,897.80
Including: USD	4,065.20	6.6166	26,897.80

Others:

(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

57. 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:

1. 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.

2. In this period, Fangda Decoration Engineering (Shenyang) Co. Ltd. an indirectly controlled subsidiary was cancelled and no longer controlled. Therefore, one subsidiary is moved out of the consolidation scope 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, manufacturing, and installation of curtain walls	98.39%	1.61%	Incorporation
Fangda Automatic	Shenzhen	Shenzhen	Production, processing and installation of subway screen doors	14.00%	86.00%	Incorporation
Fangda New Material	Nanchang	Nanchang	Prodution and sales of new-type	75.00%	25.00%	Incorporation

			materialsm composite materials and production of curtain walls			
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	Production and sales of building curtain walls		100.00%	Incorporation
Shenyang Decoration	Shenyang	Shenyang	Designing, manufacturing, and installation of curtain walls		100.00%	Incorporation
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
Hongjun Investment Company	Shenzhen	Shenzhen	Investment	98.00%	2.00%	Incorporation
Jianke Australia	Australia	Australia	Designing, manufacturing, and installation of curtain walls		100.00%	Incorporation
Fangda Cloud Rail	Shenzhen	Shenzhen	Design, development and sales of cloud rail transport equipment		100.00%	Incorporation
Shanghai Fangda Jingling Technology Co., Ltd.	Shanghai	Shanghai	Production and sales of building curtain walls		100.00%	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. Interests in joint ventures or associates

(1) Financial summary of insignificant joint ventures and associates

In RMB

	Closing balance/amount occurred in this	Opening balance/amount occurred in

	period	previous period
Joint venture:	--	--
Total shareholding	--	--
Associate:	--	--
Total book value of investment	69,871,054.85	34,142,055.62
Total shareholding	--	--
Net profit	-1,071,000.77	-2,162,975.06
Total of misc. incomes	-1,071,000.77	-2,162,975.06

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 16.94% of the total accounts receivable (2017: 19.39%); among other receivables, other receivables from top 5 customers account for 70.02% of the total other receivables (2017: 30.70%).

(2) Liquidity risk

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

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

The Group can also use fund generated by operating activities and bank and other loans. On June 31, 2018, the total credit line of the Group was RMB5,890,000,000, with RMB3,039,830,000 unused (December 31, 2017: RMB2,538,021,800).

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

	Closing amount			
Assets	**Less than 1 year**	**Within 1-3 years**	**Over 3 years**	**Total**
Financial liabilities:				
Short-term loans	52,400.00			52,400.00
Notes payable	49,135.83			49,135.83
Account payable	78,390.47	7,865.42	10.03	86,265.92
Employees' wage payable	1,987.38			1,987.38
Interest payable	241.23			241.23
Other payables	25,077.15	30,296.25	3,343.43	58,716.83
Non-current liabilities due in 1 year	20,000.00			20,000.00
Other current liabilities	1207.61			1207.61
Long-term loans	50,000.00	70,000.00	9,397.82	129,397.82
Total liabilities	**278,439.67**	**108,161.67**	**12,751.28**	**399,352.62**

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

	Opening amount			
Assets	**Less than 1 year**	**Within 1-3 years**	**Over 3 years**	**Total**
Financial liabilities:				
Short-term loans	61,600.00			59,100.00

Notes payable	53,292.10			53,292.10
Account payable	87,896.56	6,732.71	9.96	94,639.23
Employees’ wage payable	4,039.91			4,039.91
Interest payable	242.53			242.53
Other payables	15,533.63	31,241.89	3,343.43	50,118.95
Non-current liabilities due in 1 year	20,000.00			20,000.00
Other current liabilities	953.10			953.10
Long-term payable		80,000.00	9,397.82	89,397.82
Total liabilities	**243,557.83**	**117,974.60**	**12,751.21**	**374,283.64**

(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 rawtes.

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.

As there is no floating interest rate borrowing during the current period, if the borrowing rate calculated with floating interest rate rises or falls by 50 basis points, while other factors remain unchanged, the Group's net profit and shareholders' equity will remain unchanged on June 30, 2018 (December 31, 2017: RMB 0.00).

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 principal operations of the Group are located in the territory of China. Except for subsidiaries established in Hong Kong and Australia which hold foreign currency as assets in settlement currency, the principal business is settled in RMB. The proportion of foreign assets and liabilities held by the Group in the overall assets and liabilities is not significant. Therefore, the market risk of foreign exchange changes undertaken by the Company is not significant.

See Note VII. 57 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.

The Group's investment in financial assets classified as fair value through changes in fair value through profit or loss, and investment properties measured in fair value are measured at fair value on the balance sheet date. Therefore, the Group bears risks of changes in the securities market and real estate market prices.

The Group closely follows impacts of price changes to the Company’s securities investment price and real estate 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 June 30, 2018, the Group’s assets/liability ratio is 58.32% (December 31, 2017: 57.52%).

XI. Fair Value

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

In RMB

Item	Closing fair value			
	First level fair value	Second level fair value	Third level fair value	Total
1. Continuous fair value measurement	--	--	--	--
(2) Investment real estate		1,569,981,849.07		1,569,981,849.07
2. Leased building		1,569,981,849.07		1,569,981,849.07
Total assets measured at fair value continuously		1,569,981,849.07		1,569,981,849.07
Derivative financial liabilities	2,050,625.00			2,050,625.00
Total assets measured at fair value continuously	2,050,625.00			2,050,625.00
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%
Shengjiu Investment Ltd.	Hong Kong	Industrial investment	HKD1,000,000.00	7.76%	7.76%
Gong Qing Cheng Shi Li He Investment Management Partnership	Jiujiang	Industrial investment	19,780,992.00	2.26%	2.26%

Enterprise (limited partner)					

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 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.

The final controller of the Company is Xiong Jianming.

Others:

2. Subsidiaries of the Company

See Note IX. 1.

3. Joint ventures and associates

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

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

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

Other note

4. Other associates

Other related parties	Relationship with the Company
Directors, manager, CFO and secretary of the Board of Directors	Key management
Shenzhen Qijian Technology Co., Ltd.	Common actual controller

Other note

5. Related transactions

(1) Related transactions for purchase and sale of goods, provision and acceptance of services

Purchasing of goods and services

In RMB

Affiliated party	Related transaction	Amount occurred in the current period	Approved amount	Whether the transaction amount is exceeded	Occurred in previous period

Sales of goods and services

In RMB

Affiliated party	Related transaction	Amount occurred in the current period	Occurred in previous period
Shenzhen Ganshang Joint Investment Co., Ltd.	Property service and sales of goods	5,060.89	5,060.89
Shenzhen Qijian Technology Co., Ltd.	Property service and sales of goods	15,209.97	5,071.79

Notes about related transactions for purchase and sale of goods, provision and acceptance of services

(2) Related leasing

The Company is the leasor:

In RMB

Name of the leasee	Category of asset for lease	Rental recognized in the period	Rental recognized in the period
Shenzhen Ganshang Joint Investment Co., Ltd.	Houses & buildings	65,040.67	62,170.38
Shenzhen Qijian Technology Co., Ltd.	Houses & buildings	134,808.00	44,936.00

The Company is the leasee:

In RMB

Name of the owner	Category of asset for lease	Rental recognized in the period	Rental recognized in previous period

Note to related leasing

(3) Related guarantees

The Company is the guarantor:

In RMB

Beneficiary party	Amount guaranteed	Start date	Due date	Completed or not
Fangda Jianke	48,000.00	06.07.16	15.07.18	No
Fangda Jianke	40,000.00	06.12.17	06.12.18	No
Fangda Jianke	30,000.00	23.08.17	22.08.18	No
Fangda Jianke	40,000.00	01.11.17	01.11.18	No
Fangda Jianke	20,000.00	10.04.18	09.04.19	No

Fangda Automatic	21,600.00	06.07.16	05.07.18	No
Fangda Automatic	15,000.00	31.10.17	31.10.18	No
Fangda Automatic	20,000.00	23.08.17	22.08.18	No
Fangda Automatic	15,000.00	08.03.18	08.03.19	No
Fangda Property	130,000.00	03.02.15	02.02.23	No
Jiangxi New Material	8,000.00	27.05.17	26.05.18	No
Jiangxi New Material	6,500.00	01.06.18	31.05.19	No

The Company is the guarantied party:

In RMB

Gurantor	Amount guaranteed	Start date	Due date	Completed or not
Fangda Jianke	25,000.00	26.09.17	26.09.18	No

Note to related guarantees

The above-mentioned guarantees are all associated guarantees within interested entities of the Group.

(4) Remuneration of key management

In RMB

Item	Amount occurred in the current period	Occurred in previous period
Wage, remuneration and subsidy	3,899,726.00	2,601,833.77

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	865,802.94	233,740.88	865,802.94	86,580.29
Other receivables	Shenyang Fangda	42,877.00	1,286.31	42,877.00	1,286.31
Account receivable	Qijian Technology	811.31	8.11	735.00	7.35

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

5. Others

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 30.06.18.

2. Contingencies

(1) Significant contingencies on the balance sheet date

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

In February 2018, Fangda Jianke, a subsidiary of the Group, filed an arbitration application with the Guangzhou Arbitration Commission of China, requesting Guangzhou Heyin Plaza Development Co. Ltd. and Hunan Provincial No. 4 Engineering Co. Ltd. to pay construction and losses of RMB 21.43 million. As of the date of this report, this arbitration application has been accepted and has not yet been decided.

b. Pending major lawsuits

On September 6, 2017, Chenghua District People's Court of Chengdu Municipality sentenced Sichuan Chuta Hengyuan Industrial Co., Ltd. to pay construction money to Fangda Jianke within 10 days from the date of the verdict 川0108民初1828号 RMB10,242,182.99.As of the date of this report, Fangda Jianke has applied for execution and has not received the relevant payment.

One June 21, 2018, the Chongqing No. 1 Intermediate People's Court sentenced Wang Weihong to the Fangda Jianke Company for payment of RMB928,167.75 within 10 days from the effective date of the Judgment of the First Judgment No. 01205.As of the date of this report, Fangda Jianke has applied for execution and has not received the relevant payment.

c. 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 June 30, 2018, the Company has provided periodic guarantee of RMB413 million.

On 30.06.18, 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

3. Others

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

Item	Curtain wall	Rail transport	Real estate	New energy	Others	Offset between segments	Total
Major business turnover	810,053,775.15	129,911,419.20	477,125,957.64	11,321,020.09		-2,205,153.72	1,426,207,018.36
Main business cost	706,142,044.98	100,399,942.26	126,331,507.32	3,694,831.29		-11,261,439.25	925,306,886.60

XVI. Notes to Financial Statements of the Parent

1. Account receivable

(1) Account receivable disclosed by categories

In RMB

Type	Closing balance					Opening balance				
	Remaining book value		Bad debt provision		Book value	Remaining book value		Bad debt provision		Book value
	Amount	Proportion	Amount	Provision rate		Amount	Proportion	Amount	Provision rate	
Recognition and providing of bad debt provisions on groups						420,777.88	100.00%	12,623.34	3.00%	408,154.54
Total						420,777.88	100.00%	12,623.34	3.00%	408,154.54

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			

Group recognition basis:

Account receivable adopting the balance percentage method in the group

□ Applicable √ Inapplicable

Account receivable adopting other methods in the group:

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

A bad debt provision of RMB0 was made in the period. RMB12,623.34 was recovered or reversed.

Including significant recovery or reversal:

In RMB

Entity	Written-back or recovered amount	Method
None		

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	13,110,000.00	1.92%	13,110,000.00	100.00%		13,150,000.00	1.92%	13,150,000.00	100.00%	
(2) Recognition and providing of bad debt provisions on groups	943,177,661.95	98.08%	337,483.38	0.04%	942,840,178.57	672,959,963.61	98.08%	186,183.16	0.03%	672,773,780.45
Total	956,287,661.95	100.00%	13,447,483.38	1.43%	942,840,178.57	686,109,963.61	100.00%	13,336,183.16	1.94%	672,773,780.45

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
Guangdong Fangda SOZN Lighting Co., Ltd.	13,110,000.00	13,110,000.00	100.00%	Cannot be recovered because of insolvency
Total	13,110,000.00	13,110,000.00	--	--

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	101,431.88	3,042.96	3.00%
1-2 years	130,000.00	13,000.00	10.00%
2-3 years	735,802.94	220,740.88	30.00%
Over 5 years	100,699.54	100,699.54	100.00%

Total	1,067,934.36	337,483.38	

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 RMB111,300.22 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	942,109,727.59	671,896,683.41
Other trades	14,177,934.36	14,213,280.20
Total	956,287,661.95	686,109,963.61

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

In RMB

Entity	By nature	Closing balance	Age	Percentage (%)	Balance of bad debt provision at the end of the period
Fangda Jianke	Associate accounts	743,657,276.99	Less than 1 year	77.77%	
Fangda New Energy	Associate accounts	84,836,258.14	Less than 1 year	8.87%	
Fangda New Energy	Associate accounts	15,913,329.89	1-2 years	1.66%	
Fangda Automatic	Associate accounts	55,119,448.33	Less than 1 year	5.76%	
Shihui International	Associate accounts	30,430,197.80	2-3 years	3.18%	
Shihui International	Associate accounts	20,271.90	3-4 years	0.00%	
Fangda SOZN	Associate accounts	13,110,000.00	2-3 years	1.37%	13,110,000.00
Total	--	943,086,783.05	--	98.61%	13,110,000.00

3. Long-term share equity investment

In RMB

Item	Closing balance			Opening balance		
	Remaining book	Impairment	Book value	Remaining book	Impairment	Book value

	value	provision		value	provision	
Investment in subsidiaries	983,339,494.35		983,339,494.35	925,349,494.35		925,349,494.35
Total	983,339,494.35		983,339,494.35	925,349,494.35		925,349,494.35

(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 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		
Hongjun Investment Company	40,010,000.00	57,990,000.00		98,000,000.00		
Total	925,349,494.35	57,990,000.00		983,339,494.35		

4. Operational revenue and costs

In RMB

Item	Amount occurred in the current period		Occurred in previous period	
	Income	Cost	Income	Cost
Other businesses	15,112,290.20	673,578.25	13,854,120.29	803,595.88
Total	15,112,290.20	673,578.25	13,854,120.29	803,595.88

Others:

5. Investment income

In RMB

Item	Amount occurred in the current period	Occurred in previous period
Gains from long-term equity investment measured by equity		-626,631.62
Investment gain obtained from disposal of financial assets measured at fair value with variations accounted into current income account	3,674,941.97	
Investment gain of financial products	4,463,541.25	1,641,303.05
Total	8,138,483.22	1,014,671.43

XVII. Supplementary Materials

1. Detailed accidental gain/loss

√ Applicable □ Inapplicable

In RMB

Item	Amount	Notes
Gain/loss of non-current assets	-1,565,317.62	
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)	2,185,580.79	
Gain from entrusted investment or assets management	9,615,882.62	
Gain generated by contingencies irrelevant to the Company’s business	8,939,594.68	
Gain/loss from change of fair value of transactional financial asset and liabilities, and investment gains from disposal of transactional financial assets and liabilities and sellable financial assets, other than valid period value instruments related to the Company’s common businesses	187,445.30	
Gain/loss from change of fair value of investment property measured at fair value in follow-up measurement	-323,794.00	
Other non-business income and expenditures other than the above	6,110,628.97	
Other gain/loss items satisfying the	0.40	

definition of non-recurring gain/loss account		
Less: Influenced amount of income tax	4,723,476.29	
Total	20,426,544.85	--

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

□ Applicable √ Inapplicable

2. Net income on asset ratio and earning per share

Profit of the report period	Weighted average net income/asset ratio	Earning per share	
		Basic earnings per share (yuan/share)	Diluted Earnings per share (yuan/share)
Net profit attributable to common shareholders of the Company	6.99%	0.1944	0.1944
Net profit attributable to the common owners of the PLC after deducting of non-recurring gains/losses	6.37%	0.1772	0.1772

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

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

□ Applicable √ Inapplicable

Chapter 11 Documents for Reference

1. The Interim Report 2018 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

07.08.18