China Fangda Group Co., Ltd.

2022 Annual Report

Feb. 2023

2022 Annual Report

Chapter I Important Statement, Table of Contents and Definitions

The members of the Board and the Company guarantee that the announcement 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 needs to comply with the disclosure requirements of the decoration and decoration industry and the real estate industry in the *Guidelines for the Self-discipline and Supervision of Listed Companies of Shenzhen Stock Exchange No. 3 - Industry Information Disclosure*.

The company has described the existing market risks, management risks and production and operation risks in this report. Please refer to the risks that may be faced mentioned in"X. Prospects for the Company's Future Development" in III Management Discussion and Analysis.

The Board meeting reviewed and approved the profit distribution preplan: distributing cash dividend of RMB0.50 (tax included) for each ten shares to all shareholders on the basis of 1,073,874,227 shares of the Company and no dividend share is issued to shareholders. No reserve is capitalized. After the announcement of the Company's profit distribution plan to the time of implementation, if the total share capital changes, in accordance with the principle of "distributing cash dividends of RMB 0.50 (tax included) for every 10 shares", the total share capital after the market closes on the equity registration date when the profit distribution plan is implemented shall be used. The total amount of cash dividends will be disclosed in the Company's profit distribution implementation announcement.

Contents

Reference

1. Financial statements stamped and signed by the legal representative, CFO and accounting manager;

2. Original copy of the Auditors' Report under the seal of the CPA and signed by and under the seal of certified accountants;

3. Originals of all documents and manuscripts of Public Notices of the Company disclosed in public.

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 Technology	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 Zhiyuan	Refers to	Fangda Zhichuang Technology Co., Ltd.
Fangda Jiangxi 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.
Fangda Chengdu Technology	Refers to	Chengda Fangda Construction Technology Co., Ltd.
Fangda Dongguan New Material	Refers to	Dongguan Fangda New Material Co., Ltd.
Kechuangyuan Software	Refers to	Shenzhen Qianhai Kechuangyuan Software Co., Ltd.
Fangda Property	Refers to	Shenzhen Fangda Property Management Co., Ltd.
Fangda Jiangxi Property	Refers to	Fangda (Jiangxi) Property Development Co., Ltd.
Fangda Hongjun Investment	Refers to	Shenzhen Hongjun Investment Co., Ltd.
Fangda Investment	Refers to	Shenzhen Fangda Investment Partnership (Limited Partnership)
Fangda Lifu Investment	Refers to	Shenzhen Lifu Investment Co., Ltd
Fangda Xunfu Investment	Refers to	Shenzhen Xunfu Investment Co., Ltd
Yunzhu	Refers to	Shenzhen Fangda Yunzhu Technology Co., Ltd.
Fangda Zhijian	Refers to	Shanghai Fangda Zhijian Technology Co., Ltd
SZSE	Refers to	Shenzhen Stock Exchange

Chapter II About the Company and Financial Highlights

I. Company profiles

Stock ID	Fangda Group, Fangda B	Stock code	000055, 200055
Modified stock ID (if any)	No		
Stock Exchange	Shenzhen Stock Exchange		
Chinese name	China Fangda Group Co., Ltd.		
Chinese abbreviation	Fangda Group		
English name (if any)	CHINA FANGDA GROUP CO., LTD.		
English abbreviation (if any)	CFGC		
Legal representative	Xiong Jianming		
Registered address	Fangda Technology Building, Kejinan 12th Avenue, High-tech Zone, Hi-tech Park South Zone, Nanshan District, Shenzhen, PR China.		
Zip code	518057		
Changes in the Company's registered address	No		
Office address	39th Floor, Building T1, Fangda Town, No.2, Longzhu 4th Road, Nanshan District, Shenzhen		
Zip code	518055		
Website	http://www.fangda.com		
Email	fd@fangda.com		

II. Contacts and liaisons

	Secretary of the Board	Representative of Stock Affairs
Name	Xiao Yangjian	Guo Linchen
Address	39th Floor, Building T1, Fangda Town, No.2, Longzhu 4th Road, Nanshan District, Shenzhen	39th Floor, Building T1, Fangda Town, No.2, Longzhu 4th Road, Nanshan District, Shenzhen
Telephone	86(755) 26788571 ext. 6622	86(755) 26788571 ext. 6622
Fax	86(755)26788353	86(755)26788353
Email	zqb@fangda.com	zqb@fangda.com

III. Information disclosure and inquiring

Website of the stock exchange where the company discloses its annual report	Shenzhen Stock Exchange http://www.szse.cn
Names and websites of the media where the Company discloses its annual report	China Securities Journal, Security Times, Shanghai Securities Daily, Securities Daily, Hong Kong Commercial Daily and www.cninfo.com.cn
Place for information inquiry	39th Floor, Building T1, Fangda Town, No.2, Longzhu 4th Road, Nanshan District, Shenzhen

IV. Registration changes

Organization code	None
Changes in main businesses since the listing of the Company	None
Changes in the controlling shareholders (if any)	None

V. Other information

Public accountants employed by the Company

Public accountants	RSM Thornton (limited liability partnership)
Address	90122 to 90126, Foreign Trade Building, No.22, Fuchengmenwai Street, Xicheng District, Beijing, China
Signing accountant names	Xie Peiren, Zeng Hui, Hu Gaosheng

Sponsor engaged by the Company to perform continued supervision and guide during the reporting period

□ Applicable ☑ Inapplicable

Financial advisor engaged by the Company to perform continued supervision and guide during the reporting period

□ Applicable ☑ Inapplicable

VI. Financial Highlight

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

□ Yes ☑ No

	2022	2021	Increase/decrease	2020
Turnover (yuan)	3,846,975,948.44	3,557,724,397.54	8.13%	3,000,191,773.63
Net profit attributable to shareholders of the listed company (yuan)	282,933,854.32	222,168,142.53	27.35%	389,344,290.74
Net profit attributable to the shareholders of the listed company and after deducting of non-recurring gain/loss (yuan)	270,965,220.96	167,650,395.54	61.63%	376,968,729.62
Net cash flow generated by business operation (yuan)	221,211,632.30	-63,425,296.29	448.78%	554,967,948.96
Basic earnings per share (yuan/share)	0.26	0.21	23.81%	0.35
Diluted Earnings per share (yuan/share)	0.26	0.21	23.81%	0.35
Weighted average net income/asset ratio	5.03%	4.09%	0.94%	7.37%
	End of 2022	End of 2021	Increase/decrease from the end of last year	End of 2020
Total asset (yuan)	12,745,185,294.02	12,261,338,518.66	3.95%	11,891,623,391.03
Net profit attributable to the shareholders of	5,749,940,874.92	5,524,039,886.94	4.09%	5,392,694,939.64

the listed company (RMB)				

The Company's net profit before and after non-recurring gains and losses was negative for the last three fiscal years, and the latest audit report showed uncertainty about the Company's ability to continue operating

□ Yes ☑ No

Net profit before and after deducting non-re current gains and losses is negative

□ Yes ☑ No

VII. 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.

VIII. Financial highlights by quarters

In RMB

	Q1	Q2	Q3	Q4
Turnover	651,720,353.86	961,342,961.44	1,003,211,765.08	1,230,700,868.06
Net profit attributable to the shareholders of the listed company	43,891,930.78	68,793,342.99	101,410,271.52	68,838,309.03
Net profit attributable to the shareholders of the listed company and after deducting of non-recurring gain/loss	39,236,476.80	65,881,098.22	89,949,879.19	75,897,766.75
Cash flow generated by business operations, net	-304,745,092.98	-1,835,700.06	97,245,314.13	430,547,111.21

Where there is difference between the above-mentioned financial data or sum and related financial data in quarter report and interim report disclosed by the Company

□ Yes ☑ No

IX. Accidental gain/loss item and amount

☑ Applicable □ Inapplicable

In RMB

Item	2022	2021	2020	Notes
Non-current asset disposal gain/loss (including the write-off part for which assets impairment provision is made)	-1,421,880.09	-2,291,048.05	-541,838.10	
Government subsidies accounted into current gain/loss account, other than those closely related to the Company's common business, comply with the national policy and continues to enjoy at certain fixed rate or amount.	10,138,362.96	12,459,417.63	12,872,885.30	
Capital using expense charged to non-financial enterprises and accounted into the current income account	8,619,807.35			
Net gain between the beginning and merger day of subsidiaries generated by merger of companies under common control		18,912.61	7,705,820.11	
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	4,666,147.76	8,060,481.70	8,759,056.18	
Write-back of impairment provision of receivables for which impairment test is performed individually	6,138,338.91	31,951,043.05		
Gain/loss from commissioned loans			393,485.98	
Gain/loss from change of fair value of investment property measured at fair value in follow-up measurement	-10,095,973.89	20,921,813.65	19,205,841.18	
Other non-business income and expenditures other than the above	-2,764,570.20	-3,897,195.15	-34,752,456.16	
Less: Influenced amount of income tax	3,172,419.69	12,358,051.51	778,490.70	
Influenced amount of minority shareholders' equity (after-tax)	139,179.75	347,626.94	488,742.67	
Total	11,968,633.36	54,517,746.99	12,375,561.12	--

Other gain/loss items satisfying the definition of non-recurring gain/loss account:

□ Applicable ☑ Inapplicable

The Company has no other gain/loss items satisfying the definition of non-recurring gain/loss account

Circumstance that should be defined as recurrent profit and loss to Explanation Announcement of Information Disclosure No. 1 - Non-recurring gain/loss

□ Applicable ☑ Inapplicable

The Company has no circumstance that should be defined as recurrent profit and loss to Explanation Announcement of Information Disclosure No. 1 - Non-recurring gain/loss

Chapter III Management Discussion and Analysis

I. Major businesses of the Company during the report period

Since its conception, the company has always adhered to the philosophy "technology-based, innovation-based", and has constantly increased R&D investment, and build smart curtain wall, photovoltaic building integrated curtain wall (BIPV), PVDF aluminum veneer, rail transit screen door system and other products into the global industry benchmark. The comprehensive competitiveness of Fangda intelligent curtain wall ranks among the top three in the industry, and the platform screen door system of rail transit is recognized as the "champion product of manufacturing industry" by the Ministry of Industry and Information Technology. During the reporting period, the industrial product standard *Platform Screen Doors for Urban Rail Transit* (CJ/T236-2022), edited by Fangda Zhiyuan Science and Technology, was officially approved and released by the Ministry of Housing and Urban-Rural Development of the People's Republic of China. At present, the Company has 7 national high-tech enterprises, 6 "specialized, special and new" enterprises, and 2 provincial engineering technology research centers. It has formed an industrial layout with Shenzhen as its headquarters, Dongguan, Foshan, Nanchang, Shanghai, and Chengdu as its manufacturing bases. It has set up branches in Singapore, India, Australia, Bangladesh, Hong Kong, and other countries and regions along the "the Belt and Road". It is a high-tech enterprise integrating research and development, production, sales, and services. Fangda trademark was named a "China Famous Trademark" and won "International Credit Brand".

In 2022, in the face of adverse effects such as shrinking demand, weakening expectations, fluctuations in raw material prices, repeated changes in the epidemic situation, and turbulence in the external environment, under the leadership of the Company's Board of Directors and management team, and through the joint efforts of all employees, the Company completed the 2022 business objectives. During the reporting period, the Company achieved operating income of RMB3,846,975,900, an increase of 8.13% over the same period of the previous year; the net profit attributable to the parent Company's owner was RMB282,933,900, an increase of 27.35% over the same period of the previous year. Net profit after recurring gains and losses was RMB270,965,200, an increase of 61.63% over the same period of the previous year. By the end of the reporting period, the Company's order reserve reached RMB7,887,702,400 (excluding real estate pre-sale). This represents an increase of 12.87% over the same period in the previous year, which was 2.05 times the operating income in 2022 H1, laying the foundation for the Company's production and operation in 2023.

(I) Smart curtain wall system and material

1. Industry development

The development of the building curtain wall industry is closely related to the development of the national economy. The Central Economic Work Conference in December 2022 put "efforts to expand domestic demand" at the top of the economic work in 2023. With the introduction of the State Council's Strategic Plan for Expanding Domestic Demand (2022-2035) and the "Fourteenth Five-Year Plan" to expand domestic demand, the adjustment of domestic epidemic prevention and control measures, provinces across the country have successively released plans for major projects in 2023 and set investment growth targets. After the Spring Festival in 2023, the country has accelerated the resumption of work and production, and the construction progress of major projects will be accelerated. The building curtain wall industry will also usher in new development opportunities.

2. Business Status

(1) Main products and purposes

Smart curtain walls are among the Company's major products and have been widely used in high-end office buildings, corporate headquarters, urban complexes, high-end residences and hotels, urban public buildings, and other applications.

By focusing on intelligence, low-carbon, environmental protection, and sustainability, the smart curtain wall and material industry fosters the development of curtain walls and innovative materials in China. The Company has a strong R&D capability as well as a sophisticated PVDF aluminum veneer production and manufacturing base. The intelligent curtain wall technology has been widely deployed in significant projects in more than 160 cities around the world, integrating energy reduction, environmental protection, and intelligence. It has numerous times received the Luban Award (National Excellent Engineering Award), China's highest construction award. Its competitiveness is among the highest in the world, and it is a well-known brand in the worldwide high-end curtain wall business.

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

During the reporting period, the Company's main business model did not change. The Company's smart curtain wall design and construction contract orders are mainly obtained through the bidding mode (open bidding, invitational bidding). Based on the orders, the Company provides the overall solution of design, raw material procurement, production and processing, construction and installation and after-sales service. Due to the long period of order implementation, it is greatly affected by national industrial policies, raw material prices, and fluctuations in the labor market. Different orders have different technical requirements. It is impossible to simply copy the existing experience, and the requirements for technology and management are relatively high.

(3) Market competition pattern in which the Company is located and the Company's market position

The domestic building curtain wall market has increasingly grown in recent years, and industry competition has increased. The market gradually eliminates small and medium-sized firms with limited scale and low qualifications, increasing industry concentration. The industry's leading businesses are increasing their market share in the high-end curtain wall market through management and brand advantages, and the rate of development is likely to accelerate further. Scientific and technological innovation based on intelligence, assembly, BIM, VR and other technologies continues to deepen. In the future, along with the wave of industrial upgrading, green building, scientific and technological innovation, information technology, etc. will become an important driving force for the new round of growth cycle of the industry. The domestic building curtain wall market still has bright prospects for the development of leading companies in the industry.

Fangda Jianke Co., Ltd. has the highest qualifications for curtain wall design and construction enterprises in China - the first-class qualification for professional contracting of architectural curtain wall engineering and the first-class qualification for architectural curtain wall engineering design. It is one of the leaders in China's curtain wall industry. Fangda Jianke has won the highest awards in the national construction industry, including "Luban Award", "National Quality Engineering Award", "Zhan Tianyou Civil Engineering Award", "China Building Decoration Award", and over 200 provincial and ministerial awards. Fangda Jianke has participated in the preparation of more than 20 national or industrial standards such as the Design Standard for Energy Efficiency of Public Buildings, and has created 18 new records for Chinese enterprises. It is an intellectual property demonstration enterprise in Guangdong Province. In the industry across the country, the Company is the earliest to establish R&D institutions such as corporate postdoctoral workstations, engineering technology centers, and research and design institutes. The autonomous innovation capacity and technical level of the high-end curtain wall industry have reached the advanced level of the same industry in China, promoting technological progress and development.

(4) Business drive

In period During the, the curtain wall system and materials industry realized operating income of RMB2,877,126,200, an increase of 11.31% over the same period of the previous year; the net profit was RMB154,800,800, an increase of 140.60%； with a gross margin of 17.73%, up 3.24 percentages over the same period of last year. The key drivers of performance are as follows:

① Actively plan the market layout, and the order reserve continues to grow

In 2022, under the severe and complex environment, the company actively planned the market layout of high-end curtain walls at home and abroad, and deeply cultivated key regions and overseas projects such as the Greater Bay Area of Guangdong, Hong Kong and Macao, the Yangtze River Delta, and Chengdu and Chongqing. With the technology accumulation and brand advantages, the number of new bid winning and signed orders reached RMB4,838,168,800, and the number of large landmark projects and enterprise headquarters projects increased. The number of large orders of 100 million yuan was frequent, and overseas orders also reached a record high. Among them, the signing of major landmark projects, such as the high-end office building of more than 300 meters - Jinan CITIC Pacific Central Business District (Jinan Zun) project, the permanent site project of the Guangzhou Nansha International Financial Forum (IFF), and the Yunsongjian project in Qujiang, Xi'an, has further improved the recognition and social influence of the industry. With the signing of a large number of corporate headquarters projects, such as Anbang Property Insurance Shenzhen Headquarters Building, Shenzhen Youbixuan Robot Building, China Electronics Shenzhen Bay Super Headquarters Building, Shenzhen Zhongjin Building, ByteDance Shenzhen Headquarters Building, Shenzhen Chuangjin Hexin Headquarters Building, and Guangzhou CCCC South Headquarters Base Area C project, the advantages of the Company's leading enterprises have been further highlighted. In 2022, the Company promoted the layout of the international market, and the overseas order volume rose against the trend. It won the orders for the WPH Hospital Project, VMCTC Project, Seafarers and other projects in Melbourne, Australia, highlighting the high recognition of the other big brands in the overseas market. By the end of the reporting period, the Company's order reserve of high-end curtain wall system and materials industry was RMB6,448,575,400, an increase of 19.36% over the same period of the previous year, which was 2.24 times the operating revenue of curtain wall system and materials industry in 2022, laying a solid foundation for the sustainable and healthy development of the Company.

②Strengthen continuous innovation and empower the Company's high-quality development

The six subsidiaries of the Company engaged in smart curtain wall system and material industry are all national high-tech enterprises, five of which are "specialized and new" enterprises, and have been awarded the honors of "National Intellectual Property Advantage Enterprise", "Specialized" Little Giant "Enterprise," Jiangxi Intelligent Manufacturing Benchmark Enterprise ", and enterprise innovation record. By the end of the reporting period, the Company has successively obtained 598 patented technologies for curtain wall products, 19 software copyrights, and participated in the preparation of 22 national/industrial technical specifications and standards, effectively promoting the technical progress and development of the high-end curtain wall industry. During the reporting period, the Company used continuous innovation to solve customer technical pain points and supply products and technical solutions required by innovation. At the same time, the company offered technical support for the project duration and quality, improved customer satisfaction and influence, and assisted and empowered the Company's high-quality development with the whole process and all-around curtain wall project service system.

③Promote digital construction and improve management and operation efficiency

With the rapid development of the new generation of information technology such as cloud computing, big data, artificial intelligence, etc., the Company actively promotes digital construction, taking the whole process of fine control as the main line, and strives to achieve cost reduction, efficiency increase, quality improvement, innovation, and create an efficient management and operation organization. During the reporting period, the Company integrated cutting-edge information technologies such as BIM, cloud computing, mobile Internet, and improved the precise management and sharing of data flow, capital flow, and information flow by upgrading and optimizing the existing information management platform, improving the scientific nature of decision-making, and improving the company's management level and operational efficiency.

(5) Industry qualification types and validity period

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. During the reporting period, the Company's relevant qualifications have not changed significantly, and the validity period has not expired.

(6) Quality control system, implementation standards, control measures and overall evaluation

Quality control system: As a leading enterprise of high-end curtain wall, the Company pays attention to quality management. It is the first in the industry to pass ISO9001, ISO14001, OHSAS18001 international and domestic dual certification, GB/T29490 intellectual property management system certification, and is the first to establish sales, design, supply, production, one-stop quality control system such as construction, after-sales, customer service, etc., implement strict quality control and supervision for each link, and create a strong quality management system.

Implementation of the standard: In the process of building curtain wall business, the Company strictly complies with GB/T21086-2007 "Building Curtain Wall", JG/T231-2007 "Building Glass Lighting Roof" and other national and industrial standards.

Control measures: The Company has established complete and effective quality control measures and quality management organization, introduced digital information management, and digitally coded the company's businesses, various raw materials, factory workshop and construction site operation procedures through computer information integration system, The eight systems (CRM customer relationship management system, OA office system, HR human resources system, ERP financial management system, MES production management system, PMS engineering management system, VPO supply management system and QAS quality safety management system) realize the rapid transmission, sharing and collaborative application of information through cloud terminal technology. Strictly implement various quality management and control measures to provide customers with high-quality products and services.

Overall evaluation: The Company's quality control system and executive standards meet the relevant requirements of the current relevant national norms and standards, maintain good operation, and provide customers with stable and reliable products and services.

(7) Major project quality problem during the reporting period

None.

(II) Rail transport screen door business

1. Industry development

As an important part of high-end manufacturing equipment, rail transit equipment is closely related to the national economic development, urban rail transit development and construction planning. With the deepening of strategic objectives such as the "the Belt and Road" construction, "new infrastructure" and "double carbon", China's urban rail transit industry has broad development opportunities and huge market space. In December 2022, the State Council issued the Outline of the Strategic Plan for Expanding Domestic Demand (2022-2035), which required to accelerate the construction of transportation infrastructure, support key urban agglomerations to take the lead in building the intercity railway network, promote the development of metropolitan (suburban) railways and urban rail transit in key metropolitan areas, and integrate the development with trunk railways. The Draft Outline of the Fourteenth Five-Year Plan and the Long-term Goals for 2035 proposes to speed up the construction of a powerful transportation country. It is expected that China will add 3000 kilometers of urban rail transit operating kilometers, 3000 kilometers of intercity railways and urban (suburban) railways during the "Fourteenth Five-Year Plan", and the total investment completed is expected to exceed 3 trillion yuan. While the mileage of rail transit lines continues to grow, some rail transit PSD projects built in the early stage have also entered the maintenance period, and the maintenance service business will also usher in sustained and stable development space in the future.

2. Business Status

(1) Main products and purposes

The Company's main products are platform screen door systems applied to urban rail transit, and also provide operation and maintenance services for the above products. The platform screen door system of urban rail transit is installed at the edge of the platform of urban rail transit station to isolate the running track area from the waiting area of the platform. It is equipped with a continuous movable door body barrier corresponding to the train door, which can be opened and closed by multi-level control, including the full-height closed screen door system, the full-height non-closed screen door system, and the half-height screen door system. In addition, the Company has taken the lead in the world in successfully developing the platform safety door system that can be applied to the complex environment of high-speed railway, and can realize the intelligent opening of the platform safety door according to the different models of high-speed railway entering the station. At present, the Company is in the stage of market promotion and verification, and has not yet realized external sales.

(2) Main business model

The Company's rail transit screen door equipment industry is independently operated by Fangda Zhiyuan Technology, and has formed a relatively mature and complete management system for research and development, procurement, production and sales, with a complete industrial chain. In terms of research and development, Fangda Zhiyuan Technology has formed a research and development project initiation mechanism that combines independent basic research with project needs; In terms of procurement, suppliers are mainly selected and purchased by the project, and a special procurement team is set up to carry out the procurement work; In terms of production, manage the Company's production activities according to contract requirements and customer's production instructions; In terms of sales, the Company's customers are metro companies around the world and electromechanical general contracting units in the rail transit industry, all of which are direct sales, and there is no distribution.

(3) Market competition pattern in which the Company is located and the Company's market position

The Company is one of the national high-tech enterprises engaged in the R&D, design, manufacture, installation, and operation and maintenance of the platform screen door system of subway in China. It has taken the lead in drafting and revising the first national industrial standard of the platform screen door of rail transit, "Platform Screen Door of Urban Rail Transit" (CJ/T236-2022). The Company's safety door product of urban rail transit platform was awarded "single champion product of manufacturing industry" by the Ministry of Industry and Information Technology of the People's Republic of China. Fangda Zhiyuan has successively won many honors and qualifications, such as the Guangdong Provincial Science and Technology Award, the National Key New Product Certificate, the National Torch Plan Industrialization Demonstration Project Certificate, the Guangdong Intelligent Rail Transit Platform Gate Engineering Technology Research Center, the Shenzhen Science and Technology Progress Award, and the Shenzhen "Specialization and Innovation" Enterprise title.

Through 20 years of intensive work in the field of platform screen doors of rail transit, the Company has occupied a high market share in the domestic market. At the same time, the Company has continued to explore foreign markets by virtue of its technical advantages, and has successively obtained orders for subway platform screen door systems from Singapore, Thailand, Malaysia, India, Colombia and other countries. Up to now, the company has undertaken more than 100 subway platform door projects in the world, with a total of more than 80000 platform door units, and has become one of the global suppliers of platform screen door systems for urban rail transit.

(4) Business drive

①Win the trust of customers at home and abroad with excellent technical quality

As a leading enterprise in the field of rail transit screen doors in China, the Company provides customers with integrated professional services of rail transit screen door system products including research and development, design, manufacturing, installation and commissioning, technical services and maintenance. The products and technologies have been applied to more than 100 subway lines in more than 40 cities, including Beijing, Tianjin, Guangzhou, Shenzhen, Hong Kong, Singapore, etc., with safety, reliability and availability With outstanding advantages such as maintainability, it is one of the most trusted experts of rail transit PSD system for customers at home and abroad. During the reporting period, the Company obtained orders for PSD system such as Wuhan Optics Valley Ecological Corridor tourism supporting facilities - tourism special line phase I project, Shenzhen line 7 phase II, line 8 phase II and phase III projects, souther extention line of Shenyang Metro Line 2, India NCRCTC project, Singapore Santosha platform door installation project, Colombia Bogota Metro Line 1 project, as well as a number of orders for professional technical maintenance services for PSD metro projects in cities including Shenzhen, Wuhan, Chengdu and Tianjin. Among them, the order for PSD system of Bogota Metro Line 1 in Colombia is the Company's first project in Latin America, and also the first rail transit project in Bogota, the capital of Colombia. The signing of the project contributes to the Company's efforts to help China and Latin America build the "the Belt and Road" and build a new development pattern of "double circulation".

During the reporting period, the Company's rail transit PSD industry had achieved an operating revenue of RMB564,551,700, an increase of 5.66% from the same period last year, and an order reserve of RMB1,439,127,000, which was 2.55 times of the operating revenue. The Company's PSD system products have also been highly praised and recognized by many owners for their excellent quality and stable performance. During the reporting period, Fangda Zhiyuan Science and Technology received letters of praise from Shenzhen Metro Construction Group Co., Ltd. and Qingdao Metro Line 4 Co., Ltd., and won the "high-quality supplier" of Hohhot Metro Operation Co., Ltd., and the "advanced cooperative unit" of Tianjin Metro Line 3 Operation Co., Ltd "Excellent Outsourcing Unit Award" of Chengdu Metro Operation Co., Ltd. Operation Branch 1, "Excellent Outsourcing Maintenance Project" of Wuhan Wuhan Railway Travel Service Media Co., Ltd. Customer Service Maintenance Branch.

②Promote high-quality development of the Company with scientific and technological innovation

The Company has been deeply engaged in the subdivided field of rail transit screen door system for 20 years, and has realized that the core control components of platform screen door products are completely "independent and controllable", leading the industry to break through the tight encirclement and lead the high-quality innovative development of the industry. The Company's "safety door of urban rail transit platform" product with independent intellectual property rights has been recognized by the Ministry of Industry and Information Technology of the People's Republic of China as "single champion product of manufacturing industry". The Company also actively integrates the development achievements of the new generation of information technology, such as artificial intelligence and big data technology, and has successively developed the platform screen door system matching the "driverless" train, and the platform screen key component health prediction technology based on big data, which has been successfully applied in many projects, such as the Noida project in India, the domestic Jinan Metro Line 2, and Qingdao Metro Line 4. During the reporting period, the subsidiary Fangda Zhiyuan Technology was identified as a "specialized and innovative" small and medium-sized enterprise, and was selected as the "Top 100 leading enterprises in Shenzhen industry" for four consecutive years. The visual multimedia full-height platform door project of urban rail transit developed by Fangda Zhiyuan Technology was identified as the "innovation record of Shenzhen enterprises". The industry product standard "Platform Screen Door of Urban Rail Transit" (CJ/T236-2022) edited by the Ministry of Housing and Urban-Rural Development was officially approved and released, and will be implemented from May 1, 2022.

(3) New energy industry

The Company has been practicing the concepts of low-carbon, energy saving, green and environmental protection. It is an early developer and application of photovoltaic building integration (BIPV) and photovoltaic power generation system design, manufacturing, integration and operation, and has mature technology. In China, the Company has completed the first batch of integrated photovoltaic buildings (BIPV) and multiple distributed solar photovoltaic power stations. Jiangxi Pingxiang distributed photovoltaic power station, Jiangxi Isuzu automobile parking lot photovoltaic power station in Nanchang City, and Songshan Lake Base photovoltaic power station in Dongguan, Guangdong, have all operated efficiently, contributing to the Company's stable profitability and cash flow.

(IV) Real Estate

1. Changes of macroeconomic situation and industrial policy environment related to the real estate industry; industrial development status and policies of the city where the Company's main projects are located, and its impact on the future operating performance **and profitability of the listed company;**

At the end of 2022, the real estate policy entered a comprehensive easing cycle, and the financing policies such as credit support, bond financing support, equity financing support, domestic guarantee and foreign loan continued to be relaxed. The hot cities actively rescued the demand side of the real estate market, and improved the strong policy support. The relevant departments also released space for local city-specific policies while increasing the policy loosening efforts. In particular, the Central Economic Work Conference held in December 2022 proposed that the economic work in 2023 should focus on expanding domestic demand and ensuring the stable development of the real estate market. The implementation of policies in cities, support for rigid and improved housing demand, etc., all indicates that the future expectations of the real estate market are improving.

The Company's real estate projects are in Shenzhen and Nanchang. Shenzhen's market remains relatively concentrated in terms of popularity and demand. Construction of the Guangdong Hong Kong Macao Bay area has been further promoted. Shenzhen's strong development trend will be recognized by more investors as a special economic zone and a leading demonstration area. According to the "City of Opportunity 2022" report jointly released by the China Development Research Foundation and PricewaterhouseCoopers, Shenzhen ranks first in China in the fields of "technology and innovation" and "business environment". Shenzhen's positive image of being livable, suitable for business and business has been more recognized, and its urban charm and influence projection are becoming stronger and wider.

In 2022, affected by the epidemic and economic downturn, the supply and demand of Nanchang real estate market declined significantly, and the consumption of commercial housing market was weak, but the market has entered the end of the adjustment period. Looking forward to 2023, under the conditions of loose policies and domestic macroeconomic recovery, the real estate market transactions will improve. In the medium and long term, the Nanchang real estate market will generally show a trend of stabilizing sales and prices.

The Company's real estate business is still expected to contribute to the Company's profits.

2. The Company's main business model, business project format, market position and competitive advantage, main risks and countermeasures

The Company's real estate business mainly adopts the business model of self-development, partial sales and partial self-supporting. At present, the Company develops, sells, and leases mainly office, commercial, and apartment properties. After years of unremitting efforts, the Company has acquired a wealth of experience in real estate development and operation, as well as operating and managing its commercial and residential properties through its own professional staff.

At present, the real estate projects operated by the Company are in Shenzhen and Nanchang.

Shenzhen is located in the core area of Guangdong, Hong Kong and Macao Dawan district.The Company's Shenzhen Fangda Town project has a rapid sales and leasing rate and has been highly recognized by the Shenzhen market. At the end of the reporting period, the sales rate of Shenzhen Fangda Town project was 98.32%, and the leasing rate of self owned properties was 78.41%. However, due to the large inventory of commercial office buildings in Nanchang and the downward trend of volume and price, the sales has slowed down. At the end of the reporting period, the sale rate of Nanchang Fangda Center project was 38.90%, and the occupancy rate of self-owned properties was 82.26%.

The Company's real estate industry will still face risks such as national macro policy regulation, and market competition in the future. The Company will comply with policy changes, continue to in-depth optimization in brand building, marketing and promotion, reduce operational and management risks, and maintain the Company's steady development.

3. New land reserve projects

Parcel or project name	Land location	Purpose	Land area (m^2)	Building area (m^2)	Obtaining method	Interests percentage	Total land price (ten thousand yuan)	Equity consideration (ten thousand yuan)
No								

4. Total land reserve

Project/region name	Floor area (10,000 m^2)	Total building area (10,000 m^2)	Remaining building area (10,000 m^2)
No			

5. Main production development status

City/region	Project name	Land location	Project form	Interests percentage	Starting time	Development progress	Completion rate	Land area (m^2)	Planning construction area (m^2)	Area completed in this phase (m^2)	Total area completed in this phase (m^2)	Estimated total investment (in RMB 10,000)	Accumulated total investment (in RMB 10,000)
Shenzhen Nanshan District	Fangda Town	No.2 Longzhu 4th Road	Office commercial complex	100.00%	May 1, 2014	100%	100.00%	35,397.60	212,400.00	0	217,763.69	258,500	283,600
Hong	Fangd	No.15	Office	100.0	May	100%	100.0	16,60	66,43	0	65,37	67,00	66,99

gutan New District, Nanchang	a Center	16 Ganjiang North Avenue Fangda Center	commercial complex	0%	1, 2018		0%	8.55	2.61		6.94	0	2.35

6. Main project sales

City/region	Project name	Land location	Project form	Interests percentage	Building area	Sellable area (m^2)	Cumulative pre-sale (sales) area (m^2)	Pre-sale (sales) area in this period (m^2)	Amount of pre-sale (sales) in the current period (RMB 10,000)	Cumulative settlement area (m^2)	Settlement area in the current period (m^2)	Settlement amount in this period (RMB 10,000)
Shenzhen Nanshan District	Fangda Town	No.2 Longzhu 4th Road	Office commercial complex	100.00%	212,400.00	93,086.25	91,524.39	2,827.66	14,484.72	91,524.39	2,827.66	14,484.72
Honggutan New District, Nanchang	Fangda Center	No.1516 Ganjiang North Avenue Fangda Center	Office commercial complex	100.00%	65,376.94	25,996.84	10,111.83	2,557.44	3,355.49	10,111.83	2,557.44	3,355.49

7. Main project lease

Project name	Land location	Project form	Interests percentage	Leasable area (m^2)	Cumulative leased area (m^2)	Average lease ratio
Shenzhen Fangda Town	Shenzhen Nanshan District	Commercial and office building	100.00%	95,293.23	74,719.03	78.41%
Shenzhen Fangda Building	Shenzhen Nanshan District	Office building	100.00%	17,725.36	14,074.37	79.40%
Jiangxi Nanchang Science and Technology Park	Nanchang, Jiangxi Province	Plant and office building	100.00%	17,517.20	11,349.20	64.79%
Jiangxi Nanchang Fangda Center	Nanchang, Jiangxi Province	Commercial and office building	100.00%	37,270.58	30,658.05	82.26%

8. First-level development of land

□ Applicable ☑ Inapplicable

9. Financing channel

Financing source	Ending financing balance (in RMB10,000)	Financing cost range / average financing cost	Term structure (monetary unit: RMB10,000)			
			Within 1 year	1-2 years	2-3 years	Over 3 years
Bank loan	133,350.00	During the same period, the benchmark interest rate of the loan was adjusted at the agreed rate to 5.715%	7,000.00	17,650.00	21,200.00	87,500.00
Total	133,350.00		7,000.00	17,650.00	21,200.00	87,500.00

10. Development strategy and operation plan in next year

With the continuous easing of the real estate policy, the gradual improvement of the epidemic situation and the economic recovery, Shenzhen, as the core city of the Greater Bay Area of Guangdong, Hong Kong and Macao, not only has the advantages of the Bay Area, but also is the driving force for the development of the surrounding economy. Shenzhen's good environment for living, industry and business will further stimulate the vitality and potential of investment. In the future, the Company will grasp opportunities, continue to expand the brand effect, deepen the local market, and effectively improve the Company's operating performance.

The main task of the Company's real estate business in 2023 is to increase the rental rate and final sales of the Shenzhen Fangdacheng project, and vigorously promote the sales of the Nanchang Fangda Town project. At the same time, the Company will also integrate and optimize the Company's existing resources according to the latest policies, and steadily promote the application and approval of two urban renewal projects, Shenzhen Henggang Dakang Project and Shenzhen Fuyong Fangda Bangshen.

11. Bank mortgage loan guarantee provided for commercial housing purchasers

☑ Applicable □ Inapplicable

As of December 31, 2022, the balance of the company's guarantee for commercial housing offenders due to bank mortgage loans was RMB20,114,100.

12. Co-investment between Directors, supervisors and senior management and listed companies

□ Applicable ☑ Inapplicable

II. Core Competitiveness Analysis

(I) Smart curtain wall system and material

1. Advantages of technology and industry experience

The Company has worked in the field of smart curtain wall for more than 30 years, continuously strengthened technical innovation, grasped the development trend of curtain wall industry in the process of meeting market demand, improved the competitiveness of the Company's products, solutions and services, and gained rich experience in project design and implementation and well-known cases.

As a leading enterprise in the curtain wall industry, the Company has taken the lead in setting up enterprise postdoctoral workstations, engineering technology centers, research and design institutes and other research and development institutions in the industry in China, creating many firsts in the industry, and is one of the preferred brands in the domestic high-end curtain wall system material industry. The Company's subsidiaries engaged in the smart curtain wall system and material industry are all national high-tech enterprises, five subsidiaries are selected as "specialized, special and innovative" enterprises, and many subsidiaries are recognized as "Guangdong Intellectual Property Demonstration Enterprise", "Shenzhen Intellectual Property

Advantage unit", "Jiangxi enterprise technology center" and "Nanchang engineering technology research center". The Company's independent innovation and continuous innovation have created the Company's leading technical level and manufacturing capacity.

2. Advantages of product service and refined management

With years of technical precipitation and experience accumulation, the Company's smart curtain wall system and material industry has formed an overall solution integrating R&D, design, production, project management, construction and maintenance services. The industry is complete and has strong comprehensive strength in terms of quality, cost and service.

The Company has vigorously promoted intelligent construction and fine management in various business modules, effectively improved the quality of products and services and enhanced the competitiveness of the Company. BIM Technology, PMS project management platform, MES production management system, VPO supply management platform and other information management tools are applied to curtain wall design, manufacturing and construction management, combined with cloud computing, big data, mobile application, Internet of things and other technologies to realize the rapid transmission and sharing of information, collaborative application, open up various management modules, improve the scientificity and efficiency of decision-making, speed up the response and execution ability of business, and improve the fine management.

3. Brand equity

Since its establishment, the Company has gained high recognition from the industry and many professionals by virtue of its technical advantages and comprehensive service strength, and has a good reputation. The Company has won "National Quality Award", "National Quality Engineering Award", Luban Award, Zhan Tianyou award, China Architectural Decoration Award and more than 200 provincial and ministerial awards. It has created thousands of landmark projects worldwide and has become one of the leading brands in the field of high-end curtain wall. During the reporting period, the Shenzhen University of Technology project of the curtain wall system contracted by Fangda Jianke was selected for the 2021-2022 China Construction Engineering Decoration Award, and the Shenzhen Hanjing Center and Chongqing Raffles Plaza projects contracted by Fangda Jianke were selected for the 2022 International High-Rise Award.

4. Industrial layout advantages

After years of accumulation and continuous investment in facilities and equipment, the intelligent curtain wall system and material industry of the Company has built a domestic industrial layout with Shenzhen as the headquarters and production bases in Shanghai, Chengdu, Nanchang, Dongguan, Foshan and other places. Among them, Dongguan Songshanhu base is one of the most modern high-end curtain wall system production bases in the industry, It has industry-leading R&D, design, manufacturing and curtain wall system delivery capabilities. The Company's production base continues to increase digital and intelligent construction, introduces intelligent equipment, and uses Internet technology to track the Company's products and continuously improve efficiency. In order to meet the needs of the Company's future operation and development, the company plans to invest in the construction of a low-carbon intelligent manufacturing base in Ganzhou. The improved production base layout provides an important guarantee for improving the market share and comprehensive competitiveness.

5. Talent

The Company always adheres to the "people-oriented" talent concept, actively introduces and trains all kinds of professional technology and management talents, and is committed to building an efficient management and operation team. After years of development, the Company has an experienced senior management team and middle-level managers with strong execution ability, as well as a complete talent training system and talent reserve. During the reporting period, we continuously optimized the effective incentive and assessment system and implemented quantitative management. In order to meet the needs of the Company's business development, the Company continued to introduce outstanding fresh graduates, build an industry university research integration platform, promote school-enterprise cooperation and industry-university combination mechanism, and ensure that the Company's scientific research strength in the field of high-end curtain wall is at the leading level in the industry. Over the years, it has always paid attention to the cultivation of "craftsman spirit". It has held "Fangda Craftsman" skill competition every year and "Fangda Lecture Hall" training from time to time, continuously improved the theoretical knowledge and operation skill level of employees, created a skilled talent team with reasonable structure, exquisite technology and excellent style, cultivated a number of "Shenzhen 100 excellent craftsmen", and has been rated as "Shenzhen craftsman cultivation demonstration unit" for many times.

(II) Rail transport screen door business

1. Technical R&D advantage

The Company has always attached importance to technological innovation, and has taken the lead in developing the rail transit screen door system with independent intellectual property rights in China, breaking the monopoly of foreign enterprises in the field of rail transit screen doors in China. After years of continuous engineering practice and technological innovation, the Company has accumulated technical reserves in the promotion and application of product technology. The Company's technology research and development system is mature, and the platform screen door system research and development center of Fangda Zhiyuan Technology was awarded the Guangdong Provincial Engineering Technology Center by the Ministry of Science and Technology of Guangdong Province; The technical research and development team has rich experience, and its members have won provincial and municipal awards for scientific and technological progress. The "platform safety door of urban rail transit" of Fangda Zhiyuan Technology was recognized as the "single champion product of manufacturing industry" by the Ministry of Industry and Information Technology. Fangda Zhiyuan Technology was selected as the "specialized and new" enterprise in Shenzhen, and took the lead in drafting the first industrial standard of "platform safety door of urban rail transit" in China. The project of visual multimedia full-height platform door of urban rail transit developed by Fangda Zhiyuan Technology was recognized as the "innovation record of Shenzhen enterprises". It shows the continuous comprehensive leading strength and industry benchmark position of Fangda in the field of urban rail transit equipment.

During the operation and development, the Company has always maintained a high level of R&D investment, formed a wealth of innovative achievements, and obtained a number of intellectual property rights in the structure, electrical, control, system reliability and safety of PSD system. Through the accumulation of its own patents, software copyrights and proprietary technologies, the Company has built a completely independent and controllable platform for the basic technology of platform door control system. From DCU and other core components to control algorithms, they are developed and produced by the COmpany, which can quickly diagnose and eliminate various system control problems. On the basis of the basic platform, the Company has successively developed anti-pinch system based on image recognition, embedded display system, intelligent operation and maintenance system and other modules, which can be flexibly customized according to specific requirements and can better meet customer needs. In addition, through the practice of a large number of urban rail transit projects at home and abroad over the years, the Company has also formed a rich technical accumulation in the intelligent manufacturing process, quality control and construction technology of the core components of platform screen door system products. The Company has innovatively developed safety door products applied to high-speed railway platforms. Its main competitiveness is that it can adapt to a variety of trains with different body specifications and different door opening positions. In the future, this product can be applied to high-speed railway platform and intercity railway platform in a large scale.

2. Market advantage

The Company is the pioneer and leader of the platform screen door system for rail transit in China, and its platform screen door system products cover more than 50% of the cities with urban rail transit in China. As part of the "Belt and Road Initiative," the Company has successfully received important project orders in Singapore, Malaysia, Thailand, India and other countries and regions along the way. The Company won the first order for the Bogota Metro Line 1 project in Colombia during the reporting period as a result of its extensive experience in overseas project implementation and strong market brand awareness. The Company also successfully implemented the development concept of "going out" of Chinese equipment during the reporting period. The recognition of Fangda brand overseas has been increasing, and it has become the largest manufacturer and service provider of rail transit screen door system in the world.

The operation and maintenance of rail transit have high requirements for the safety and reliability of products and equipment. The Company's leading technology, reliable product quality and efficient service have won a good market reputation, maintained a stable cooperative relationship with customers and accumulated rich market resources.

3. Industry chain advantage

As the first enterprise to enter the metro screen door industry in China, the Company is able to provide R & D, design, manufacturing, engineering construction, technical services, technical training, system maintenance, spare parts supply as part of the whole industry chain. A complete industrial chain helps the Company to realize resource sharing at all stages and meet the market demand for specialized products and services, thereby effectively reducing the Company's production and management costs and improving profitability and competitive advantages.

With many domestic metro platform screen door systems entering the maintenance period, the Company actively expands the industrial chain and takes the lead in developing Metro maintenance business in China. The intelligent maintenance management system developed by the Company can count and analyze the operation status of site equipment in real time, remotely guide the on-site technical service team, and provide professional technical support to customers in a timely and efficient manner. The Company's operation and maintenance management service team has now spread to more than 30 cities around the world. With the improvement of the team's ability and the recognition of customers, the Company's sales amount of technical services will also increase year by year.

4. Professional and stable team

The Company has a technical talent team of rail transit PSD system with stable structure and excellent professional ability. The core technical team of the Company has outstanding professional and technical level, including highly educated personnel such as master's degree and senior professional and technical personnel such as senior engineers. Its specialties cover mechanical engineering, electrical, system reliability, railway communication, software, engineering mechanics and other fields. The average age of the key personnel of the management and R&D team is more than 7 years, showing high stability, having a common business philosophy, and being able to effectively form consensus on various issues and implement them. At the same time, the management and R&D team have a deep understanding of the Company's business and industry, can quickly respond to changes in the external competitive environment, and ensure the sustainable and stable development of the industry.

(3) New energy industry

The Company's new energy industry mainly focuses on the development of new energy-saving technology applications such as solar photovoltaic application and photovoltaic building integration (BIPV), and its business scope covers two major industries: construction and photovoltaic power generation. The Company actively developed solar photovoltaic power generation curtain wall system technology 20 years ago. It is one of the earliest enterprises in China that independently mastered and had independent intellectual property rights to engage in the design, manufacturing and integration of solar photovoltaic building integration (BIPV) system.

Distributed solar power PV power generation is closely related to the Company's curtain wall business. Part of the distributed solar power PV systems are closely related to construction. Moreover, the Company has more than 20 years' experience in electrical product integration. The Company also has more than 30 years' experience in construction management and has the level-1 construction curtain wall engineering qualification and electrical installation engineering qualification.

(IV) Real Estate

The Company is located in the core area of Dawan District, Guangdong, Hong Kong and Macao. It adopts differentiated competition strategy and focuses on the development of urban renewal projects in Shenzhen. Benefiting from the dividend of Shenzhen's rapid economic development and the opportunity of further promotion of Shenzhen-Hong Kong integration, it is expected that the company's real estate business will contribute profits to the Company in the future.

III. Core business analysis

1. Summary

See "I. Main Business Conditions of the Company During the Reporting Period" in Chapter III Management Discussion and Analysis.

2. Income and costs

(1) Turnover composition

In RMB

	2022		2021		YOY change (%)
	Amount	Proportion in operating costs (%)	Amount	Proportion in operating costs (%)	
Total turnover	3,846,975,948.44	100%	3,557,724,397.54	100%	8.13%
Industry					
Metal production	2,877,126,181.59	74.78%	2,584,704,014.98	72.65%	11.31%
Railroad industry	564,551,749.10	14.68%	534,310,567.88	15.02%	5.66%
New energy industry	19,707,669.06	0.51%	19,285,405.44	0.54%	2.19%
Real estate	369,529,923.55	9.61%	407,329,798.11	11.45%	-9.28%
Others	16,060,425.14	0.42%	12,094,611.13	0.34%	32.79%
Product					
Curtain wall system and materials	2,877,126,181.59	74.78%	2,584,704,014.98	72.65%	11.31%
Subway screen door and service	564,551,749.10	14.68%	534,310,567.88	15.02%	5.66%
PV power generation products	19,707,669.06	0.51%	19,285,405.44	0.54%	2.19%
Real estate rental and sales and property services	369,529,923.55	9.61%	407,329,798.11	11.45%	-9.28%
Others	16,060,425.14	0.42%	12,094,611.13	0.34%	32.79%
District					
In China	3,563,436,690.09	92.63%	3,366,465,225.36	94.62%	5.85%
Out of China	283,539,258.35	7.37%	191,259,172.18	5.38%	48.25%
Sub-sales mode					
Direct sales	3,846,975,948.44	100.00%	3,557,724,397.54	100.00%	8.13%

(2) Industry, product, region and sales mode accounting for more than 10% of the Company's operating revenue or operating profit

☑ Applicable □ Inapplicable

In RMB

	Turnover	Operating 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	2,877,126,181.59	2,367,077,665.54	17.73%	11.31%	7.10%	3.24%
Real estate	369,529,923.55	106,087,632.23	71.29%	-9.28%	-33.27%	10.32%
Railroad industry	564,551,749.10	433,680,806.95	23.18%	5.66%	13.06%	-5.03%

Product						
Curtain wall system and materials	2,877,126,181.59	2,367,077,665.54	17.73%	11.31%	7.10%	3.24%
Real estate rental and sales and property services	369,529,923.55	106,087,632.23	71.29%	-9.28%	-33.27%	10.32%
Subway screen door and service	564,551,749.10	433,680,806.95	23.18%	5.66%	13.06%	-5.03%
District						
In China	3,563,436,690.09	2,698,278,611.93	24.28%	5.85%	3.55%	1.69%
Sub-sales mode						
Direct sales	3,846,975,948.44	2,917,753,967.52	24.15%	8.13%	5.67%	1.76%

Main business statistics adjusted in the recent one year with the statistics criteria adjusted in the report period

□ Applicable ☑ Inapplicable

The Company needs to comply with the disclosure requirements of the decoration and decoration industry in the *Guidelines for the Self-discipline and Supervision of Listed Companies of Shenzhen Stock Exchange No. 3 - Industry Information Disclosure*.

In RMB

	Turnover	Operating 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	2,877,126,181.59	2,367,077,665.54	17.73%	11.31%	7.10%	3.24%
Product						
Curtain wall system and materials	2,877,126,181.59	2,367,077,665.54	17.73%	11.31%	7.10%	3.24%
District						
In China	2,785,927,384.79	2,293,586,813.99	17.67%	11.57%	7.23%	3.33%

Main business statistics adjusted in the recent one year with the statistics criteria adjusted in the report period

□ Applicable ☑ Inapplicable

Different business types of the Company

In RMB

Business type	Turnover	Operating cost	Gross margin
Curtain wall system and materials	2,877,126,181.59	2,367,077,665.54	17.73%

Whether the Company runs business through the Internet

□ Yes ☑ No

Whether the Company runs overseas projects

☑ Yes □ No

No.	Location	Number of overseas projects	Total amount of overseas project contracts (RMB10,000)
1	Australia	9	26,014.67

2	Asia	3	975.00
	Total	12	26,989.66

(3) The physical sales revenue is high the labor service revenue

□ Yes ☑ No

(4) Performance of major sales contracts and major purchase contracts signed by the Company as of the reporting period

□ Applicable ☑ Inapplicable

(5) Operation cost composition

In RMB

Industry	Item	2022		2021		YOY change (%)
		Amount	Proportion in operating costs (%)	Amount	Proportion in operating costs (%)	
Metal production	Raw materials	1,570,953,065.18	66.37%	1,390,170,739.40	62.90%	3.47%
Metal production	Installation and engineering costs	517,779,780.10	21.87%	539,914,574.90	24.43%	-2.56%
Metal production	Labor cost	151,791,696.66	6.41%	146,644,527.60	6.64%	-0.23%
Railroad industry	Raw materials	284,311,719.62	65.56%	241,731,373.92	63.02%	2.54%
Railroad industry	Installation and engineering costs	59,413,282.43	13.70%	73,430,526.18	19.14%	-5.44%
Railroad industry	Labor cost	50,149,325.46	11.56%	38,231,345.27	9.97%	1.59%
Real estate	Construction and installation cost	28,586,334.63	26.95%	49,779,295.03	31.31%	-4.36%
Real estate	Land cost	18,256,200.85	17.21%	33,068,762.42	20.80%	-3.59%
Real estate	Loan interest	2,181,840.72	2.06%	3,704,260.45	2.33%	-0.27%
Real estate	Labor cost	15,720,818.75	14.82%	16,716,890.93	10.52%	4.30%

Note: In addition to the above costs, other costs are mainly energy costs such as water, electricity and rent.

Main business cost

In RMB

Cost composition	Business type	2022		2021		YOY change (%)
		Amount	Proportion in operating costs (%)	Amount	Proportion in operating costs (%)	
Raw materials	Curtain wall system and materials	1,570,953,065.18	66.37%	1,390,170,739.40	62.90%	3.47%
Installation and engineering costs	Curtain wall system and materials	517,779,780.10	21.87%	539,914,574.90	24.43%	-2.56%

Labor cost	Curtain wall system and materials	151,791,696.66	6.41%	146,644,527.60	6.64%	-0.23%

(6) Change to the consolidation scope in the report period

☑ Yes □ No

The Company added a wholly-owned subsidiary in the current period by way of establishment: Jiangxi Fangda Intelligent Manufacturing Technology Co., Ltd.

(7) Major changes or adjustment of business, products or services in the report period

□ Applicable ☑ Inapplicable

(8) Major sales customers and suppliers

Main customers

Total sales amount to top 5 customers (RMB)	686,549,005.85
Proportion of sales to top 5 customers in the annual sales	17.85%
Percentage of sales of related parties in top 5 customers in the annual sales	0.00%

Information of the Company's top 5 customers

No.	Customer	Sales (RMB)	Percentage in the annual sales
1	No.1	163,742,779.52	4.26%
2	No.2	158,701,259.46	4.13%
3	Guangdong Mingchuang Software Technology Co., Ltd.	141,215,833.66	3.67%
4	China Telling Co., Ltd.	119,519,735.10	3.11%
5	China Construction Sixth Engineering Division Corp. Ltd.	103,369,398.11	2.69%
Total	--	686,549,005.85	17.85%

Other information about major customers

□ Applicable ☑ Inapplicable

Main suppliers

Purchase amount of top 5 suppliers (RMB)	676,827,109.00
Proportion of purchase amount of top 5 suppliers in the total annual purchase amount	22.03%
Percentage of purchasing amount of related parties in top 5 customers in the annual purchasing amount	0.00%

Information of the Company's top 5 suppliers

No.	Supplier	Purchase amount (RMB)	Percentage in the annual purchase amount
1	No.1	280,807,145.42	9.14%
2	No.2	145,607,830.88	4.74%

3	No.3	90,872,302.97	2.96%
4	No.4	82,654,817.01	2.69%
5	No.5	76,885,012.72	2.50%
Total	--	676,827,109.00	22.03%

Other information about major suppliers

□ Applicable ☑ Inapplicable

3. Expenses

In RMB

	2022	2021	YOY change (%)	Notes
Sales expense	54,970,163.01	59,877,614.73	-8.20%	
Administrative expense	157,138,338.83	169,443,658.83	-7.26%	
Financial expenses	96,701,795.34	103,001,595.93	-6.12%	
R&D cost	161,812,913.02	152,973,582.38	5.78%	

4. R&D investment

☑ Applicable □ Inapplicable

R&D project name	Purpose	Progress	Objective	Expected impact on the future development of the Company
Research and development of new industrialized curtain wall system	Improve product quality, improve installation efficiency, improve construction safety and reduce energy consumption in the construction process.	Partially completed, completed the research and development of prefabricated aluminum curtain wall system	Improve the development level of assembly and maintain the leading position in the industry.	In line with the national policy guidance, it has good market prospects and can adapt to the development trend of building curtain wall in the future.
Research and development of intelligent curtain wall system	Reduce energy consumption and improve the performance of intelligent products.	In progress, completed the trial production of wind and rain smart curtain wall samples	Improve the intelligent level of the system and meet the needs of market development.	Achieve the design concept of energy-saving, emission reduction and green buildings, and improve the market competitiveness of products
Research and development of smart factory flexible production system	Improve production efficiency and adapt to customized production.	Continue to promote product research and selection, and complete the intelligent construction of some production lines	Improve production capacity, output and product quality, and reduce production costs.	Improve the production support capacity and improve the automation and intelligence level of production equipment.
Research and development of new generation rail transit PSD control system	Enhance product safety, reliability and availability to meet the advanced requirements of the core system.	In progress, continuous propulsion system test	Optimize product system performance and maintain industry leadership.	Further enhance the independent R&D capability and improve the market competitiveness of the Company in the field of PSD.

Research and development of new generation full height platform door	Research and development of new products to improve market competitiveness.	In progress, the trial production of the system sample is completed	Optimize the product structure to meet the needs of market development.	Expand the application scenarios of the Company's products and enhance the leading edge of industry technology.
Study on nano composite thermal insulation aluminum veneer	Research and development of new products to meet market demand.	In progress, promote sample trial production and performance test	Diversify product categories and respond to national energy conservation and environmental protection policies.	Develop products that conform to the concept of green and environmentally friendly buildings, save energy and reduce emissions, and enhance competitiveness.

R&D personnel

	2022	2021	Change
R&D staff number	589	563	4.62%
R&D staff percentage	20.19%	19.03%	1.16%
Academic structure of R&D personnel			
Bachelor	368	324	13.58%
Master's degree	7	7	0.00%
Age composition of R&D personnel			
Under 30	249	235	5.96%
30-40	227	221	2.71%

R&D investment

	2022	2021	Change
R&D investment amount (RMB)	161,812,913.02	152,973,582.38	5.78%
Investment percentage in operation turnover	4.21%	4.30%	-0.09%
Capitalization of R&D investment amount (RMB)	0.00	0.00	0.00%
Percentage of capitalization of R&D investment in the R&D investment	0.00%	0.00%	0.00%

Reasons and effects of major changes in the composition of R&D personnel of the Company

□ Applicable ☑ Inapplicable

Reason for the increase in the percentage of R&D investment in the business turnover

□ Applicable ☑ Inapplicable

Explanation of the increase in the capitalization of R&D investment

□ Applicable ☑ Inapplicable

5. Cash flow

In RMB

Item	2022	2021	YOY change (%)
Sub-total of cash inflow from business	3,570,297,784.48	3,615,387,540.90	-1.25%

operations			
Sub-total of cash outflow from business operations	3,349,086,152.18	3,678,812,837.19	-8.96%
Cash flow generated by business operations, net	221,211,632.30	-63,425,296.29	448.78%
Sub-total of cash inflow generated from investment	2,909,289,689.63	2,578,992,220.76	12.81%
Subtotal of cash outflows	3,000,271,914.92	2,695,492,878.10	11.31%
Cash flow generated by investment activities, net	-90,982,225.29	-116,500,657.34	21.90%
Subtotal of cash inflow from financing activities	1,670,354,493.21	2,360,667,296.03	-29.24%
Subtotal of cash outflow from financing activities	1,917,379,871.34	2,311,447,620.31	-17.05%
Net cash flow generated by financing activities	-247,025,378.13	49,219,675.72	-601.88%
Net increase in cash and cash equivalents	-108,573,142.53	-136,135,458.15	20.25%

Explanation of major changes in related data from the same period last year

☑ Applicable □ Inapplicable

The net cash flow from operating activities of the Company during the reporting period increased by 448.78% compared with the previous year, mainly due to the settlement and payment of land value-added tax of RMB349,316,800 in 2021 for the real estate business Shenzhen Fangda Town Project; The net cash flow from investment activities increased by 21.90% over the previous year, mainly due to the net cash inflow from the recovery of the balance of financial investment in the previous period; The net cash flow from financing activities decreased by 601.88% compared with the previous year, mainly due to the decrease in the net income and expenditure of bank loans and the payment of dividends in the current period.

Explanation of major difference between the cash flow generated by operating activities and the net profit in the year

□ Applicable ☑ Inapplicable

IV. Non-core business analysis

☑ Applicable □ Inapplicable

In RMB

	Amount	Profit percentage	Reason	Whether continuous
Investment income	6,185,954.47	1.89%		No
Gain/loss caused by changes in fair value	-10,113,947.45	-3.09%	Mainly due to adjustment of fair value of investment real estate	No
Assets impairment	-35,575,418.55	-10.87%	Mainly the provision for impairment of contract assets	No
Non-operating revenue	1,403,387.89	0.43%		No
Non-business expenses	4,167,958.09	1.27%	Mainly due to donations	No
Credit impairment loss	-34,635,724.91	-10.58%	Mainly bad debt provision corresponding to accounts receivable	No

V. Assets and Liabilities

1. Major changes in assets composition

In RMB

	End of 2022		Beginning of 2022		Change (%)	Notes
	Amount	Proportion in total assets	Amount	Proportion in total assets		
Monetary capital	1,238,754,216.50	9.72%	1,287,563,759.32	10.50%	-0.78%	
Account receivable	832,292,348.17	6.53%	556,453,824.20	4.54%	1.99%	
Contract assets	2,158,860,658.43	16.94%	1,782,947,673.13	14.54%	2.40%	
Inventory	710,532,397.32	5.57%	733,280,924.98	5.98%	-0.41%	
Investment real estate	5,760,517,577.11	45.20%	5,765,352,393.13	47.02%	-1.82%	
Long-term share equity investment	54,969,042.14	0.43%	55,218,946.14	0.45%	-0.02%	
Fixed assets	646,812,853.36	5.07%	663,414,297.61	5.41%	-0.34%	
Construction in process		0.00%	11,642,444.21	0.09%	-0.09%	
Use right assets	19,449,693.40	0.15%	31,440,856.54	0.26%	-0.11%	
Short-term loans	1,318,238,522.78	10.34%	1,287,474,398.65	10.50%	-0.16%	
Contract liabilities	207,993,671.55	1.63%	180,186,877.15	1.47%	0.16%	
Long-term loans	1,263,500,000.00	9.91%	1,333,500,000.00	10.88%	-0.97%	
Lease liabilities	6,907,456.55	0.05%	19,152,093.31	0.16%	-0.11%	
Non-current liabilities due in 1 year	83,778,647.06	0.66%	78,418,557.76	0.64%	0.02%	

The proportion of overseas assets is relatively high

□ Applicable ☑ Inapplicable

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	Other change	Closing amount
Financial assets								
1. Transactional financial assets (excluding derivative financial assets)	25,135,241.89							

2. Derivative financial assets	1,069,587.62							789,205.34
3. Investment in other equity tools	14,180,652.65	-2,211,678.79	-20,372,879.33					11,968,973.86
4. Receivable financing	4,263,500.00							1,338,202.01
5. Other non-current financial assets	7,525,408.24	-17,973.56						7,507,434.68
Subtotal	52,174,390.40	-2,229,652.35	-20,372,879.33	0.00	0.00	0.00	0.00	21,603,815.89
Investment real estate	5,755,216,580.10	-10,095,973.89	63,887,326.00			8,622,022.15	14,332,588.06	5,750,831,172.12
Total	5,807,390,970.50	-12,325,626.24	43,514,446.67			8,622,022.15	14,332,588.06	5,772,434,988.01
Financial liabilities	11,871.20							293,400.00

Other change:

The increase in other changes was mainly caused by the transfer of fixed assets into investment real estate due to the change of purpose.

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	Book value on December 31, 2022 (RMB)	Reason
Monetary capital	455,076,287.44	Various deposits
Notes receivable	24,546,342.15	Bills endorsed or discounted but not yet due
Account receivable	42,800,680.80	Loan by pledge
Fixed assets	44,751,777.53	Loan by pledge
Investment real estate	3,293,733,474.51	Loan by pledge
Other non-current assets	316,929,580.18	Loan by pledge
Equity pledge	200,000,000.00	100% stake in Fangda Property Development held by the Company
Total	4,377,838,142.61	

VI. Investment

1. General situation

☑ Applicable □ Inapplicable

Investment (yuan) in the report period	Investment (yuan) in the previous period	Change
500,000.00	125,388,100.00	-99.60%

2. Major equity investment in the report period

□ Applicable ☑ Inapplicable

3. Major non-equity investment in the report period

☑ Applicable □ Inapplicable

In RMB

Project name	Method of investment	Whether it is fixed assets investment	Industries involved in investment projects	Investment in the report period	Actual investment by the end of the report period	Capital source	Progress	Estimate return	Accumulated income realized by the end of the reporting period	Reasons for failing to reach the planned progress and expected income	Disclosure date (if any)	Disclosure source (if any)
Fangda (Ganzhou) Low Carbon Intelligent Manufacturing Headquarters Base	Self-built	Yes	Mainly produce PVDF aluminum veneer, nano aluminum veneer and other new materials, smart curtain wall system, photovoltaic	500,000.00	500,000.00	Self-owned fund	0.00%	--	--	--	December 17, 2022	Announcement on Investment and Construction of Fangda (Ganzhou) Low Carbon Intelligent Manufacturing Headquarters

			building integration system, aluminum alloy components, and precision steel components.									Base released on http://www.cninfo.com.cn/
Total	--	--	--	500,000.00	500,000.00	--	0.00%	--	--	--	--	--

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

1) Derivative investments for hedging purposes during the reporting period

☑ Applicable □ Inapplicable

In RMB10,000

Type	Initial investment amount	Gain/loss caused by changes in fair value	Accumulative changes in fair value accounting into the income account	Amount in this period	Amount sold in this period	Closing amount	Proportion of closing investment amount in the closing net assets in the report period
Shanghai aluminum	500.55	-60.37	-29.34	4,658.8	4,710.09	449.25	0.08%
Forward foreign exchange	1,454.22	4.18	78.92	8,297.73	6,664	3,087.95	0.54%
Total	1,954.77	-56.19	49.58	12,956.53	11,374.09	3,537.2	0.62%
Accounting policies and specific accounting	The aluminum futures and forward foreign exchange businesses of the Company meet the applicable conditions of hedge accounting specified in the accounting standards and are applicable to hedge accounting, which are classified as cash flow hedging. The corresponding accounting policies and accounting principles have not changed from the previous reporting period.						

principles of hedging business during the reporting period, as well as whether there are significant changes compared with the previous reporting period	
Description of actual profit and loss during the reporting period	The actual income of the aluminum futures hedging instrument and the spot value change of the hedged aluminum ingot in the reporting period is RMB111,800; The gains and losses arising from forward foreign exchange hedging instruments offset the value changes of the hedged items due to exchange rate fluctuations.
Description of hedging effect	The profit and loss generated by the company's hedging instrument can offset the value change of the hedged item, and the hedging effect of the hedging business is good.
Capital source	Self-owned fund
Risk analysis and control measures for the derivative holding in the report period (including without limitation market, liquidity, credit, operation and legal risks)	The aluminum futures hedging and foreign exchange derivatives trading businesses carried out by the Company are derivative investment businesses. The derivative investment business carried out by the Company follows the basic principle of locking the price and exchange rate of raw materials, does not carry out speculative trading operations, and carries out strict risk control when signing hedging contracts and closing positions. The Company has established and implemented the "Derivatives Investment Business Management Measures" and "Commodity Futures Hedging Business Internal Control and Risk Management System". It has made clear regulations on the approval authority, business management, risk management, information disclosure and file management of derivatives trading business, which can effectively control the risk of the Company's derivatives holding positions.
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	Fair value of derivatives are measured at open prices in the open market

and related assumptions and parameters.	
Lawsuit (if any)	No
Disclosure date of derivative investment approval by the Board of Directors (if any)	October 28, 2022
Opinions of independent directors on the Company's derivative investment and risk controlling	The Company carries out the hedging business of commodity futures options, which can effectively prevent and resolve the operational risks caused by commodity price fluctuations, make full use of the hedging function of the futures option market, and avoid the adverse impact that the large fluctuation of commodity prices may bring to the Company's operation. There is no speculative operation, which is in the interests of the Company and all shareholders. The Company has formulated the *Measures for the Management of Derivatives Investment Business* and the *Internal Control and Risk Management System of Commodity Futures Hedging Business*. By strengthening internal control and implementing risk prevention measures, the Company has formulated specific operating procedures for the Company's hedging business. The relevant examination and approval procedures for the Company to use its own funds to carry out hedging business in the commodity futures and options markets comply with relevant national laws, regulations and the relevant provisions of the *Articles of Association*. The relevant approval procedures for the Company's foreign exchange derivatives trading business comply with relevant national laws, regulations and the relevant provisions of the *Articles of Association*. The Company has formulated the *Management Measures for Derivatives Investment Business*, which is conducive to strengthening the risk management and risk control of the Company's foreign exchange derivatives transactions. The Company's foreign exchange derivatives trading business follows the principles of legality, prudence, safety and effectiveness, and the Company does not carry out foreign exchange transactions solely for profit. All foreign exchange derivatives trading businesses are based on normal production and operation, rely on specific business operations, and aim at avoiding and preventing exchange rate risks, which meet the needs of the Company's business development. There is no speculative operation or situation that damages the interests of the company and all shareholders, especially minority shareholders. The independent directors agreed that the Company should carry out derivative hedging business.

2) Derivative investment for the purpose of speculation during the reporting period

□ Applicable ☑ Inapplicable

During the reporting period, there was no derivative investment for the purpose of speculation.

5. Use of raised capital

□ Applicable ☑ Inapplicable

The Company used no raised capital in the report period.

VII. 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

VIII. 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 Property	Subsidiaries	Real estate sales	200,000,000.00	5,802,358,325.63	2,577,013,361.28	257,831,878.77	107,427,228.44	93,315,937.30
Fangda Jianke	Subsidiaries	Curtain wall system and materials	600,000,000.00	4,611,085,141.91	1,635,184,819.74	2,612,587,088.14	167,926,970.12	154,803,306.43
Fangda Zhiyuan	Subsidiaries	Subway screen door and service	105,000,000.00	906,681,174.38	275,955,255.16	559,019,008.69	17,591,668.29	16,849,263.46
Kechuangyuan	Subsidiaries	Subway screen door and service	5,000,000.00	81,656,847.32	78,439,152.91	38,166,374.44	35,640,593.00	30,728,147.39

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
Jiangxi Fangda Intelligent Manufacturing Technology Co., Ltd.	Newly set	None

Major joint-stock companies

No

IX. Structural entities controlled by the Company

□ Applicable ☑ Inapplicable

X. Future Prospect

(1) Competition map and development trned

1. Smart curtain wall and material system industry

In the context of carbon peak and carbon neutralization, China is accelerating the formation of an industrial structure, mode of production, lifestyle and spatial pattern that saves resources and protects the environment, and unswervingly follows the high-quality development path of ecological priority, green and low-carbon. The Central Economic Work Conference in December 2022 put "efforts to expand domestic demand" at the top of the economic work in 2023. The adjustment of domestic epidemic prevention and control measures, the release of major project plans in 2023 and the establishment of investment growth targets in all provinces across the country are promoting a strong recovery of China's economy. At the same time, with the rapid growth of China's economy, China takes promoting new infrastructure as an important part of expanding investment space and constructing a new development pattern. New urbanization, the coordinated development of Beijing Tianjin Hebei, the development of the Yangtze River Economic Belt, the construction of the Guangdong Hong Kong Macao Greater Bay Area, and the construction of the "the Belt and Road" will all become important driving forces and valuable opportunities for the future development of the smart curtain wall system and material industry.

2. Rail transport screen door business

As an advanced mode of transportation, rail transit has many advantages such as fast, efficient, low carbon and environmental protection, which have increasingly become the consensus of the society and are supported by national industrial policies. From the perspective of the global urban rail transit industry, the construction of urban rail transit in emerging countries and regions is in the ascendant, while the rail transit systems of major cities in developed countries are constantly being updated and upgraded. From the perspective of domestic urban rail transit industry, in recent years, the urbanization development strategy at the national level has also continuously injected power into the urban rail transit industry. Some large cities have successively built a number of rail transit projects, which has significantly improved the urban traffic situation and played an important role in giving full play to urban functions, improving the environment and promoting economic and social development. According to the forecast data of *2021 China Urban Rail Transit Market Development Report*, 101 rail transit lines in 34 cities such as Hangzhou, Shenzhen, Guangzhou, Zhengzhou and Beijing will be newly opened and operated in 2022-2023, with a total mileage of 2175.63 kilometers, 1243 stations and a total investment of RMB1,549.64 billion.

3. New energy industry

In 2022, in order to achieve the goal of carbon peak and carbon neutrality, further promote the sustainable, healthy and high-quality development of the photovoltaic industry, and build a modern energy system, the Chinese government has intensively issued a series of supporting and normative documents on the construction direction of photovoltaic power generation, capacity digestion, photovoltaic subsidies, bidding for grid access, project planning, industrial planning and other aspects. During the "14th five year plan" period, the development of photovoltaic power generation will enter a new stage of large-scale, high proportion, marketization and high-quality development. By accelerating the construction of a new power system with new energy as the main body and improving the consumption and storage capacity of photovoltaic power generation, we can not only realize the large-scale development of photovoltaic power generation, but also achieve a high level of consumption and utilization. The Company's photovoltaic power generation, as a green and environmentally friendly power generation method, will use its industrial advantages to carry out photovoltaic business according to market conditions and promote the high-quality development of the new energy industry in the future.

4. Real estate

Looking forward to 2023, "stability" is the main tone of the real estate industry, and the national property market policy is expected to continue to be loose, as the strength of urban policy implementation is expected to be further strengthened. With the continuous easing of the property market policy, the gradual improvement of the epidemic situation and the gradual recovery of the social economy, the regional differentiation will bring new development opportunities to the Greater Bay Area of Guangdong, Hong Kong and Macao. The industrial development is mature, the population attraction is strong, the real estate market demand is strong, the integration of Shenzhen and Hong Kong is continuing to advance, and the Shenzhen market still has great potential in the future.

(2) Company development strategy and business plan

In 2023, the Company will continue to work together to promote the high-quality development of the company, focus on the management theme of "refinement", and do the following key work comprehensively in combination with the annual business objectives:

(1) Adhere to the contract as the center and strengthen the management of accounts receivable.

Strengthen the quality of contract signing, adhere to the contract as the center, take the duration control as the means, control the performance risk, project quality and progress, handle the complicated relationship with the project stakeholders, and resolutely curb the increase of accounts receivable. The Company will divide the risk level of accounts receivable according to one enterprise and one policy. Vitalize the settled assets, reduce the contract assets, and dispose of invalid and inefficient assets; Do a good job of early warning and locking risks for accounts receivable.

(2) Implement the theme of "refined management" to further improve quality and efficiency.

The Company will combine its own characteristics, find out the cost loopholes and weaknesses, further improve the product quality, give full play to the effective use of newly invested equipment, and comprehensively improve the efficiency and operating efficiency of all staff. The Company will vigorously implement the theme of "refined management", systematically and comprehensively reduce all kinds of costs, and improve enterprise efficiency and market competitiveness.

(3) Promote innovation and technological progress to maintain the sustainable development of the company.

Sustainable development is the top priority of the company's survival. It must be achieved through the development of new products, technological progress and product process innovation, and the promotion of industrial progress. New products should vigorously expand the market and harvest high-quality orders. The Company's high-end curtain wall, rail transit screen door system and software, PVDF aluminum veneer, photovoltaic and other industries still have good prospects, but still need to establish a sense of crisis, strengthen responsibility, continuously improve management level, promote technological progress, and strengthen the Company's viability. According to the actual situation of each industry, the Company will improve its competitiveness through new products, new technologies and digital management to ensure its sustainable development.

(4) Introduce excellent talents and optimize the talent structure of enterprises

The Company will take multiple measures to cultivate reserve talents. We should make full use of postdoctoral workstations, technology centers and other platforms to introduce a group of talents with high quality, strong ability and brave responsibility to join the company. The Company will ensure the long-term development planning of human resources.

(3) Capital demand and source for projects in progress

To realize the business target in 2023, the Company will develop suitable financial and capital plans, accelerate the collection of accounts receivable, sales payment from sales of Fangda Town, expand financing channels, and use share issuance, bank loans and other financing products to meet the demand for capital.

(4) Risks

1. Risks of macro environment and policy changes

The Company's main business segments are closely related to macroeconomic and industrial policies and are greatly affected by the overall macro environment. If there are adverse changes in the international and domestic macroeconomic environment, slow economic development and reduced investment in fixed assets in the future, which will affect the demand of public building curtain wall industry and rail transit equipment industry, or face industry depression or excessive competition, which will have an adverse impact on the Company's future profitability, even project delay or suspension, deferred payment of projects under construction, etc, thus affecting the Company's operating performance.

In order to better cope with the opportunities and challenges brought by changes in the economic environment and policies, the Company will pay close attention to the changes in the macroeconomic and policy situation at home and abroad, timely adjust the Company's business strategy, further enhance the product competitiveness and operation and management ability, improve the market share, and deal with the risks brought by changes in the macro environment and policies.

2. Market competition risks

In the rail transit PSD market, the technology of other domestic manufacturers is becoming more and more mature, and the company may face the risk of intensified market competition. If the Company cannot maintain a leading position in the market, it will have a certain adverse impact on the development and benefits of the Company's rail transit PSD business. In this regard, the Company will continue to adopt a stable business policy, improve the competitive advantage of products through technological innovation and fine management, accelerate the return of funds, and improve the operation efficiency and market competitiveness of the Company.

In this regard, the Company will continue to adopt a stable business policy, improve the competitive advantage of products through technological innovation and fine management, accelerate the return of funds, and improve the operation efficiency and market competitiveness of the Company. 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.

3. Production and operation risks

The macro-economy and market demand have added to the fluctuation in prices of main raw materials and labor, affecting the Company's profitability and creating additional production and operation risks for the Company.

The Company will hedge and transfer the price fluctuation risk of some raw materials by using futures product hedging, negotiating with partners to supplement the contract amount, reasonably arranging material procurement plan and other measures; The Company implements a strict supplier management mechanism, actively improves the scientific and technological level of production management, increases technology research and development, is committed to process improvement, landing smart factories, improves the automation and intelligence of production equipment, and reduces the loss of raw materials. The Company will continue to promote intelligent and digital construction system, widely apply new technologies and processes, strengthen staff skill training, and improve quality and efficiency on the basis of ensuring safety.

4. Management risks

In recent years, with the expansion of the Company's business scale and the increase of the number of subsidiaries, the daily management of the company is becoming more and more difficult, which may face the management risk of industrial scale expansion. In addition, in recent years, the regulatory requirements for listed companies have been continuously improved and deepened. The Company needs to further strengthen management, continue to promote management reform, constantly optimize process and organizational structure, improve various rules and regulations, and vigorously introduce high-quality, highly skilled and multidisciplinary technology and management talents, gradually optimize the allocation of human resources, optimize the echelon structure, and effectively reduce the management risks brought by business development.

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

☑ Applicable □ Inapplicable

Time/date	Place	Way	Visitor	Visitor	Main content involved and materials provided	Disclosure of information
April 8, 2022	Network platform	Others	Others	Investors participating in the Company's 2021 Performance Presentation	Business and future development	Investor Relationship Record Form on www.cninfo.com.cn
October 31, 2022	Online	Others	Institution	Northeast Securities: Pu Yang CCB Fund: Li Ruolan, Zhou Zhishuo	Business and future development	Investor Relationship Record Form on www.cninfo.com.cn
November 9, 2022	http://rs.p5w.net/	Others	Others	Investors participating in the Company's collective reception day	Business and future development	Investor Relationship Record Form on www.cninfo.com.cn
December 23, 2022	Online	Others	Institution	Changjiang Securities: Zhang Zhijie	Business and future development	Investor Relationship Record Form on www.cninfo.com.cn

Chapter IV Corporation Governance

I. Overview

During the report period, the Company strictly complied with the Company Law, Securities Law, Governance Standards for Listed Companies, Shenzhen Stock Exchange Share Listing Rules, Operation Regulations for Listed Companies in the Main Board of Shenzhen Stock Exchange, continued to improve the legal person governance structure and has formulated a series of internal management systems covering various aspects. The Company has set up a comprehensive and effective internal control system in important decision making, related transaction decision making, financial management, HR management, administration, purchase, production and sales management, confidentiality and information disclosure.

Any significant difference between the actual situation of corporate governance and the laws, administrative regulations and the provisions on the governance of listed companies issued by the CSRC

□ Yes ☑ No

There is no significant difference between the actual situation of corporate governance and the laws, administrative regulations and the provisions on the governance of listed companies issued by the CSRC.

II. The independence of the Company relative to the controlling shareholders and actual controllers in ensuring the company's assets, personnel, finance, institutions, business, etc

(1) In the aspect of business: the Company has its own purchasing, production, sales, and customer service system which performing independently. There is not any material related transactions occurred with the controlling shareholders.

(2) In personnel, the labor management, personnel and salary management are operated independently from the controlling shareholder. The senior managements take salaries from the Company and none of them takes senior management position in the controlling party.

(3) In assets, the Company owns its production, supplementary production system and accessory equipments independently, and possesses its own industrial properties, non-patent technologies, and trademark.

(4) In organization, the production and business operation, executive management, and department setting are completely independent from the controlling shareholder. No situation of combined office exists. The Company adjusts its organizing structure only for its own practical requirement of development and management.

(5) In accounting, the company has its own independent accounting and auditing division, established independent and completed accounting system and management rules, has its own bank account, and exercise its liability of taxation independently.

III. Competition

□ Applicable ☑ Inapplicable

IV. 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	Meeting resolution

2021 Annual Shareholder Meeting	Annual shareholders' meeting	24.47%	April 19, 2022	April 20, 2022	The following proposals were reviewed and adopted: 1. The work report of the Board of Directors in 2021; 2. Supervisory Committee' Work Report 2021; 3. Annual Report 2021 and the Summary; 4. Financial Settlement Report 2021; 5. 2021 Profit Distribution Plan; 6. Proposal on Applying for Credit Guarantee from Banks and Other Financial Institutions (special resolution); 7. Proposal on engaging of the CPA for Year 2022;
1st Provisional Shareholders' Meeting 2022	Extraordinary shareholders' meeting	28.44%	September 14, 2022	September 15, 2022	1. Reviewing and approving the proposal on spin off of its subsidiary Fangda Zhiyuan Technology Co., Ltd. for initial public offering and listing on the growth enterprise market; 2. Proposal on the listing of the subsidiary Fangda Zhiyuan Technology Co., Ltd. on the growth enterprise market of Shenzhen Stock Exchange in compliance with relevant laws and regulations; 3. Proposal on the plan of China Fangda Group Co., Ltd. to spin off its subsidiary Fangda Zhiyuan Technology Co., Ltd. to be listed on the GEM; 4. Proposal on the listing of Fangda Zhiyuan Technology Co., Ltd., a subsidiary of China Fangda Group Co., Ltd. on the growth enterprise market in compliance with the Rules for the Spin Off of Listed Companies (Trial Implementation); 5. Proposal on spin-off of the subsidiary Fangda Zhiyuan Technology Co., Ltd. to the Growth Enterprise Market to safeguard the legitimate rights and interests of shareholders and creditors; 6. Proposal on maintaining the independence and sustainable operation ability of the Company; 7. Proposal on Fangda Zhiyuan Technology Co., Ltd. having the corresponding standardized operation capability; 8. Proposal on the completeness and compliance of the legal procedures for the spin-off and the validity of the legal documents submitted; 9. Proposal on purpose, commercial rationality, necessity and feasibility analysis of the spin-off; 10. Resolution in relation to proposing to the shareholders' general meeting to authorize the board of directors and authorized persons of the board of directors to deal with matters relating to the spin-off of the Company.

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

□ Applicable ☑ Inapplicable

V. Particulars about the Directors, Supervisors, and Senior Management

1. Profiles

Name	Position	Job status	Gender	Age	Starting date of the term	End date of the term	Number of shares held at	Increased shares in this	Decreased shares in this	Other increase and decrea	Number of shares held at	Reasons

							beginning of the period	period (share)	period (share)	se (share)	end of the period	
Xiong Jianming	Chairman, president	In office	M	65	November 20, 1995	May 8, 2023	3,060,657	2,049,600	0		5,110,257	Be optimistic about the Company's development prospects
Xiong Jianwei	Director	In office	M	54	April 16, 1999	May 8, 2023						
Zhou Zhigang	Director	In office	M	60	April 9, 2007	May 8, 2023						
Zhou Zhigang	Vice president	In office	M	60	April 11, 2017	May 8, 2023						
Lin Kebin	Director	In office	M	45	April 11, 2017	May 8, 2023						
Lin Kebin	Vice president	In office	M	45	June 6, 2008	May 8, 2023						
Guo Jinlong	Independent director	In office	M	61	April 11, 2017	May 8, 2023						
Huang Yaying	Independent director	In office	M	60	May 8, 2020	May 8, 2023						
Cao Zhongxiong	Independent director	In office	M	44	May 8, 2020	May 8, 2023						
Dong Gelin	Supervisory Committee meeting convener	In office	M	44	December 28, 2018	May 8, 2023						
Cao Naisi	Supervisor	In office	F	44	April 11, 2017	May 8, 2023						
Fan Xiaodong	Supervisor	In office	M	36	May 8, 2020	May 8, 2023	8,800				8,800	
Wei	Vice	In	M	54	July	May 8,						

Yuexing	president	office			29, 2011	2023						
Xiao Yangjian	Secretary of the Board	In office	M	38	June 23, 2020	May 8, 2023						
Total	--	--	--	--	--	--	3,069,457	2,049,600	0		5,119,057	--

During the reporting period, whether there was any resignation of directors and supervisors and dismissal of senior managers during their term of office

□ Yes ☑ No

Changes in the Directors, Supervisors and Senior Executives

□ Applicable ☑ Inapplicable

2. Office Description

Professional background, work experience and main duties in the Company of existing directors, supervisors and senior management

1. Mr. Xiong Jianming: Ph.D. in business administration, senior engineer. He is currently the chairman and President of the company and a deputy to the 13th and 14th National People's Congress. He was once employed by Jiangxi Provincial Machinery Design Academe, Administration Bureau of Shekou District of Shenzhen government, etc, deputy to the 10th People's Congress of Guangdong Province, deputy to the 2nd, 3rd and 6th People's Congress of Shenzhen City.

2. Mr. Xiong Jianwei: Master of business administration. Now he is the director of the Company, chairman of Fangda Jianke company, and member of the 14th Nanchang CPPCC Standing Committee.

3. Mr. Zhou Zhigang: Bachelor degree. He is now the director and vice president of the Company. He used to be the Secretary of the board of directors.

4. Mr. Lin kebing: Bachelor degree. He is now the director and vice president of the Company. He was once the financial director of the Company.

5. Guo Jinlong: master's degree, CPA. He was a member of the fifth session of the CPPCC of Shenzhen City. He is currently the deputy to the sixth session of the People's Congress of Shenzhen, vice chairman of Guangdong Certified Public Accountants Association (limited liability partnership), partner of ShineWing Certified Public Account, and an independent director of the Company, Shenzhen Sanlipu Photoelectric Technology Co., Ltd., Inner Mongolia Furui Medical Technology Co., Ltd., and Shenzhen Water Planning and Design Institute Co., Ltd. He was a former member of the 5th CPPCC Shenzhen.

6. Mr. Huang Yaying: Master of Laws. He is currently an independent director of the Company, Shenzhen BAOYING Construction Holding Group Co., Ltd., Shenzhen Lihe Kechuang Co., Ltd., Shennan Circuit Co., Ltd. and Huafu Fashion Co., Ltd and a part-time lawyer of Guangdong Beiyuan Law Firm. He was once a professor of Northwest University of Political Science and Law, and dean of Shenzhen University Law School.

7. Mr. Cao Zhongxiong: doctor, now is the executive director of New Economy Research Institute of comprehensive development and Research Institute (Shenzhen, China). (Shenzhen, China), engaged in research and consulting work on new economy and corporate strategy. He is an independent director of the Company. He used to be a technician of China Chemical Group Bluestar Detergent Co., Ltd. and the executive director of the New Economy Research Institute of the Comprehensive Development Research Institute (Shenzhen, China).

8. Mr. Dong Gelin: Bachelor degree, senior engineer. He is currently the convener of the board of supervisors and the assistant to the president of the Company. He is a member of the 8th National People's Congress of Nanshan District, Shenzhen. He was once a designer of Shenzhen Fangda Jianke, a wholly-owned subsidiary of the Company, chief engineer of the designing institution,

assistant to the general manager, and general manager of Beijing branch of Fangda Jianke. He is now the vice general manager of Fangda Jianke.

9. Ms. Cao Naisi: Bachelor's degree, intermediate economist, currently Supervisor of the Company and Deputy General Manager of Fangda Jianke. She once served as the securities affairs representative of the Company, the director of the audit and supervision department, the deputy director of the human resources department, the general manager of Fangda Jianke Beijing Branch, the general manager of Fangda Jianke South China Branch and so on.

10. Mr. Fan Xiaodong: Bachelor degree, major in law. He joined the legal department of the Company in 2011. He is now the supervisor and vice minister of the legal department of the Company.

11. Mr. Wei Yuexing holds a Bachelor degree and is a senior engineer. He is the vice president of the and general manager of Fangda Jianke.

12. Mr. Xiao Yangjian: Bachelor degree. Now he is the Secretary of the board of directors of the Company. He once served as deputy general manager and Secretary of the board of directors of Shenzhen Xiongtao Power Technology Co., Ltd. and deputy general manager and Secretary of the board of directors of Shenzhen Guangfeng Technology Co., Ltd.

Offices held at shareholders entitie

☑ Applicable □ Inapplicable

Name	Shareholder entity	Office	Starting date of the term	End date of the term	Whether any remuneration is paid at the shareholder entity
Xiong Jianming	Shengjiu Investment Ltd.	Director	October 6, 2011		No
Wei Yuexing	Gong Qing Cheng Shi Li He Investment Management Partnership Enterprise (limited partner)	Executive partner	December 20, 2016		No
Office description	No				

Offices held at other entities

☑ Applicable □ Inapplicable

Name	Entity name	Position held in another entity	Starting date of the term	End date of the term	Whether any remuneration is paid at the shareholder entity
Guo Jinlong	ShineWing Certified Public Accountants (limited liability partnership)	Partner	October 1, 2005		Yes
Guo Jinlong	Shenzhen Sanlipu Photoelectric Technology Co., Ltd.	Independent director	July 10, 2020		Yes
Guo Jinlong	Inner Mongolia Furui Medical Technology Co., Ltd	Independent director	May 20, 2020		Yes
Guo Jinlong	Shenzhen Water Planning and Design Institute Co., Ltd	Independent director	June 24, 2022		Yes
Guo Jinlong	Zhuhai Lizhu Reagent Co., Ltd.	Independent director	January 1, 2021		Yes
Guo Jinlong	Shenzhen Hangsheng Electronics Co., Ltd.	Director	July 22, 2015		Yes
Guo Jinlong	Shenzhen Wenshuo Jiayin Musical Communication Co., Ltd.	Supervisor	November 1, 2018		No
Huang	Shenzhen BAOYING Construction	Independent	June 2, 2020		Yes

Yaying	Holding Group Co., Ltd.	director			
Huang Yaying	Shenzhen Lihe Technology Innovation Co., Ltd.	Independent director	February 10, 2020		Yes
Huang Yaying	Shennan Circuits Co., Ltd.	Independent director	April 6, 2021		Yes
Huang Yaying	Huafu Fashion Co., Ltd.	Independent director	December 16, 2021		Yes
Huang Yaying	Part-time lawyer of Guangdong Beiyuan Law Firm	Part-time lawyer	April 1, 2020		Yes
Cao Zhongxiong	General Development Research Institute (Shenzhen, China)	Director of Institute of Digital Strategy and Economics	January 1, 2022		Yes
Office description	The above-mentioned three are independent directors of the Company.				

Penalties given by existing securities regulators on directors, supervisors and senior management and those who have resigned in the report period

□ Applicable ☑ Inapplicable

III. Remunerations of the Directors, Supervisors and Senior Executives

Decision making procedures, basis and actual payment of remunerations of the Directors, Supervisors and Senior Executives

1. Remuneration schemes for directors and supervisors are proposed by the Remuneration and Assessment Committee of the Board, and implemented upon approval of the Board and the Shareholders' Meetings; the remuneration schemes for executives are approved and implemented by the Board.

Remuneration for directors and supervisors are decided by the shareholders' meeting. Remunerations for executives are composed of wages and performance bonus as decided by the Board.

Payment on monthly basis

Remunerations of the Directors, Supervisors and Senior Executives of the Company During the reporting period

In RMB10,000

Name	Position	Gender	Age	Job status	Total remuneration	Remuneration from related parties
Xiong Jianming	Chairman, president	M	65	In office	226.72	No
Xiong Jianwei	Director	M	54	In office	110.92	No
Zhou Zhigang	Director, vice president	M	60	In office	95.94	No
Lin Kebin	Director, vice president	M	45	In office	120.2	No
Guo Jinlong	Independent director	M	61	In office	8	No
Huang Yaying	Independent director	M	60	In office	8	No
Cao Zhongxiong	Independent director	M	44	In office	8	No
Dong Gelin	Supervisory Committee meeting convener	M	44	In office	80.62	No
Cao Naisi	Supervisor	F	44	In office	59.06	No
Fan Xiaodong	Supervisor	M	36	In office	49.6	No

Wei Yuexing	Vice president	M	54	In office	108.22	No
Xiao Yangjian	Secretary of the Board	M	38	In office	74.25	No
Total	--	--	--	--	949.53	--

VI. Performance of directors during the report period

1. Board of Directors in the reporting period

Meeting	Date	Date of disclosure	Meeting resolution
12th meeting of the 9th Board of Directors	January 21, 2022	January 22, 2022	Reviewed and approved the proposal on providing external financial assistance.
13th meeting of the 9th Board of Directors	March 28, 2022	March 30, 2022	Reviewed and adopted: 1. 2021 annual president's work report; 2. Work report of the Board of Directors in 2021; 3. The full text and summary of the 2021 annual report; 4. 2021 annual financial statement; 5. Proposal on 2021 profit distribution plan; 6. Self-evaluation report on internal control in 2021; 7. Proposal on applying for credit extension and providing guarantee to banks and other financial institutions; 8. Proposal on the employment of audit institutions in 2022; 9. Proposal on 2021 Social Responsibility Report; 10. Proposal on convening the 2021 annual general meeting of shareholders.
14th meeting of the 9th Board of Directors	April 26, 2022		The proposal on the Company's First Quarter Report 2022 was reviewed and passed.
15th meeting of the 9th Board of Directors	August 26, 2022	August 30, 2022	Reviewed and approved: 1. Proposal on the Full Text and Summary of the 2022 Semi-annual Report; 2. The Proposal on the Spin-off of the Subsidiary Fangda Zhiyuan Technology Co., Ltd.'s IPO and Listing on the GEM; 3. The Proposal on Spin-off of its subsidiary Fangda Zhiyuan Technology Co., Ltd. to the Shenzhen Stock Exchange for listing on the GEM in compliance with relevant laws and regulations; 4. Proposal on the Plan of Fangda Group Co., Ltd. to Spin off its subsidiary Fangda Zhiyuan Technology Co., Ltd. to be listed on the GEM; 5. The Proposal on Spin-off of its subsidiary Fangda Zhiyuan Technology Co., Ltd. to the GEM in compliance with the "Rules for Spin-off of Listed Companies (for Trial Implementation)"; 6. Proposal on Spin-off of Fangda Zhiyuan Technology Co., Ltd., its subsidiary, to be listed on the GEM, which is conducive to safeguarding the legitimate rights and interests of shareholders and creditors; 7. Proposal on the Company's Independence and Sustainability; 8. Proposal on Fangda Zhiyuan Technology Co., Ltd. having corresponding standardized operation capability; 9. Proposal on the completeness and compliance of the legal procedures and

			the validity of the legal documents submitted for the spin-off; 10. Proposal on the Purpose, Commercial Rationality, Necessity and Feasibility Analysis of the Spin-off; 11. Proposal on Submitting the General Meeting of Shareholders to Authorize the Board of Directors and its Authorized Persons to Handle Matters Related to the Company's Spin-off; 12. Proposal on Convening the First Extraordinary General Meeting of Shareholders in 2022.
16th meeting of the 9th Board of Directors	October 26, 2022	October 28, 2022	Reviewed and approved: 1. Proposal on the third quarter report of 2022; 2. Proposal on continuing to carry out derivative hedging business; 3. Proposal on continuing to use idle self-owned funds for cash management.
17th meeting of the 9th Board of Directors	December 16, 2022	December 17, 2022	The proposal on the investment and construction of the large (Ganzhou) low-carbon intelligent manufacturing headquarters base was reviewed and passed.

2. Directors' presenting of board meetings and shareholders' meetings in the report period

Directors' presenting of board meetings and shareholders' meetings in the report period							
Name of director	Time of board meetings should have attended	Number of board meetings attended	Presented by telecom	Number of board meetings attended by proxy	Number of board meetings not attended	Absent for two consecutive meetings	Number of shareholders' meetings attended
Xiong Jianming	6	2	4	0	0	No	2
Xiong Jianwei	6	2	4	0	0	No	2
Zhou Zhigang	6	1	5	0	0	No	2
Lin Kebin	6	2	4	0	0	No	2
Guo Jinlong	6	1	5	0	0	No	1
Huang Yaying	6	1	5	0	0	No	2
Cao Zhongxiong	6	1	5	0	0	No	2

Statement for absence for two consecutive board meetings

None

3. Objection raised by directors

Any objection raised by directors against the Company's related issues

□ Yes ☑ No

Directors made no objection on related issued of the Company in the report period.

4. Other statement for performance of directors

Adoption of suggestion proposed by directors

☑ Yes □ No

Statement for suggestion adopted or not by the Company

The directors of the Company shall perform their duties in strict accordance with the provisions of the Company Law, the Securities Law, the Guidelines for the Governance of Listed Companies, the Stock Listing Rules of Shenzhen Stock Exchange, the Articles of Association and other laws and regulations and the Company's system. During the reporting period, the directors of the Company attended the meetings of the Board of Directors, and expressed their views and in-depth discussions on various proposals submitted to the board of directors for consideration, made suggestions for the healthy development of the Company, fully considered the interests and demands of minority shareholders when making decisions, and effectively strengthened the scientificity and feasibility of the decision-making of the board of directors. At the same time, the directors of the Company actively participate in relevant training, improve their ability to perform their duties, actively pay attention to the company's operation and management information, financial status and major events, and promote the sustainable, stable and healthy development of the Company's production and operation. The independent directors are diligent and conscientious, carefully deliberating various proposals of the board of directors of the Company, and expressing independent opinions on the improvement of the Company's system, major operation and management matters, company guarantee, profit distribution and other related matters. The relevant suggestions of the independent directors to the Company have been adopted by the company, which has played a positive role in safeguarding the interests of the Company and minority shareholders.

VII. Special committees under the board of directors during the reporting period

Committee name	Membership	Number of meetings held	Date	Meeting content	Important opinions and suggestions put forward	Other performance of duties	Details of objections (if any)
Development Strategy Committee	Xiong Jianming, Cao Zhongxiong, Lin kebing, Zhou Zhigang	2	March 28, 2022	Heard and considered: 1. Review of the Company's production and operation in 2021; 2. The Company's 2022 annual production and operation work plan.	After full communication and discussion, all proposals were unanimously passed.		
Development Strategy Committee	Xiong Jianming, Cao Zhongxiong, Lin kebing, Zhou Zhigang	2	August 26, 2022	Listened to and reviewed the review of the Company's production and operation in the first half of 2022 and the main work in the second half of 2021;	After full communication and discussion, all proposals were unanimously passed.		
Audit Committee	Guo Jinlong, Huang Yaying, Lin kebing	5	March 21, 2022	Listened to and reviewed the financial statements of the Company in 2021	The financial and accounting report of the		

				after the preliminary opinions issued by the annual audit accountant	Company for 2021 has been prepared in accordance with the new accounting standards for business enterprises and relevant financial regulations of the Company, which truly reflects the financial status of the Company as of December 31, 2021 and the operating results and cash flow in 2021. It is agreed to determine the final financial report for 2021 on this basis.		
Audit Committee	Guo Jinlong, Huang Yaying, Lin kebing	5	March 28, 2022	Listened to the 2021 financial work report and internal audit work report, the following items were considered and adopted: 1. The Company's audited financial and accounting statements for 2021; 2. The Company's proposal to hire an auditor in 2022; 3. The Company's self-evaluation report on internal control in 2021.	After full communication and discussion, it was unanimously approved and agreed to submit all proposals to the board of directors of the company for deliberation.		
Audit	Guo Jinlong,	5	April 26,	The financial	After full		

Committee	Huang Yaying, Lin kebing		2022	statements of the Company for the first quarter of 2022 were reviewed and approved.	communication and discussion, the proposal was unanimously adopted and agreed to be submitted to the board of directors of the Company for deliberation.		
Audit Committee	Guo Jinlong, Huang Yaying, Lin kebing	5	August 26, 2022	The financial statements of the Company for the half year of 2022 were reviewed and approved.	After full communication and discussion, the proposal was unanimously adopted and agreed to be submitted to the board of directors of the Company for deliberation.		
Audit Committee	Guo Jinlong, Huang Yaying, Lin kebing	5	October 26, 2022	Reviewed and approved: 1. The Company's unaudited financial and accounting statements for the third quarter of 2022; 2. Proposal on developing derivative hedging business;	After full communication and discussion, it was unanimously approved and agreed to submit all proposals to the board of directors of the company for deliberation.		
Remuneration and Assessment Committee	Huang Yaying, Cao Zhongxiong, Xiong Jianwei	1	March 28, 2022	The proposal on the remuneration of directors and senior managers in 2021 was considered and adopted.	In 2021, the directors and senior managers of the Company have diligently and conscientiou		

					sly completed the business objectives and other work tasks in 2021. The remuneration of directors and senior managers in 2021 is in line with the management plan of directors' allowance and senior managers' remuneration of the Company.		

VIII. Performance of Supervisory Committee

(1) Risks for the Company discovered by the Supervisory Committee

□ Yes ☑ No

No disagreement with supervisory issues by the Supervisory Committee during the report period.

(2) The Supervisory Committee' Work Report 2022

In 2022, the Supervisory Committee performed its duties and obligations in supervision and protect all shareholders' and the Company's interests in accordance with the Company Law, Share Listing Rules, Articles of Association and Rules of the Procedure of the Supervisory Committee. The 2022 supervisory committee's work plan is as follows:

1. Opinions

(1) Legal compliance

In 2022, the Board of Supervisors of the Company supervised the operation of the Company in accordance with the law. In the report period, the Company has been operated in accordance with law. The convening of meeting of the Board and the decision-making process are compliant with law, regulations and Articles of Association; the internal control system is solid. Directors and senior management have performed their obligations. No violation against law, regulations, Articles of Association and interests of the Company and shareholders was discovered.

(2) Financial condition

In 2022, the Board of Supervisors supervised the financial affairs of the Company. The accounting management has been compliant with the Accounting Law, Enterprise Accounting Standard. No false, misleading statement or significant omission was found in financial statements. The financial reports of the Company reflect the Company's financial position, operation performance, cash flows and major risks truthfully, accurately and completely. The CPA has issued the standard auditor's report in 2022, which is objective, fair and truthful. It reflects the Company's financial position and operation performance.

(3) Implementation of internal control

According to the board of supervisors, the design and operation of the internal control is effective and meets the Company's management and development requirements. It can ensure the truthfulness, lawfulness, completeness of the financial materials and ensure the safety and completeness of the Company's property. In 2022, the company did not violate the securities law, the standards for the governance of listed companies, the self regulatory guidelines for listed companies of Shenzhen Stock Exchange No. 1 - standardized operation of listed companies on the main board and the Company's internal control system. The 2022 Internal Control Self-evaluation Report truthfully and objectively reflects the establishment, implementation and improvement of the Company's internal control system. There are no significant or important problems in the financial and non-financial reports in the report period.

(4) Fulfillment of social responsibilities

In 2022, the Company has made due contributions to economic development and environmental protection, actively participated in public welfare and charity, conscientiously fulfilled its due social responsibility, and safeguarded the interests of shareholders, customers and employees.

2. Meetings and resolutions of the supervisory meeting in the report period

Four meetings were held in 2022, all of which are on-site meetings. All proposal were approved and disclosed as required:

No.	Meeting	Date	Convening method	Topic
1	8th meeting of the 9th Supervisory Committee	March 28, 2022	On-site	1. Supervisory Committee's Annual Report 2021; 2. Annual Report 2021 and the Summary; 3. Financial Settlement Report 2021; 4. Review the Company's 2021 Profit Distribution Plan; 5. The proposal of engaging the auditor for 2022; 6. The Company's internal control self-evaluation report 2021;
2	9th meeting of the 9th Supervisory Committee	April 26, 2022	On-site	Proposal on the Company's First Quarter Report 2022
3	10th meeting of the 9th Supervisory Committee	August 26, 2022	On-site	1. Reviewed and approved the Proposal on the Full Text and Summary of the 2022 Semi-annual Report; 2. Reviewed and approved the Proposal on the Spin-off of the Subsidiary Fangda Zhiyuan Technology Co., Ltd.'s IPO and Listing on the GEM; 3. Reviewed and approved the Proposal on Spin-off of its subsidiary Fangda Zhiyuan Technology Co., Ltd. to the Shenzhen Stock Exchange for listing on the GEM in compliance with relevant laws and regulations; 4. Proposal on the Plan of Fangda Group Co., Ltd. to Spin off its subsidiary Fangda Zhiyuan Technology Co., Ltd. to be listed on the GEM; 5. Reviewed the Proposal on Spin-off of its subsidiary Fangda Zhiyuan Technology Co., Ltd. to the GEM in compliance with the "Rules for Spin-off of Listed Companies (for Trial Implementation)"; 6. Reviewed the Proposal on Spin-off of Fangda Zhiyuan Technology Co., Ltd., its subsidiary, to be listed on the GEM, which is conducive to safeguarding the legitimate rights and interests of shareholders and creditors; 7. Reviewed the Proposal on the Company's Independence and Sustainability; 8. Reviewed the Proposal on Fangda Zhiyuan Technology Co., Ltd. having corresponding standardized operation capability; 9. Reviewed the Proposal on the completeness and compliance of the legal procedures and the validity of the legal documents submitted for the spin-off; 10. Reviewed the Company's Proposal on the Purpose, Commercial Rationality, Necessity and Feasibility Analysis of the Spin-off.
4	10th meeting of the 9th Supervisory Committee	October 26, 2022	On-site	Proposal regarding the Company's 2022 Q3 Report

(III) The Supervisory Committee's Work Report 2023

In 2023, the Supervisory Committee of the Company will closely focus on the overall business objectives of the Company, actively perform the supervision function of the Supervisory Committee and supervise the standardized operation of the Company in accordance with the Company Law and other laws and regulations, the articles of association and the rules of procedure of the Supervisory Committee; at the same time, it will continuously strengthen its professional quality, strive to improve its professional ability and performance level; and strengthen the supervision of major projects and related parties of the Company, pay attention to the Company's risk management and internal control system construction, ensure that the Company implements effective internal control measures, and further promote the Company's standardized operation.

IX. Employees

1. Staff number, professional composition and education

Staff number of the parent at the end of the reporting period	54
Number of on-the-job employees of major subsidiaries at the end of the reporting period (person)	2,863
Total number of active employees at the end of the reporting period (person)	2,917
Number of employees receiving remuneration in the period	2,917
Resigned and retired staff number to whom the parent and major subsidiaries need to pay remuneration	0
Professional composition	
Categories of professions	Number of people
Production	1,378
Sales & Marketing	122
Technicians	1,221
Finance & Accounting	61
Administration	135
Total	2,917
Education	
Categories of education	Number of people
High school or below	1,303
College diploma	630
Bachelor	953
Master's degree	29
Doctor's degree	2
Total	2,917

2. Remuneration policy

Staff remuneration policy: The Company's staff remuneration comprises post wage, performance wage, allowance and annual bonus. The Company has set up an economic responsibility assessment system according to the annual operation target and responsibility indicators for all departments. The performance wage is determined by the economic indicators, management indicators, optimization indicators and internal control. The annual bonus is determined by the Company's annual profit and fulfillment of targets set for various departments. The staff remuneration and welfare will be adjusted according to the Company's business operation and changes in the local standard of living and price index.

3. Training program

Staff training plan: The Company has paid continuous attention to training and development of the staff and introduces innovative learning as part of the long-term strategy. We provide training programs through different channels and in different fields for different employees will help them fulfill their works, including new staff training, on-the-job training, operation and management training programs. These programs have largely elevated capabilities of the staff and underpin the success of the Company.

4. Labor outsourcing

☑ Applicable □ Inapplicable

Total number of hours of labor outsourcing	14,207,001.15
Total remuneration paid for labor outsourcing (RMB)	512,230,008.60

X. Profit distribution of the Company and conversion of capital reserve into share capital

Establishment, implementation or adjustment of profit distribution policies especially the cash dividend policy during the report period

☑ Applicable □ Inapplicable

During the report period, the Company implemented the profit distribution plan for 2021. According to the deliberation and approval of the 2021 annual general meeting held on April 19, 2022, the Company's 2021 profit distribution plan is as follows: the Company will distribute cash dividends of RMB0.50 (including tax) per 10 shares to all shareholders based on the total share capital of 1,073,874,227 shares after the closing of the stock market on the equity registration date when the profit distribution plan is implemented, with a total of 53,693,711.35 yuan in cash, and will not distribute bonus shares nor transfer capital reserves to share capital.

The Company attaches importance to the reasonable return to investors, implements a continuous and stable profit distribution policy, the formulation and implementation of the profit distribution policy comply with the relevant provisions of the Articles of Association and the requirements of the resolutions of the General Meeting of Shareholders, the dividend standard and proportion are clear and clear, the relevant decision-making procedures and mechanisms are complete, the independent directors perform their duties and play their due role, and the company's profit distribution plans are submitted to the General Meeting of Shareholders for consideration, The profit distribution policy is compliant and transparent. Small and medium-sized shareholders have the opportunity to fully express their opinions and appeals, and their legitimate rights and interests have been fully protected.

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

The company made profits during the reporting period and the profit available to shareholders of the parent company was positive, but no cash dividend distribution plan was proposed

□ Applicable ☑ Inapplicable

Profit Distribution and Reserve Capitalization in the Report Period

☑ Applicable □ Inapplicable

Bonus shares for every ten shares	0
Cash dividend for every ten shares (yuan, tax-included)	0.5
A total number of shares as the distribution basis	1,073,874,227
Cash dividend (including tax)	53,693,711.35
Cash dividend paid in other manners (such as repurchase of	0.00

shares)	
Total cash dividend (including other manners)	53,693,711.35
Distributable profit (yuan)	1,225,449,092.72
Proportion of cash dividend in the distributable profit (including other manners)	100%
Cash dividend	
The Company is in a fast growth stage. Therefore, the cash dividend will reach 20% of the profit distribution at least.	
Details of profit distribution or reserve capitalization plan	
The profit distribution plan for 2022 approved by the board of directors of the Company is: the Company plans to distribute cash dividends of RMB0.50 (tax included) for every 10 shares to all shareholders based on the total share capital of 1,073,874,227 shares on December 31, 2022, with a total cash distribution of RMB53,693,711.35. No dividend share or capitalization share was issued in the year. After the announcement of the Company's profit distribution plan to the time of implementation, if the total share capital changes, in accordance with the principle of "distributing cash dividends of RMB 0.50 (tax included) for every 10 shares", the total share capital after the market closes on the equity registration date when the profit distribution plan is implemented shall be used. The total amount of cash dividends will be disclosed in the Company's profit distribution implementation announcement.	

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. Construction and implementation of internal control system during the reporting period

1. Construction and implementation of internal control

The Company has established and improved the Company's internal control system in accordance with the provisions of the basic norms of enterprise internal control and its supporting guidelines and other internal control supervision requirements, combined with the actual situation of the Company, and has been effectively implemented. The audit committee and the internal audit department jointly form the Company's risk internal control management organization system to supervise and evaluate the Company's internal control management, The Company's self-evaluation report on internal control in 2022 comprehensively, truly and accurately reflects the actual situation of the company's internal control. During the reporting period, the Company has no major defects and important defects in internal control.

2. Major problems in internal control discovered in the report period

□ Yes ☑ No

XIII. Management and control of subsidiaries during the reporting period

□ Applicable ☑ Inapplicable

XIV. Internal control self-evaluation report or internal control audit report

1. Internal control self-evaluation report

Date of disclosure of the internal control	February 28, 2023

evaluation report		
Disclosure of the internal control evaluation report	www.cninfo.com.cn	
Percentage of assets in the evaluation scope in the total assets in the consolidated financial statements	94.39%	
Percentage of operation income in the evaluation scope in the total operation income in the consolidated financial statements	96.51%	
Standard		
Type	Financial report	Non-financial report
Standard	1. The following problems are considered major problems: 1. Non-effective control environment; 2. corrupt practice by directors, supervisor and senior management, causing substantial loss and impacts for the Company; 3. Substantial mistakes in the financial statements in the period discovered by the CPA, which are not discovered by the internal control; 4. Ineffective supervision of the internal control by the Company's auditing department 2. The following problems are considered significant problems: 1 accounting policies are selected and used without complying to widely accepted accounting standards; 2. No anti-corrupt and important balance system and control measures are taken; 3. Separate or multiple problems in the preparation of financial reports, which are serious enough to affecting the truthfulness and accuracy of the reports; no control system is established and no related compensation system is implemented for accounts of irregular or special transactions 3. Other problems are considered normal problems.	I. The following condition indicates significant problems in the internal control of non-financial reports: 1. Serious violation against national laws, regulations or specifications; 2. Serious business system problems and system ineffectiveness; 3. Major or important problems cannot be corrected; 4. Lack of internal control and poor management; 5. Loss of management personnel or key employees; 6. Safety and environmental accidents that cause major adverse impacts; 7. Other situations that cause major adverse impacts on the Company. II. The following situations indicate that there may be significant problems with the internal control: 1. business system problems and system ineffectiveness; 2. Major or important problems cannot be corrected; 3. Other situations that cause major adverse impacts on the Company III. The following situation indicate likely normal problems in the internal control: 1. Problems in the general business system; 2. Normal problems in the internal control supervision cannot be correctly promptly.
Standard	1. Significant problem: 1 mistakes affecting 5% and more of the pre-tax profit and more than RMB5 million in the consolidated statements; 2. Mistakes affecting 5% and more of the consolidated assets and more than RMB5 million 2. Important problem: 1. Mistakes affecting 1%-5% of the pre-tax profit in the consolidated statements; 2. Mistakes affecting 1%-5% the consolidated assets. III. Normal problem: 1. Mistakes affecting less than 1% of the pre-tax profit and total assets of the consolidate statements.	See the recognition standard of the internal control problems for financial statements
Significant problems in financial	0	

statements	
Significant problems in non-financial statements	0
Important problems in financial statements	0
Important problems in non-financial statements	0

2. Internal control audit report

☑ Applicable □ Inapplicable

Comments in the internal control audit report	
We believe that China Fangda Group has maintained effective internal control on financial reports according to Basic Regulations on Enterprise Internal Control and related regulations on December 31, 2022.	
Disclosure of internal auditor's report	Disclosed
Date of disclosure of the internal control audit report	February 28, 2023
Source of disclosure of the internal control audit report	www.cninfo.com.cn
Opinion type	Standard opinion auditor's report
Problems in non-financial statements	No

Non-standard internal control audit report by the CFA

□ Yes ☑ No

Consistency between the internal control audit report and self-evaluation report

☑ Yes □ No

XV. Rectification of problems in self inspection of special actions for governance of listed companies

No

V. Environmental and social responsibility

I. Major environmental problem

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

□ Yes ☑ No

Administrative penalties for environmental problems during the reporting period

Company or subsidiary	Reason	Violations	Punishment result	Impact on the production and operation of listed companies	Rectification measures of the Company
No	No	No	No	No	No

Refer to other environmental information disclosed by key pollutant discharge units

During the reporting period, the listed company and its subsidiaries were not key pollutant discharge units announced by the environmental protection department, and there were no administrative penalties for environmental problems.

Measures and effects taken to reduce carbon emissions during the reporting period

☑ Applicable □ Inapplicable

The Company pays attention to global climate change and actively explores the path of environmental friendliness and enterprise development. Since its inception, the Company has been accompanied by a sense of mission of green environmental protection. The Company's smart curtain wall, photovoltaic building integration (BIPV) project, rail transit PSD system, solar photovoltaic power station and other industries have environmental protection genes. Combined with the characteristics of the industry, the Company integrates the concept of environmental protection into technological innovation, successively develops national and provincial key environmental protection new products such as ventilated and photovoltaic curtain walls, nano self-cleaning and fireproof honeycomb aluminum composite plates, and takes the lead in developing the subway PSD system with independent intellectual property rights in China. In 2022, solar photovoltaic power generation in the new energy industry will reach 19.8314 million kilowatt-hours, equivalent to saving about 7139.30 tons of standard coal, reducing nearly 20000 tons of carbon dioxide emissions, and reducing about 234.01 tons of sulfur dioxide, which will continue to contribute to the realization of carbon peak and carbon neutrality goals. The Company was awarded the first batch of carbon emission measurement pilot enterprises for building decoration in Shenzhen.

The Company has established an environmental management system, and many subordinate companies have passed the ISO14001 environmental system certification. In their daily production and operation, they seriously implement the environmental protection laws and regulations such as the environmental protection law of the People's Republic of China, the water pollution prevention and control law of the People's Republic of China, the air pollution prevention and control law of the People's Republic of China, and the solid waste pollution prevention and control law of the People's Republic of China. In 2022, it won the "National Excellent Foreign-invested Enterprise - Green Carbon Reduction Promotion Award". The Company and its subsidiaries are not among the key pollutant discharging units announced by the environmental protection department.

The Company advocates energy conservation and emission reduction, safety and environmental protection, and adheres to the comprehensive implementation of "green environmental protection" measures from the aspects of infrastructure construction, waste water treatment, lighting and greening of office areas, so as to create a good, green and healthy office environment. The Company advocates green office, reduces the standby energy consumption of air conditioners, computers and other electrical equipment, and reasonably sets the air conditioning temperature in the office area to save energy. At the same time, the Company has established a combination of electronic, networked and remote office mode, promoted "paperless office" by improving OA system and ERP system, and actively used video conference and teleconference to replace on-site meetings, so as to improve work efficiency and reduce various costs of on-site meetings.

Reasons for non-disclosure of other environmental information

No

II. Social responsibilities

While creating enterprise value, the company adheres to its original mission, attaches great importance to the sustainable development of the environment and society, and actively performs its social responsibilities. In 2022, the Company's funds for social welfare undertakings totaled RMB3,173,300. The Company has earnestly performed social responsibilities in regulating governance and operation, protecting the rights and interests of shareholders and creditors, safe production, environmental protection, energy conservation and emission reduction, protecting the rights and interests of employees, protecting the rights and interests of suppliers, customers and consumers, public relations and social public welfare undertakings. See cninfo.com for details http://www.cninfo.com.cn for the 2022 social responsibility report of China Fangda Group Co., Ltd.

III. Consolidate and expand the achievements of poverty alleviation and rural revitalization

Over the years, while creating enterprise value, the Company has adhered to its original mission, fulfilled the social responsibilities of listed companies, actively participated in the action of "ten thousand enterprises prospering ten thousand villages", successively carried out industrial assistance in Guangdong, Jiangxi, Tibet and other places, helped poor areas to grow cash crops such as agrocybe cylindracea and lilies according to local conditions, and built greenhouse photovoltaic power stations, distributed photovoltaic power stations and other rural industrial "hematopoietic" projects. Our efforts have created new driving forces for rural economic development and helped build a beautiful new era village, which has prosperous industries, ecological livability, a civilized rural style, effective governance, and a rich cultural heritage. All walks of life have praised us for the good social results we have achieved.

In addition, the Company has actively participated in various public welfare activities, involving public education, combating SARS, funding rural medical care, disaster relief, environmental protection, prevention and control of the COVID-19 and many other aspects. It has successively won the "National Advanced Private Enterprise in 'Ten Thousand Enterprises Help Ten Thousand Villages' Targeted Poverty Alleviation Action", "National Federation of Industry and Commerce Advanced Private Enterprise in Fighting COVID-19", "China's Outstanding Enterprise in Performing Social Responsibility" Honors such as "National Excellent Foreign-invested Enterprises - Shenzhen's Top Ten Taxable Enterprises", "Guangdong May Day Labor Medal", etc.

In 2022, the company donated 1.6 million yuan to Miaoqian Village, Ji'an County, Jiangxi Province, the old revolutionary base, to support the village's collective breeding industry project, and play a booster role in promoting the industrial revitalization and expansion of the village's collective economy, driving the income of poverty-stricken households and farmers, and boosting the rural revitalization; Donate RMB800,000 to Shenzhen Charity Association. In order to improve the conditions for running schools in rural areas and provide students with a good educational environment, the company has invested RMB1,167,600 in the expansion and repair of the Fangda Hope Primary School in the Xinjian District of Nanchang City by the end of 2022.

Chapter VI Significant Events

I. Performance of promises

1. 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

2. Explanation and reason of profit forecasts on assets or projects that remain in the report period

□ Applicable ☑ Inapplicable

II. 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.

III. Incompliant external guarantee

□ Applicable ☑ Inapplicable

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

IV. Description of the board of directors on the latest "non-standard audit report"

□ Applicable ☑ Inapplicable

V. Statement of the Board of Directors, Supervisory Committee and Independent Directors (if applicable) on the "non-standard auditors' report" issued by the CPA on the current report period

□ Applicable ☑ Inapplicable

VI. Description of changes in accounting policies, accounting estimates or correction of major accounting errors compared with the financial report of the previous year

☑ Applicable □ Inapplicable

(1) Changes in accounting policies

Implement the provisions of the Accounting Standards for Business Enterprises Interpretation No. 15 on "accounting treatment for the external sales of products or by-products produced by enterprises before the fixed assets reach the intended usable state or during the research and development process" and "judgment on loss contracts"

On December 30, 2021, the Ministry of Finance issued the Interpretation of Accounting Standards for Business Enterprises No. 15 (Cai Kuai [2001] No. 35) (hereinafter referred to as "Interpretation No. 15"), Among them, the contents of "Accounting treatment for the external sales of products or by-products produced by enterprises before the fixed assets reach the expected usable state or during the research and development process" (hereinafter referred to as "Accounting treatment provisions for trial operation sales") and "Judgment on loss contracts" shall be implemented as of January 1, 2022. The implementation of the relevant provisions of the Interpretation No. 15 has no significant impact on the financial statements of the Company during the reporting period.

Implement the interpretation of accounting standards for Business Enterprises No. 16

On November 30, 2022, the Ministry of Finance issued the Interpretation of Accounting Standards for Business Enterprises No. 16 (Cai Kuai [2002] No. 31, hereinafter referred to as Interpretation No. 16), "Accounting treatment of the income tax impact of dividends related to financial instruments classified as equity instruments by the issuer", "Accounting treatment of enterprises' modification of cash-settled share-based payments to equity-settled share-based payments", the contents of which shall be implemented as of the date of promulgation. The implementation of the relevant provisions of the Interpretation No. 16 has no significant impact on the financial statements of the Company during the reporting period.

(2) Changes in major accounting estimates

During the reporting period, the company had no significant changes in accounting estimates.

VII. Statement of change in the financial statement consolidation scope compared with the previous financial report

☑ Applicable □ Inapplicable

The Company added a wholly-owned subsidiary in the current period by way of establishment: Jiangxi Fangda Intelligent Manufacturing Technology Co., Ltd.

VIII. Engaging and dismissing of CPA

CPA engaged currently

Domestic public accountants name	RSM Thornton (limited liability partnership)
Remuneration for the domestic public accountants (in RMB10,000)	150
Consecutive years of service by the domestic public accountants	4
Name of certified accountants of the domestic public accountants	Xie Peiren, Zeng Hui, Hu Gaosheng
Consecutive years of service by the domestic public accountants	Xie Peiren has provided continuous audit services for 2 years, Zeng Hui has provided continuous audit services for 5 years, and Hu Gaosheng has provided continuous audit services for 3 years.
Overseas public accountants name (if any)	No
Remuneration for the overseas public accountants (in RMB10,000)	0
Consecutive years of service by the overseas public accountants (if any)	No
Name of certified accountants of the overseas public accountants (if any)	No
Consecutive years of service by the domestic public accountants	No

Whether the CPA is replaced

□ Yes ☑ No

Engaging of internal control audit CPA, financial advisor and sponsor

☑ Applicable □ Inapplicable

During the reporting period, the Company continued engaging RSM China (limited liability partnership) as the financial statement and internal control auditing CPA with a fee of RMB1.5 million.

IX. Delisting after disclosure of annual report

□ Applicable ☑ Inapplicable

X. Bankruptcy and capital reorganizing

□ Applicable ☑ Inapplicable

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

XI. Significant lawsuit and arbitration

☑ Applicable □ Inapplicable

Basic information of litigation (arbitration)	Amount (in RMB10,000)	Whether estimated liabilities are formed	Progress of litigation (arbitration)	Litigation (arbitration) hearing results and impact	Enforcement of litigation (arbitration) judgment	Date of disclosure	Index for information disclosure
Summary of matters in which the subsidiaries as the plaintiff fail to meet the disclosure standards of major litigation (arbitration)	28,812.28	No	According to the litigation process, some have been tried and some are under trial	The case has not been closed yet, and it is not expected to have a significant impact on the company's operation and financial status	Some are being implemented, some have not yet been implemented		
Summary of matters where the Company and its subsidiaries as defendants fail to meet the disclosure standards of major litigation (arbitration)	9,125.34	No	Not completed	The case has not been closed yet, and it is not expected to have a significant impact on the company's operation and financial status	Not completed		

XII. Punishment and rectification

□ Applicable ☑ Inapplicable

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

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

☑ Applicable □ Inapplicable

The Company and its controlling shareholders and actual controllers do not fail to perform the effective judgment of the court, and the debts with a large amount are not paid off when due.

XIV. 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. Transactions with related financial companies

□ Applicable ☑ Inapplicable

There is no deposit, loan, credit or other financial business between the company and the related financial company.

6. Transactions between financial companies controlled by the company and related parties

□ Applicable ☑ Inapplicable

There is no deposit, loan, credit or other financial business between the financial company controlled by the company and its related parties.

7. Other major related transactions

□ Applicable ☑ Inapplicable

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

XV. 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

There is no leasing during the reporting period.

2. Significant guarantee

☑ Applicable □ Inapplicable

In RMB10,000

External guarantees made by the Company and subsidiaries (exclude those made for subsidiaries)										
Guarantee provided to	Date of disclosure	Guarantee amount	Actual date	Actual amount of guarantee	Type of guarantee	Collateral (if any)	Counter guarantee (if any)	Term	Completed or not	Related party
No										
Guarantee provided to subsidiaries										
Guarantee provided to	Date of disclosure	Guarantee amount	Actual date	Actual amount of guarantee	Type of guarantee	Collateral (if any)	Counter guarantee (if any)	Term	Completed or not	Related party
Fangda Jianke	March 30, 2022	86,000	November 24, 2022	51,980.48	Joint liability	No	No	since engage of contract to 3 years upon due of debt	No	Yes
Fangda Jianke	March 23, 2021	24,000	March 9, 2022	19,268.42	Joint liability	No	No	since engage of contract to 3 years	No	Yes

								upon due of debt		
Fangda Jianke	March 30, 2022	30,000	October 19, 2022	3,905.58	Joint liability	No	No	since engage of contract to 3 years upon due of debt	No	Yes
Fangda Jianke	March 30, 2022	50,000	September 20, 2022	29,403.48	Joint liability	No	No	since engage of contract to 3 years upon due of debt	No	Yes
Fangda Jianke	March 30, 2022	30,000	September 20, 2022	9,426.86	Joint liability	No	No	since engage of contract to 3 years upon due of debt	No	Yes
Fangda Jianke	March 30, 2022	39,000	December 9, 2022	15,563.11	Joint liability	No	No	since engage of contract to 3 years upon due of debt	No	Yes
Fangda Jianke	March 30, 2022	15,000	May 23, 2022	15,000	Joint liability	No	No	since engage of contract to 3 years upon due of debt	No	Yes
Fangda Jianke	March 30, 2022	48,000	December 15, 2022	39,072.64	Joint liability	No	No	since engage of contract to 3 years upon due of debt	No	Yes

Fangda Jianke and Fangda Zhichuang	January 30, 2019	15,400	December 18, 2019	3,873.06	Joint liability	No	No	since engage of contract to 3 years upon due of debt	No	Yes
Fangda Jianke	March 30, 2022	20,000	August 10, 2022	4,000	Joint liability	No	No	since engage of contract to 3 years upon due of debt	No	Yes
Fangda Jianke	March 30, 2022	4,000	September 8, 2022	4,000	Joint liability	No	No	since engage of contract to 3 years upon due of debt	No	Yes
Fangda Jianke	March 23, 2021	60,000	December 21, 2021	2,864.3	Joint liability	No	No	since engage of contract to 3 years upon due of debt	No	Yes
Fangda Zhiyuan	March 30, 2022	40,000	July 4, 2022	17,398.05	Joint liability	No	No	since engage of contract to 3 years upon due of debt	No	Yes
Fangda Zhiyuan	March 23, 2021	15,000	March 9, 2022	3,701.48	Joint liability	No	No	since engage of contract to 3 years upon due of debt	No	Yes
Fangda Zhiyuan	March 30, 2022	20,000	October 19, 2022	1,187.03	Joint liability	No	No	since engage of contract	No	Yes

								to 3 years upon due of debt		
Fangda Zhiyuan	March 30, 2022	15,000	November 1, 2022	4,862.47	Joint liability	No	No	since engage of contract to 3 years upon due of debt	No	Yes
Fangda Zhiyuan	March 30, 2022	10,000	May 23, 2022	175.04	Joint liability	No	No	since engage of contract to 3 years upon due of debt	No	Yes
Fangda Yunzhu	March 30, 2022	600	May 10, 2022	168.41	Joint liability	No	No	since engage of contract to 3 years upon due of debt	No	Yes
Fangda Yunzhu	March 30, 2022	800	August 19, 2022	65.61	Joint liability	No	No	since engage of contract to 3 years upon due of debt	No	Yes
Fangda New Material	March 30, 2022	8,500	September 6, 2022	2,353.59	Joint liability	No	No	since engage of contract to 3 years upon due of debt	No	Yes
Fangda New Material	March 30, 2022	10,000	April 20, 2022	1,828.64	Joint liability	No	No	since engage of contract to 3 years upon due of	No	Yes

								debt		
Fangda Property	December 4, 2019	135,000	February 25, 2020	89,000	Joint liability	No	No	since engage of contract to 2 years upon due of debt	No	Yes
Fangda Property	April 18, 2020	47,000	December 16, 2020	44,350	Joint liability	No	No	since engage of contract to 3 years upon due of debt	No	Yes
Fangda Zhijian	March 30, 2022	7,000	June 1, 2022	2,449.35	Joint liability	No	No	since engage of contract to 3 years upon due of debt	No	Yes
Total of guarantee to subsidiaries approved in the report term (B1)		472,900		Total of guarantee to subsidiaries actually occurred in the report term (B2)		307,725.27				
Total of guarantee to subsidiaries approved as of the report term (B3)		730,300		Total of balance of guarantee actually provided to the subsidiaries as of end of report term (B4)		365,897.59				
Guarantee provided to subsidiaries										
Guarantee provided to	Date of disclosure	Guarantee amount	Actual date	Actual amount of guarantee	Type of guarantee	Collateral (if any)	Counter guarantee (if any)	Term	Completed or not	Related party
No										
Total of guarantee provided by the Company (total of the above three)										
Total of guarantee approved in the report term (A1+B1+C1)		472,900		Total of guarantee occurred in the report term (A2+B2+C2)		307,725.27				
Total of guarantee approved as of end of report term (A3+B3+C3)		730,300		Total of guarantee occurred as of the end of report term (A4+B4+C4)		365,897.59				
Percentage of the total guarantee occurred				63.64%						

(A4+B4+C4) on net asset of the Company	
Including:	
Guarantees provided to the shareholders, substantial controllers and the related parties (D)	0
Guarantee provided directly or indirectly to objects with over 70% of liability on asset ratio (E)	0
Amount of guarantee over 50% of the net asset (F)	78,400.55
Total of the above 3 (D+E+F)	78,400.55
For the unexpired guarantee contract, the guarantee liability has occurred during the reporting period or there is evidence that it is possible to bear joint and several repayment liability (if any)	No
Statement of external guarantees violating the procedure (if any)	No

Note of compound guarantee

No

3. Entrusted cash capital management

(1) Wealth management

☑ Applicable □ Inapplicable

Wealth management during the reporting period

In RMB10,000

Type	Source of fund	Amount	Undue balance	Due balance to be recovered	Accrued impairment amount of overdue unrecovered financial management
Bank financial products	Self-owned fund	46,560.08	0	0	0
Total		46,560.08	0	0	0

Details of high-risk entrusted financial management with significant single amount or low security and poor liquidity

□ Applicable ☑ Inapplicable

Entrusted financial management expected to fail to recover the principal or likely result in impairment

□ Applicable ☑ Inapplicable

(2) Trusted loans

□ Applicable ☑ Inapplicable

The Company borrowed no trust loan in the report period.

4. Other significant contract

□ Applicable ☑ Inapplicable

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

XVI. Other material events

☑ Applicable □ Inapplicable

1. According to the Company's development strategy and in combination with the development needs of the rail transit screen door system industry of Fangda Zhiyuan Technology Co., Ltd., the company plans to split Fangda Zhiyuan Technology Co., Ltd. to be listed on the GEM of Shenzhen Stock Exchange. During the reporting period, the 15th meeting of the 9th Board of Directors of the Company and the first extraordinary general meeting of shareholders in 2022 deliberated and passed the proposal on the spin-off of the subsidiary Fangda Zhiyuan Technology Co., Ltd.'s initial public offering of shares and listing on the GEM, On December 29, 2022, we received the Notice on the Acceptance of the Application Documents for the Initial Public Offering of Shares and Listing on the Growth Enterprise Market (SZSS [2022] No. 577) issued by Shenzhen Stock Exchange. For details, please refer to the relevant announcements disclosed by the company on http//www.cninfo.com.cn. The Company will timely perform the obligation of information disclosure in accordance with the provisions and requirements of laws and regulations according to the progress of relevant matters.

2. In order to meet the needs of future business development, the Company held the 17th meeting of the 9th Board of Directors on December 16, 2022, deliberated and passed the Proposal on Investment and Construction of Fangda (Ganzhou) Low-carbon Intelligent Manufacturing Headquarters Base, and agreed to invest and build Fangda (Ganzhou) Low-carbon Intelligent Headquarters Base in Zhanggong District, Ganzhou City, Jiangxi Province. For details, see the relevant announcement disclosed by the Company on http//www.cninfo.com.cn. As of the disclosure date of this report, the company has completed the delisting of the project land and the signing of the State-owned Construction Land Use Right Transfer Contract.

3. In accordance with the disclosure requirements of the decoration industry in the Self-Regulatory Guidelines for Listed Companies in Shenzhen Stock Exchange No. 3 - Industry Information Disclosure, the main industry qualifications obtained by the company are as follows:

No.	Qualification	Valid period
1	Construction curtain wall designing class A	By March 16, 2025
2	Construction curtain wall contracting class A	By December 31, 2023
3	Construction mechanical and electric equipment installation contracting class A	By February 25, 2025
4	Construction decoration contracting class B	By December 31, 2023
5	Steel structure engineering contracting class B	Until December 32, 2023
6	City and road lighting engineering contracting class C	Until December 33, 2023
7	Design and construction of metal roof (wall) surface of building	By January 12, 2024

4. According to the disclosure requirements of the decoration industry in the Self-discipline Supervision Guidance for Listed Companies of Shenzhen Stock Exchange No. 3 - Industry Information Disclosure, the company's production safety during the reporting period

In the report period, the Company's safety management is normal. The Company pays large attention to employees' safety awareness and capabilities of emergency processing. The Company has strengthened safety production and investigation of safety risks. The Company has formulated safety management guidelines to guide safety management. There was no significant safety accidents in the report period.

XVII. Material events of subsidiaries

□ Applicable ☑ Inapplicable

Chapter VII Changes in Share Capital and Shareholders

I. Changes in shares

1. Changes in shares

In share

	Before the change		Change (+,-)					After the change	
	Quantity	Proportion	Issued new shares	Bonus shares	Transferred from reserves	Others	Subtotal	Quantity	Proportion
I. Shares with trade restriction conditions	2,302,093	0.21%				1,537,200	1,537,200	3,839,293	0.36%
1. State-owned shares									
2. State-owned legal person shares									
3. Other domestic shares	2,302,093	0.21%				1,537,200	1,537,200	3,839,293	0.36%
Including: Shares held by domestic legal persons									
Domestic natural person shares	2,302,093	0.21%				1,537,200	1,537,200	3,839,293	0.36%
4. Shares held by foreign investors									
Including: Shares held by foreign legal persons									
Domestic natural person shares									
II. Unrestricted shares	1,071,572,134	99.79%				-1,537,200	-1,537,200	1,070,034,934	99.64%
1. Common shares in RMB	677,413,379	63.08%				-1,537,200	-1,537,200	675,876,179	62.94%
2. Foreign	394,158,755	36.71%						394,158,7	36.70%

shares in domestic market								55	
3. Foreign shares in overseas market									
4. Others									
III. Total of capital shares	1,073,874,227	100.00%				0	0	1,073,874,227	100.00%

Reasons

☑ Applicable □ Inapplicable

During the reporting period, Mr. Xiong Jianming, the chairman of the company, increased his holdings of 2,049,600 RMB ordinary shares (A shares) of the Company, so the Company's shares with limited sales conditions increased by 1,537,200 shares and shares with unlimited sales conditions decreased by 1,537,200 shares.

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

On May 10, 2022, the Company issued the voluntary announcement on the increase of the Company's shares held by the actual controller and the Company under its control on www.cninfo.com.cn.

2. Changes in conditional shares

☑ Applicable □ Inapplicable

In share

Shareholder name	Conditional shares at beginning of the period	Increased this period	Released this period	Conditional shares at end of the period	Reason of condition	Date of releasing
Xiong Jianming	2,295,493	1,537,200	0	3,832,693	Increase of shareholding	25% of the annual shareholding is released from the sale
Total	2,295,493	1,537,200	0	3,832,693	--	--

II. Share placing and listing

1. Securities issuance (excluding preference shares) during the report period

□ Applicable ☑ Inapplicable

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

□ Applicable ☑ Inapplicable

3. Current employees' shares

□ Applicable ☑ Inapplicable

III. Shareholders and the substantial controller of the Company

1. Shareholders and shareholding

In share

Number of shareholders of common shares at the end of the report period	56,188	Total number of ordinary share shareholders at the end of the month before the disclosure date of the annual report	55,456	Number of shareholders of preferred stocks of which voting rights recovered in the report period	0	Total number of shareholders of preference shares of which voting rights resumed at the end of the month before the disclosure date of the annual report	0	
Shareholders holding 5% of the Company's shares or top-10 shareholders								
Name of shareholder	Nature of shareholder	Shareholding percentage	Number of shares held at the end of the reporting period	Change in the reporting period	Conditional shares	Amount of shares without sales restriction	Pledge, marking or freezing	
							Share status	Quantity
Shenzhen Banglin Technologies Development Co., Ltd.	Domestic non-state legal person	11.11%	119,332,846	0		119,332,846		
Shengjiu Investment Ltd.	Foreign legal person	10.11%	108,579,318	717214		108,579,318		
Fang Wei	Domestic natural person	3.40%	36,474,388	3566210		36,474,388		
Gong Qing Cheng Shi	Domestic non-state	1.48%	15,860,609	0		15,860,609		

Li He Investment Management Partnership Enterprise (limited partner)	legal person							
Shenwan Hongyuan Securities (Hong Kong) Co., Ltd.	Foreign legal person	0.51%	5,508,790	-272510		5,508,790		
VANGUARD EMERGING MARKETS STOCK INDEX FUND	Foreign legal person	0.50%	5,409,612	-903071		5,409,612		
Wu Xuandong	Domestic natural person	0.50%	5,407,600	5407600		5,407,600		
VANGUARD TOTAL INTERNATIONAL STOCK INDEX FUND	Foreign legal person	0.49%	5,263,439	-984301		5,263,439		
Xiong Jianming	Domestic natural person	0.48%	5,110,257	2049600	3,832,693	1,277,564		
Qu Chunlin	Domestic natural person	0.41%	4,397,100	-340000		4,397,100		
A strategic investor or ordinary legal person becomes the Top10 shareholder due a stock issue.		No						
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 with Xiong Jianming. Shenzhen Banglin Technology Development Co., Ltd. and its parties action-in-concert 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.						
Description of the above shareholders involved in entrusted / entrusted voting right and waiver of voting right		No						
Special instructions on the existence of special repurchase account among		No						

the top 10 shareholders			
Top 10 holders of unconditional shares			
Shareholder name	Amount of shares without sales restriction	Category of shares	
		Category of shares	Quantity
Shenzhen Banglin Technologies Development Co., Ltd.	119,332,846	RMB common shares	119,332,846
Shengjiu Investment Ltd.	108,579,318	Domestically listed foreign shares	108,579,318
Fang Wei	36,474,388	RMB common shares	36,474,388
Gong Qing Cheng Shi Li He Investment Management Partnership Enterprise (limited partner)	15,860,609	RMB common shares	15,860,609
Shenwan Hongyuan Securities (Hong Kong) Co., Ltd.	5,508,790	Domestically listed foreign shares	5,508,790
VANGUARD EMERGING MARKETS STOCK INDEX FUND	5,409,612	Domestically listed foreign shares	5,409,612
Wu Xuandong	5,407,600	RMB common shares	5,407,600
VANGUARD TOTAL INTERNATIONAL STOCK INDEX FUND	5,263,439	Domestically listed foreign shares	5,263,439
Qu Chunlin	4,397,100	RMB common shares	4,397,100
Huang Xueming	4,056,400	RMB common shares	4,056,400
No action-in-concert or related parties among the top10 unconditional shareholders and between the top10 unconditional shareholders and the top10 shareholders	Among the shareholders, Shenzhen Banglin Technology Development Co., Ltd. and Shengjiu Investment Co., Ltd. are parties action-in-concert with Xiong Jianming. Shenzhen Banglin Technology Development Co., Ltd. and its parties action-in-concert 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.		
Top-10 common share shareholders participating in margin trade	Wu Xuandong holds 5,407,600 stocks of the Company through the Huaxi Securities customer credit transaction guarantee securities account.		

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

2. Profile of the controlling shareholders

Shareholder nature: natural person holding

Type of shareholder: legal person

Name of controlling shareholder	Legal representative/ responsible person	Date of establishment	Organization code	Main business
Shenzhen Banglin	Chen Jinwu	June 7, 2001	914403007298400552	Industrial investment, developing

Technologies Development Co., Ltd.				of electronic products, technical consulting, domestic commerce, material trading
Stock ownership of other domestic and overseas listed company controlled or whose shares are held by controlling shareholders	No			

Changes in the controlling shareholder in the reporting period

□ Applicable ☑ Inapplicable

No change in the controlling shareholder in the report period

3. Actual controller and persons acting in concert

Nature of actual controller: domestic natural person

Type of actual controller: natural person

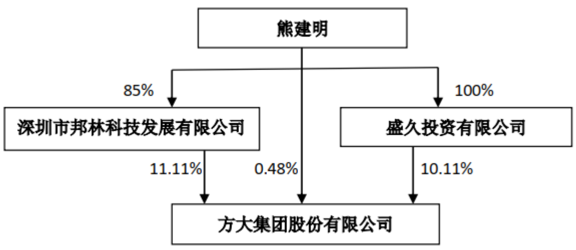
Name of substantial controller	Relationship with the actual controller	Nationality	Right of residence in another country or region
Xiong Jianming	Himself	Chinese	Yes
Job and position	Served as Chairman and President of the Company.		
Profiles of domestic and overseas listed companies in which the controller held shares	The controller held no share in other listed companies in the last ten years.		

Change in the actual controller in the report period

□ Applicable ☑ Inapplicable

No change in the actual shareholder in the report period

7. Chart of the controlling relationship



Controlling over the Company by the substantial controller through trust or other asset management

□ Applicable ☑ Inapplicable

4. The cumulative number of Pledged Shares of the Company's controlling shareholder or the largest shareholder and its concerted actors accounts for 80% of the Company's shares

□ Applicable ☑ Inapplicable

5. Other legal person shareholders with over 10% of total shares

□ Applicable ☑ Inapplicable

6. Conditional decrease of shareholding by controlling shareholder, actual controller, reorganizer and other entities

□ Applicable ☑ Inapplicable

IV. Specific implementation of share repurchase in the reporting period

Progress in the implementation of share repurchase

□ Applicable ☑ Inapplicable

Progress in the implementation of the reduction of shareholding shares by means of centralized bidding

□ Applicable ☑ Inapplicable

Chapter VIII Preferred Shares

□ Applicable ☑ Inapplicable

The Company had no preferred share in the report period.

Chapter IX Information about the Company's Securities

□ Applicable ☑ Inapplicable

Chapter X Financial Statements

I. Auditor's report

Type	Standard opinion auditor's report
Issued on	February 24, 2023
Auditor	RSM China (Special General Partnership)
Report No.	RSM [2023] No.361Z0007
CPA names	Xie Peiren, Zeng Hui, Hu Gaosheng

Auditors' Report

RSM [2023] No.361Z0007

To the shareholders of China Fangda Group Co., Ltd.:

1. Auditors' Opinions

We have audited the financial statements of Fangda Group Co., Ltd. (hereinafter referred to as Fangda group company), including the consolidated and parent company's balance sheet as of December 31, 2022, the consolidated and parent company's income statement, consolidated and parent company's cash flow statement, consolidated and parent company's statement of changes in owner's equity and notes to relevant financial statements in 2022.

We believe that Fangda Group has been following with the Enterprise Accounting Standard in preparing of the Financial Statements. The Financial Statements is reflecting, in all important aspects, the financial situation of Fangda Group as of December 31, 2022, and the business performance and cash flow of year 2022.

2. Basis of the Opinions

We carried out the auditing works with compliance to Chinese CPA Auditing Standard, The "CPA's Responsibility for Auditing Financial Statements" section of the audit report further elaborated our responsibilities under these guidelines. In accordance with the Code of Ethics for Chinese Certified Public Accountants, we are independent of Fangda Group and perform other professional ethics duties. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

3. Key Audit Matters

The key audit matters are the matters that we believe are most important for the audit of the current financial statements based on professional judgment. The response to these matters is based on the overall audit of the financial statements and the formation of an audit opinion. We do not comment on these matters separately.

(1) Income recognition

For related information disclosure, please refer to Note III, 24, Note V, 44 and Note XIII 2 of the financial statements.

1. Description

In 2022, the operating revenue of Fangda Group is 3.847 billion yuan, of which the revenue of curtain wall and metro platform screen door accounts for 89.46% of the total revenue of the Group.

Fangda Group's performance obligations related to the construction subcontracting contract include building curtain wall and metro platform screen door. As the customer can control the commodity under construction in the process of performance of Fangda group, the Company regards it as the performance obligation within a certain period of time, and recognizes the revenue according to the performance progress. The Company shall determine the performance schedule of services according to the input method. The performance schedule shall be determined according to the proportion of the actual contract cost to the estimated total contract cost. Management needs to make a reasonable estimate of the initial total contract revenue and total contract costs for the Engineering contracting contract and continue to assess and revise it during the contract implementation process, which involves significant accounting estimates of the management.

Therefore, we identify revenue recognition related to construction contracts as key audit matters.

2. Audit response

Our audit procedures for revenue recognition related to construction subcontracting contracts mainly include:

(1) Understand and evaluate the design of internal control related to management contract and engineering subcontracting contract budget and revenue recognition, and test the effectiveness of key control implementation.

(2) Obtained a major engineering subcontracting contract, verified the contract revenue, and reviewed key contract terms. Check the engineering contracting contract and cost budget information on which management expects total revenue and estimated total cost.

(3) Obtain the construction subcontracting contract account and project revenue and cost summary table, carry out analytical review on the gross profit of the project, and recalculate the performance progress and revenue in the construction subcontracting contract account to verify its accuracy.

(4) Select samples to check the project engineering details of the main project, subcontracted labor approval forms, and the owner's production value approval documents and records to verify the contract costs incurred.

(5) Select samples to check if the relevant contract costs are recorded in the appropriate accounting period.

(6) Select a sample to conduct a site inspection of the progress of the project image to verify the reasonableness of the project's performance schedule.

(2) Measurement of fair value of investment real estate

For related information disclosure, please refer to Note III, 15, Note V, 15 (2), Note V 52 and Note IX of the financial statements.

1. Description

As of Saturday, December 31, 2022, the book balance of the investment real estate of Fangda group which adopts the fair value model for subsequent measurement is 5.751 billion yuan, accounting for 45.12% of the total assets. The income from changes in fair value realized in the current period is RMB-10,000,000 which has a great impact on the financial indicators of the Group's consolidated statements.

The management of Fangda Group annually employs a third-party assessment agency with relevant qualifications to evaluate the fair value of the investment real estate. The evaluation adopts the market comparison method and the income method to comprehensively analyze various factors that affect the real estate price of the appraisal subject. The assessment of the fair value of investment real estate involves many estimates and assumptions, such as the analysis of the economic environment and future trends of the real estate where the investment real estate is located, discount rates, etc. The changes in estimates and assumptions will have big impacts on the fair value of the investment real estate evaluated. Therefore, we identify the measurement of fair value of investment real estate as a key audit matter.

2. Audit response

Our audit procedures for the measurement of fair value of investment real estate mainly include:

(1) Assess the competency, professional quality, independence and objectivity of third-party assessment agencies employed by the management.

(2) Obtain the assessment report, selected major or typical samples, and use our real estate appraisal experts to review and review the assessment methods and assumptions used in the assessment report and the rationality of the selected key assessment parameters. Check the accuracy and relevance of the data used by the management in valuation.

(3) Review the measurement, presentation and disclosure of fair value of investment real estate in the financial statements.

(III) Measurement of expected credit loss of accounts receivable and contract assets

For related information disclosure, please refer to Note III, 9, Note V, 5, Note V, 10 and Note V, 22 of the financial statements.

1. Description

As of December 31, 2022, the total amount of accounts receivable of the company was RMB1.058 billion, the provision for bad debts accrued was RMB226 million, the total amount of contract assets of the company was RMB2.457 billion, the provision for impairment accrued was RMB1.99 billion, and the total amount of accounts receivable and contract assets accounted for 24.25% of the total assets. Due to the large amount of accounts receivable and contract assets of Fangda group, the management needs to use important accounting estimation and judgment when determining the expected recoverable amount of accounts receivable and contract assets, and the expected credit loss of accounts receivable and contract assets is important for financial statements. Therefore, we determine the measurement of expected credit loss of accounts receivable and contract assets as the key audit accounting matters.

2. Audit response

(1) Understand and evaluate the effectiveness of internal control design related to the provision for bad debts of accounts receivable and provision for impairment of contract assets of Fangda Group, and test the effectiveness of key control operation.

(2) Review the relevant considerations and objective evidence of the management's credit risk assessment of accounts receivable and contract assets, and evaluate whether the management has properly identified the credit risk characteristics of various accounts receivable.

(3) Review the accrual process of bad debt provision for accounts receivable and impairment provision for contract assets of the management, including: ① for accounts receivable and contract assets that measure expected credit loss based on portfolio, evaluate the rationality of the management's division of portfolio according to credit risk characteristics; Check the measurement model of expected credit loss and evaluate the rationality of major assumptions and key parameters in the model; Obtain the comparison table between the aging of accounts receivable and the expected credit loss rate for the whole duration prepared by the management, and test the accuracy and integrity of the data used by the management and whether the calculation of bad debt reserves is accurate; ② For accounts receivable and contract assets with individual provision for expected credit loss, review the accuracy and rationality of the information and relevant assumptions used by the management in the test process; Check the accuracy of the provision for impairment of accounts receivable and contract assets with long aging, accounts receivable and contract assets involving litigation matters.

(4) According to the characteristics and nature of customer transactions, select samples to implement the accounts receivable confirmation procedure and check the collection after the period, and evaluate the rationality of the provision for bad debts of accounts receivable.

4. Other information

The management of Fangda Group (hereinafter referred to as management) is responsible for other information. The other information includes the information covered in Fangda Group's 2022 annual report, but does not include the financial statements and our audit report.

Our audit opinions published in the financial statements do not cover other information and we do not publish any form of assurance conclusion on other information.

In connection with our audit of the financial statements, our responsibility is to read other information. In the process, we consider whether there is a material inconsistency or other material misstatement of other information whether it is in the financial statements or what we have learned during the audit process.

Based on the work we have performed, if we determine that there is a material misstatement of other information, we should report that fact. In this regard, we have nothing to report.

5. Executives' responsibilities on the Financial Statements

(1) Preparing these financial statements according to the Accounting Standards for Business Enterprises and presenting them fairly; (2) designing, implementing and maintaining necessary internal control to make sure that these financial statements are free from material misstatement, whether due to fraud or error.

In the preparation of the financial statements, the management is responsible for assessing Fangda Group's ability to continue as a going concern, disclosing issues related to going concern (if applicable), and applying the going concern assumption unless management plans to liquidate Fangda Group, terminate operations or there are no other realistic choices.

The management is responsible for overseeing the financial reporting process of Fangda Group.

6. Auditor's responsibility for auditing financial statements

Our objective is to obtain reasonable assurance as to whether the entire financial statements are free from material misstatement due to fraud or error and to issue an audit report containing audit opinions. Reasonable assurance is a high level of assurance, but it does not guarantee that an audit performed in accordance with auditing standards can always be discovered when a major misstatement exists. The report may be due to fraud or mistakes, and if a reasonable expectation of misstatement alone or aggregated may affect the economic decision-making made by users of financial statements based on the financial statements, the misstatement is generally considered to be material.

In the process of conducting audit work in accordance with auditing standards, we use professional judgment and maintain professional suspicion. At the same time, we also perform the following tasks:

(1) Identify and assess risks of material misstatement of financial statements due to fraud or errors, design and implement audit procedures to address these risks, and obtain adequate and appropriate audit evidence as a basis for issuing audit opinions. As fraud may involve collusion, forgery, willful omission, misrepresentation or override of internal control, the risk of not discovering a material misstatement due to fraud is higher than the risk of not discovering a material misstatement resulting from a mistake.

(2) Understand audit-related internal controls to design appropriate audit procedures.

(3) Evaluate the appropriateness of accounting policies adopted by the management and the reasonableness of accounting estimates and related disclosures.

(4) Conclude on the appropriateness of management's use of continuing operations assumptions. At the same time, based on the audit evidence obtained, it concludes that whether there are major uncertainties in the matters or circumstances that may cause

major doubts about the ability of the Company's continuing operations. If we conclude that there are significant uncertainties, the auditing standards require us to request the users of the report to pay attention to the relevant disclosures in the financial statements in the audit report; if the disclosure is not sufficient, we should publish non-unqualified opinions. Our conclusions are based on the information available as of the date of the audit report. However, future events or circumstances may result in Fangda Group's inability to continue operating.

(5) Evaluate the overall presentation, structure, and content of the financial statements and evaluate whether the financial statements fairly reflect the relevant transactions and events.

(6) Obtain sufficient and appropriate audit evidence on the financial information of entity or business activities in Fangda Group to express opinions on the financial statements. We are responsible for directing, supervising and executing group audits and assume full responsibility for audit opinions.

We communicate with the governance team on planned audit scope, timing, and major audit findings, including communication of the internal control deficiencies that we identified during the audit.

We also provide a statement to the management on compliance with ethical requirements related to independence, and communicate with the management on all relationships and other matters that may reasonably be considered to affect our independence, as well as related preventive measures (if applicable).

From the matters passed with the management, we determine which items are most important for the audit of the financial statements of the current period and thus constitute the key audit matters. We describe these matters in our audit report, unless laws and regulations prohibit the public disclosure of these matters, or in rare cases, if it is reasonably expected that the negative consequences of communicating something in the audit report will outweigh the benefits in the public interest, we determine that such matter should not be communicated in the audit report.

RSM China

(limited liability partnership)

CPA:________

Xie Peiren (project partner)

CPA:________

Zeng Hui

Beijing, China CPA:________

Hu Gaosheng

February 24, 2023

II. Financial statements

Unit for statements in notes to financial statements: RMB yuan

1. Consolidated Balance Sheet

Prepared by: China Fangda Group Co., Ltd.

December 31, 2022

In RMB

Item	December 31, 2022	January 1, 2022
Current asset:		
Monetary capital	1,238,754,216.50	1,287,563,759.32
Settlement provision		
Outgoing call loan		
Transactional financial assets		25,135,241.89
Derivative financial assets	789,205.34	1,069,587.62
Notes receivable	130,428,554.49	166,377,880.01
Account receivable	832,292,348.17	556,453,824.20
Receivable financing	1,338,202.01	4,263,500.00
Prepayment	20,631,650.59	23,022,485.03
Insurance receivable		
Reinsurance receivable		
Provisions of Reinsurance contracts receivable		
Other receivables	155,379,024.22	165,093,406.23
Including: interest receivable		
Dividend receivable		
Repurchasing of financial assets		
Inventory	710,532,397.32	733,280,924.98
Contract assets	2,158,860,658.43	1,782,947,673.13
Assets held for sales		
Non-current assets due in 1 year		
Other current assets	200,981,963.60	264,786,506.29
Total current assets	5,449,988,220.67	5,009,994,788.70
Non-current assets:		
Loan and advancement provided		

Debt investment		
Other debt investment		
Long-term receivables		
Long-term share equity investment	54,969,042.14	55,218,946.14
Investment in other equity tools	11,968,973.86	14,180,652.65
Other non-current financial assets	7,507,434.68	7,525,408.24
Investment real estate	5,760,517,577.11	5,765,352,393.13
Fixed assets	646,812,853.36	663,414,297.61
Construction in process		11,642,444.21
Productive biological assets		
Gas & petrol		
Use right assets	19,449,693.40	31,440,856.54
Intangible assets	72,679,444.26	75,199,712.83
R&D expense		
Goodwill		
Long-term amortizable expenses	9,744,661.01	5,388,770.22
Deferred income tax assets	220,060,976.88	214,123,733.00
Other non-current assets	491,486,416.65	407,856,515.39
Total of non-current assets	7,295,197,073.35	7,251,343,729.96
Total of assets	12,745,185,294.02	12,261,338,518.66
Current liabilities		
Short-term loans	1,318,238,522.78	1,287,474,398.65
Loans from Central Bank		
Call loan received		
Transactional financial liabilities		
Derivative financial liabilities	293,400.00	11,871.20
Notes payable	734,890,208.56	849,445,299.09
Account payable	1,718,036,375.78	1,343,123,485.97
Prepayment received	1,439,653.84	1,280,482.93
Contract liabilities	207,993,671.55	180,186,877.15
Selling of repurchased financial assets		
Deposit received and held for others		
Entrusted trading of securities		
Entrusted selling of securities		
Employees' wage payable	67,150,863.91	69,071,013.95
Taxes payable	85,827,331.09	67,280,647.22
Other payables	113,425,377.70	126,903,098.08
Including: interest payable		
Dividend payable		
Fees and commissions payable		
Reinsurance fee payable		
Liabilities held for sales		

Non-current liabilities due in 1 year	83,778,647.06	78,418,557.76
Other current liabilities	48,133,198.49	48,098,361.77
Total current liabilities	4,379,207,250.76	4,051,294,093.77
Non-current liabilities:		
Insurance contract provision		
Long-term loans	1,263,500,000.00	1,333,500,000.00
Bond payable		
Including: preferred stock		
Perpetual bond		
Lease liabilities	6,907,456.55	19,152,093.31
Long-term payable	197,640,219.18	183,640,219.18
Long-term employees' wage payable		
Anticipated liabilities	3,372,553.84	6,347,809.40
Deferred earning	8,999,880.44	9,566,525.60
Deferred income tax liabilities	1,065,172,771.00	1,066,631,858.80
Other non-current liabilities		
Total of non-current liabilities	2,545,592,881.01	2,618,838,506.29
Total liabilities	6,924,800,131.77	6,670,132,600.06
Owner's equity:		
Share capital	1,073,874,227.00	1,073,874,227.00
Other equity tools		
Including: preferred stock		
Perpetual bond		
Capital reserves	11,459,588.40	11,459,588.40
Less: Shares in stock		
Other miscellaneous income	31,986,716.79	35,325,871.78
Special reserves		
Surplus reserve	79,324,940.43	79,324,940.43
Common risk provisions		
Retained profit	4,553,295,402.30	4,324,055,259.33
Total of owner's equity belong to the parent company	5,749,940,874.92	5,524,039,886.94
Minor shareholders' equity	70,444,287.33	67,166,031.66
Total of owners' equity	5,820,385,162.25	5,591,205,918.60
Total of liabilities and owner's interest	12,745,185,294.02	12,261,338,518.66

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

2. Balance Sheet of the Parent Company

In RMB

Item	December 31, 2022	January 1, 2022
Current asset:		
Monetary capital	87,710,288.64	111,848,536.84
Transactional financial assets		
Derivative financial assets		
Notes receivable		
Account receivable	647,944.58	585,936.30

Receivable financing		
Prepayment	277,763.31	212,807.30
Other receivables	1,046,500,428.02	1,276,731,665.95
Including: interest receivable		
Dividend receivable		
Inventory		
Contract assets		
Assets held for sales		
Non-current assets due in 1 year		
Other current assets	1,395,020.37	1,460,846.55
Total current assets	1,136,531,444.92	1,390,839,792.94
Non-current assets:		
Debt investment		
Other debt investment		
Long-term receivables		
Long-term share equity investment	1,457,331,253.00	1,196,831,253.00
Investment in other equity tools	11,968,973.86	14,180,652.65
Other non-current financial assets	30,000,001.00	30,000,001.00
Investment real estate	333,236,768.00	329,471,982.00
Fixed assets	66,203,194.37	71,830,252.61
Construction in process		
Productive biological assets		
Gas & petrol		
Use right assets	12,055,734.65	17,224,771.47
Intangible assets	1,038,211.65	1,219,737.85
R&D expense		
Goodwill		
Long-term amortizable expenses	393,807.16	218,563.44
Deferred income tax assets	30,304,587.98	27,079,997.63
Other non-current assets		
Total of non-current assets	1,942,532,531.67	1,688,057,211.65
Total of assets	3,079,063,976.59	3,078,897,004.59
Current liabilities		
Short-term loans	300,247,500.00	300,351,666.67
Transactional financial liabilities		
Derivative financial liabilities		
Notes payable		
Account payable	803,645.08	606,941.85
Prepayment received	820,758.71	858,019.63
Contract liabilities		
Employees' wage payable	3,444,985.79	3,909,857.23
Taxes payable	353,816.35	3,447,040.12

Other payables	308,443,521.52	233,531,740.37
Including: interest payable		
Dividend payable		
Liabilities held for sales		
Non-current liabilities due in 1 year	3,613,300.13	4,264,397.66
Other current liabilities	25,213.92	
Total current liabilities	617,752,741.50	546,969,663.53
Non-current liabilities:		
Long-term loans		
Bond payable		
Including: preferred stock		
Perpetual bond		
Lease liabilities	9,401,331.72	13,560,947.50
Long-term payable		
Long-term employees' wage payable		
Anticipated liabilities		
Deferred earning		
Deferred income tax liabilities	74,007,022.67	74,447,416.01
Other non-current liabilities		
Total of non-current liabilities	83,408,354.39	88,008,363.51
Total liabilities	701,161,095.89	634,978,027.04
Owner's equity:		
Share capital	1,073,874,227.00	1,073,874,227.00
Other equity tools		
Including: preferred stock		
Perpetual bond		
Capital reserves	360,835.52	360,835.52
Less: Shares in stock		
Other miscellaneous income	-1,106,214.97	-520,786.11
Special reserves		
Surplus reserve	79,324,940.43	79,324,940.43
Retained profit	1,225,449,092.72	1,290,879,760.71
Total of owners' equity	2,377,902,880.70	2,443,918,977.55
Total of liabilities and owner's interest	3,079,063,976.59	3,078,897,004.59

3. Consolidated Income Statement

In RMB

Item	2022	2021
1. Total revenue	3,846,975,948.44	3,557,724,397.54
Incl. Business income	3,846,975,948.44	3,557,724,397.54
Interest income		
Insurance fee earned		
Fee and commission received		
2. Total business cost	3,455,330,616.20	3,318,923,983.34
Incl. Business cost	2,917,753,967.52	2,761,300,557.48

Interest expense		
Fee and commission paid		
Insurance discharge payment		
Net claim amount paid		
Net insurance policy responsibility contract reserves provided		
Insurance policy dividend paid		
Reinsurance expenses		
Taxes and surcharges	66,953,438.48	72,326,973.99
Sales expense	54,970,163.01	59,877,614.73
Administrative expense	157,138,338.83	169,443,658.83
R&D cost	161,812,913.02	152,973,582.38
Financial expenses	96,701,795.34	103,001,595.93
Including: interest cost	100,581,343.99	101,722,768.10
Interest income	23,892,574.84	16,575,629.28
Add: other gains	13,909,584.57	14,032,939.09
Investment gains ("-" for loss)	6,185,954.47	-1,459,334.05
Incl. Investment gains from affiliates and joint ventures	-249,904.00	-683,431.81
Financial assets derecognised as a result of amortized cost	-3,778,070.96	-6,336,161.86
Exchange gains ("-" for loss)		
Net open hedge gains ("-" for loss)		
Gains from change of fair value ("-" for loss)	-10,113,947.45	23,422,035.73
Credit impairment ("-" for loss)	-34,635,724.91	-7,923,995.43
Investment impairment loss ("-" for loss)	-35,575,418.55	7,181,339.41
Investment gains ("-" for loss)	-1,421,880.09	-2,291,048.05
3. Operational profit ("-" for loss)	329,993,900.28	271,762,350.90
Plus: non-operational income	1,403,387.89	2,209,180.56
Less: non-operational expenditure	4,167,958.09	6,087,375.71
4. Gross profit ("-" for loss)	327,229,330.08	267,884,155.75
Less: Income tax expenses	41,074,830.04	41,085,548.73
5. Net profit ("-" for net loss)	286,154,500.04	226,798,607.02
(1) By operating consistency		
1. Net profit from continuous operation ("-" for net loss)	286,154,500.04	226,798,607.02
2. Net profit from discontinuous operation ("-" for net loss)		
(2) By ownership		
1. Net profit attributable to the shareholders of the parent company	282,933,854.32	222,168,142.53
2. Minor shareholders' equity	3,220,645.72	4,630,464.49
6. After-tax net amount of other misc. incomes	-3,281,545.04	33,206,426.49
After-tax net amount of other misc. incomes attributed to parent's owner	-3,339,154.99	33,247,704.15
(1) Other misc. incomes that cannot be re-classified into gain and loss	-1,658,759.09	-2,894,735.24

1. Re-measure the change in the defined benefit plan		
2. Other comprehensive income that cannot be transferred to profit or loss under the equity method		
3. Fair value change of investment in other equity tools	-1,658,759.09	-2,894,735.24
4. Fair value change of the Company's credit risk		
5. Others		
(2) Other misc. incomes that will be re-classified into gain and loss	-1,680,395.90	36,142,439.39
1. Other comprehensive income that can be transferred to profit or loss under the equity method		
2. Fair value change of other debt investment		
3. Gains and losses from changes in fair value of available-for-sale financial assets		
4. Other credit investment credit impairment provisions		
5. Cash flow hedge reserve	-477,624.42	-4,224,144.67
6. Translation difference of foreign exchange statement	1,238,329.43	-1,233,457.89
7. Others	-2,441,100.91	41,600,041.95
After-tax net of other misc. income attributed to minority shareholders	57,609.95	-41,277.66
7. Total of misc. incomes	282,872,955.00	260,005,033.51
Total of misc. incomes attributable to the owners of the parent company	279,594,699.33	255,415,846.68
Total misc gains attributable to the minor shareholders	3,278,255.67	4,589,186.83
8. Earnings per share		
(1) Basic earnings per share	0.26	0.21
(2) Diluted earnings per share	0.26	0.21

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	2022	2021
1. Turnover	28,268,463.91	24,953,602.85
Less: Operation cost	207,701.70	460,120.74
Taxes and surcharges	1,047,368.79	1,324,210.97
Sales expense		
Administrative expense	32,282,732.92	32,607,874.44
R&D cost		
Financial expenses	10,510,674.85	14,039,379.48
Including: interest cost	10,543,271.85	13,931,266.37
Interest income	1,232,336.85	695,036.74
Add: other gains	160,960.32	97,873.78
Investment gains ("-" for loss)	566,025.88	33,994,681.44
Incl. Investment gains from affiliates and joint ventures		

Financial assets derecognised as a result of amortized cost ("-" for loss)		
Net open hedge gains ("-" for loss)		
Gains from change of fair value ("-" for loss)	-1,772,536.00	1,743,238.00
Credit impairment ("-" for loss)	1,722,726.79	-3,072.04
Investment impairment loss ("-" for loss)		
Investment gains ("-" for loss)	-26,464.40	2,654.87
2. Operational profit ("-" for loss)	-15,129,301.76	12,357,393.27
Plus: non-operational income	1,771.93	32,837.61
Less: non-operational expenditure	54,784.14	110,348.37
3. Gross profit ("-" for loss)	-15,182,313.97	12,279,882.51
Less: Income tax expenses	-3,445,357.33	3,426,786.59
4. Net profit ("-" for net loss)	-11,736,956.64	8,853,095.92
(1) Net profit from continuous operation ("-" for net loss)	-11,736,956.64	8,853,095.92
(2) Net profit from discontinuous operation ("-" for net loss)		
5. After-tax net amount of other misc. incomes	-585,428.86	-149,656.40
(1) Other misc. incomes that cannot be re-classified into gain and loss	-1,658,759.09	-1,658,759.09
1. Re-measure the change in the defined benefit plan		
2. Other comprehensive income that cannot be transferred to profit or loss under the equity method		
3. Fair value change of investment in other equity tools	-1,658,759.09	-1,658,759.09
4. Fair value change of the Company's credit risk		
5. Others		
(2) Other misc. incomes that will be re-classified into gain and loss	1,073,330.23	1,509,102.69
1. Other comprehensive income that can be transferred to profit or loss under the equity method		
2. Fair value change of other debt investment		
3. Gains and losses from changes in fair value of available-for-sale financial assets		
4. Other credit investment credit impairment provisions		
5. Cash flow hedge reserve		
6. Translation difference of foreign exchange statement		
7. Others	1,073,330.23	1,509,102.69
6. Total of misc. incomes	-12,322,385.50	8,703,439.52
7. Earnings per share		
(1) Basic earnings per share		
(2) Diluted earnings per share		

5. Consolidated Cash Flow Statement

In RMB

Item	2022	2021
1. Net cash flow from business operations:		
Cash received from sales of products and providing of services	3,400,391,396.08	3,472,283,389.16

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		
Cash received as interest, processing fee, and commission		
Net increase of inter-bank fund received		
Net increase of repurchasing business		
Net cash received from trading securities		
Tax refunded	100,113,710.79	23,051,730.15
Other cash received from business operation	69,792,677.61	120,052,421.59
Sub-total of cash inflow from business operations	3,570,297,784.48	3,615,387,540.90
Cash paid for purchasing products and services	2,501,276,962.17	2,549,580,998.25
Net increase of client trade and advance		
Net increase of savings in central bank and brother company		
Cash paid for original contract claim		
Net increase in funds dismantled		
Cash paid for interest, processing fee and commission		
Cash paid for policy dividend		
Cash paid to and for the staff	434,624,232.39	393,791,110.72
Taxes paid	194,268,739.66	518,942,250.11
Other cash paid for business activities	218,916,217.96	216,498,478.11
Sub-total of cash outflow from business operations	3,349,086,152.18	3,678,812,837.19
Cash flow generated by business operations, net	221,211,632.30	-63,425,296.29
2. Cash flow generated by investment:		
Cash received from investment recovery	2,896,345,770.15	2,569,989,730.43
Cash received as investment profit	9,837,299.48	5,258,238.74
Net cash retrieved from disposal of fixed assets, intangible assets, and other long-term assets	3,106,620.00	3,744,251.59
Net cash received from disposal of subsidiaries or other operational units		
Other investment-related cash received		
Sub-total of cash inflow generated from investment	2,909,289,689.63	2,578,992,220.76
Cash paid for construction of fixed assets, intangible assets and other long-term assets	128,217,974.92	114,032,878.10
Cash paid as investment	2,872,004,000.00	2,581,410,000.00
Net increase of loan against pledge		
Net cash paid for acquiring subsidiaries and other operational units		
Other cash paid for investment	49,940.00	50,000.00
Subtotal of cash outflows	3,000,271,914.92	2,695,492,878.10
Cash flow generated by investment activities, net	-90,982,225.29	-116,500,657.34
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	1,670,354,493.21	2,185,667,296.03
Other cash received from financing activities		175,000,000.00
Subtotal of cash inflow from financing activities	1,670,354,493.21	2,360,667,296.03
Cash paid to repay debts	1,705,142,253.30	1,712,441,117.35

Cash paid as dividend, profit, or interests	152,414,163.36	131,745,861.24
Incl. Dividend and profit paid by subsidiaries to minority shareholders		4,560,100.00
Other cash paid for financing activities	59,823,454.68	467,260,641.72
Subtotal of cash outflow from financing activities	1,917,379,871.34	2,311,447,620.31
Net cash flow generated by financing activities	-247,025,378.13	49,219,675.72
4. Influence of exchange rate changes on cash and cash equivalents	8,222,828.59	-5,429,180.24
5. Net increase in cash and cash equivalents	-108,573,142.53	-136,135,458.15
Plus: Balance of cash and cash equivalents at the beginning of term	892,251,071.59	1,028,386,529.74
6. Balance of cash and cash equivalents at the end of the period	783,677,929.06	892,251,071.59

6. Cash Flow Statement of the Parent Company

In RMB

Item	2022	2021
1. Net cash flow from business operations:		
Cash received from sales of products and providing of services	20,735,985.55	22,551,848.92
Tax refunded		
Other cash received from business operation	3,977,104,356.14	4,603,033,499.14
Sub-total of cash inflow from business operations	3,997,840,341.69	4,625,585,348.06
Cash paid for purchasing products and services	3,197,334.25	1,432,078.40
Cash paid to and for the staff	20,177,382.13	19,382,565.12
Taxes paid	9,132,198.00	5,394,999.41
Other cash paid for business activities	3,663,216,835.55	4,519,631,300.00
Sub-total of cash outflow from business operations	3,695,723,749.93	4,545,840,942.93
Cash flow generated by business operations, net	302,116,591.76	79,744,405.13
2. Cash flow generated by investment:		
Cash received from investment recovery	1,082,000,000.00	476,800,000.00
Cash received as investment profit	566,025.88	33,994,681.44
Net cash retrieved from disposal of fixed assets, intangible assets, and other long-term assets	691,000.00	29,891.50
Net cash received from disposal of subsidiaries or other operational units		
Other investment-related cash received		
Sub-total of cash inflow generated from investment	1,083,257,025.88	510,824,572.94
Cash paid for construction of fixed assets, intangible assets and other long-term assets	2,154,542.00	310,178.66
Cash paid as investment	1,342,500,000.00	476,800,000.00
Net cash paid for acquiring subsidiaries and other operational units		
Other cash paid for investment		
Subtotal of cash outflows	1,344,654,542.00	477,110,178.66
Cash flow generated by investment activities, net	-261,397,516.12	33,714,394.28
3. Cash flow generated by financing activities:		
Cash received from investment		
Cash received from borrowed loans	300,000,000.00	300,090,000.00
Other cash received from financing activities		
Subtotal of cash inflow from financing activities	300,000,000.00	300,090,000.00
Cash paid to repay debts	300,000,000.00	490,090,000.00
Cash paid as dividend, profit, or interests	64,834,502.57	16,439,258.35
Other cash paid for financing activities		
Subtotal of cash outflow from financing activities	364,834,502.57	506,529,258.35
Net cash flow generated by financing activities	-64,834,502.57	-206,439,258.35
4. Influence of exchange rate changes on cash and cash equivalents	-22,821.27	
5. Net increase in cash and cash equivalents	-24,138,248.20	-92,980,458.94

Plus: Balance of cash and cash equivalents at the beginning of term	111,598,536.84	204,578,995.78
6. Balance of cash and cash equivalents at the end of the period	87,460,288.64	111,598,536.84

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

Amount of the Current Term

In RMB

Item	2022														
	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 reserve	Common risk provisions	Retained profit	Others	Subtotal		
		Preferred share	Perpetual bond	Others											
1. Balance at the end of last year	1,073,874,227.00				11,459,588.40		35,325,871.78		79,324,940.43		4,324,055,259.33		5,524,039,886.94	67,166,031.66	5,591,205,918.60
2. Balance at the beginning of current year	1,073,874,227.00				11,459,588.40		35,325,871.78		79,324,940.43		4,324,055,259.33		5,524,039,886.94	67,166,031.66	5,591,205,918.60
3. Change amount in the current period ("-" for decrease)							-3,339,154.99				229,240,142.97		225,900,987.98	3,278,255.67	229,179,243.65
(1) Total of							-3,339,15				282,933,854.		279,594,699.	3,278,255.67	282,872,955.

misc. incomes							4.99				32		33		00
(3) Profit allotment											-53,693,711.35		-53,693,711.35		-53,693,711.35
3. Distribution to owners (or shareholders)											-53,693,711.35		-53,693,711.35		-53,693,711.35
4. Balance at the end of this period	1,073,874,227.00				11,459,588.40		31,986,716.79		79,324,940.43		4,553,295,402.30		5,749,940,874.92	70,444,287.33	5,820,385,162.25

Amount of the Previous Term

In RMB

Item	2021														
	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 reserve	Common risk provisions	Retained profit	Others	Subtotal		
		Preferred share	Perpetual bond	Others											
1. Balance at the end of last year	1,088,278,951.00				11,459,588.40	42,748,530.12	2,078,167.63		106,783,436.96		4,215,005,541.52		5,380,857,155.39	66,538,836.09	5,447,395,991.48
onsolidation of entities					9,000,000.00						2,837,784.25		11,837,784.25	1,315,309.36	13,153,093.61

under common control															
2. Balance at the beginning of current year	1,088,278,951.00				20,459,588.40	42,748,530.12	2,078,167.63		106,783,436.96		4,217,843,325.77		5,392,694,939.64	67,854,145.45	5,460,549,085.09
3. Change amount in the current period ("-" for decrease)	-14,404,724.00				-9,000,000.00	-42,748,530.12	33,247,704.15		-27,458,496.53		106,211,933.56		131,344,947.30	-688,113.79	130,656,833.51
(1) Total of misc. incomes							33,247,704.15				222,168,142.53		255,415,846.68	4,589,186.83	260,005,033.51
(2) Investment or decreasing of capital by owners	-14,404,724.00				-9,000,000.00	-42,748,530.12			-28,343,806.12		-115,070,899.38		-124,070,899.38	-1,317,200.62	-125,388,100.00
1. Common shares invested by	-14,404,724.00					-42,748,530.12			-28,343,806.12						

owners															
4. Others					-9,000,000.00						-115,070,899.38		-124,070,899.38	-1,317,200.62	-125,388,100.00
(3) Profit allotment									885,309.59		-885,309.59			-3,960,100.00	-3,960,100.00
1. Provision of surplus reserves									885,309.59		-885,309.59				
3. Distribution to owners (or shareholders)														-3,960,100.00	-3,960,100.00
4. Balance at the end of this period	1,073,874,227.00				11,459,588.40		35,325,871.78		79,324,940.43		4,324,055,259.33		5,524,039,886.94	67,166,031.66	5,591,205,918.60

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

Amount of the Current Term

In RMB

Item	2022										
	Share capital	Other equity tools			Capital reserves	Less: Shares in stock	Other miscellaneous income	Special reserves	Surplus reserve	Retained profit	Others	Total of owners' equity
		Preferred share	Perpetual bond	Others								
1. Balanc	1,073,874,227.00				360,835.52		-520,786.11		79,324,940.43	1,290,879,760.71		2,443,918,977.55

e at the end of last year												
2. Balance at the beginning of current year	1,073,874,227.00				360,835.52		-520,786.11		79,324,940.43	1,290,879,760.71		2,443,918,977.55
3. Change amount in the current period (“-“ for decrease)							-585,428.86			-65,430,667.99		-66,016,096.85
(1) Total of misc. incomes							-585,428.86			-11,736,956.64		-12,322,385.50
(3) Profit allotment										-53,693,711.35		-53,693,711.35
2. Distribution to owners (or shareholders)										-53,693,711.35		-53,693,711.35
4. Balance at the end of this period	1,073,874,227.00				360,835.52		-1,106,214.97		79,324,940.43	1,225,449,092.72		2,377,902,880.70

Amount of the Previous Term

In RMB

Item	2021											
	Share capital	Other equity tools			Capital reserves	Less: Shares in	Other miscellaneous incom	Special reserve	Surplus reserve	Retained profit	Others	Total of owners
		Preferred	Perpetual	Others								

		share	bond			stock	e	s				' equity
1. Balance at the end of last year	1,088,278,951.00				360,835.52	42,748,530.12	-371,129.71		106,783,436.96	1,282,911,974.38		2,435,215,538.03
2. Balance at the beginning of current year	1,088,278,951.00				360,835.52	42,748,530.12	-371,129.71		106,783,436.96	1,282,911,974.38		2,435,215,538.03
3. Change amount in the current period ("-" for decrease)	-14,404,724.00					-42,748,530.12	-149,656.40		-27,458,496.53	7,967,786.33		8,703,439.52
(1) Total of misc. incomes							-149,656.40			8,853,095.92		8,703,439.52
(2) Investment or decreasing of capital by owners	-14,404,724.00					-42,748,530.12			-28,343,806.12			
1. Common shares invested by owners	-14,404,724.00					-42,748,530.12			-28,343,806.12			
(3) Profit allotment									885,309.59	-885,309.59		
1. Provision of surplus									885,309.59	-885,309.59		

reserves												
4. Balance at the end of this period	1,073,874,227.00				360,835.52		-520,786.11		79,324,940.43	1,290,879,760.71		2,443,918,977.55

III. General Information

1. About the Company

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 Technology Building, Keji South 12th Road, South District, High-tech Industrial Park, Nanshan District, 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 received the Reply to the Non-public Share Issuance of Fangda China Group Co., Ltd. (CSRC License [2016] No.825) to allow the Company to conduct non-public issuance of 32,184,931 A-shares in June 20116. According to the profit distribution plan for 2016 approved by the 2016 general shareholders' meeting, the Company issued five shares for every ten shares to all shareholders through surplus capitalization based on the total 789,094,836 shares on December 31, 2016. The registered capital at the end of 2017 was RMB 1,183,642,254.00. The Company repurchased and cancelled 28,160,568.00 B shares in August 2018, 32,097,497.00 B shares in January 2019, 35,105,238.00 B shares in May 2020, 14404724.00 B shares in April 2021 and cancelled in April 2021. The existing registered capital is RMB1,073,874,227.00 yuan.

The Company has established the corporate governance structure of the General Meeting of Shareholders, the Board of Directors and the Board of Supervisors. At present, it has set up the President's Office, the Administration Department, the Human Resources Department, the Enterprise Management Department, the Finance Department, the Audit and Supervision Department, the Securities Department, the Legal Department, the Information Management Department, the Technology Innovation Department, the Development Planning Department and other departments, and has Shenzhen Fangda Construction Technology Group Co., Ltd. (hereinafter referred to as Fangda Construction Technology Co., Ltd.) Fangda Zhiyuan Technology Co., Ltd.

(formerly known as Fangda Zhichuang Technology Co., Ltd., renamed in January 2022, hereinafter referred to as Fangda Zhiyuan Technology Co., Ltd.), Fangda Jiangxi New Materials Co., Ltd., Fangda Real Estate Co., Ltd., Fangda New Energy Co., Ltd. and other subsidiaries.

The business nature and main business activities of the Company and its subsidiaries include: (1) curtain wall division, production and sales of curtain wall materials, design, production and installation of building curtain walls, and curtain wall testing and maintenance services; (2) Rail transit branch, assembly and processing of subway screen doors, screen door detection and maintenance services; (3) The real estate division is engaged in real estate development, operation and property management on the land that has legally obtained the right to use; (4) New energy division, photovoltaic power generation and sales; R&D, installation and sales of photovoltaic equipment, design and installation of photovoltaic power station project.

Date of financial statement approval: This financial statement is approved by the Board of Directors of the Company on February 24, 2023.

2. Consolidation Scope and Change

This part of the simplified disclosure is as follows: The Company in the current period includes a total of 34 subsidiaries, of which 1 have been added this year and 2 have been reduced this year. For details, please refer to "Note 6, Change of the scope of merger" and "Note 7, Rights and Interests in Other Subjects".

IV. Basis for the preparation of financial statements

1. Preparation basis

The Company prepares the financial statements based on continuous operation and according to actual transactions and events, with figures confirmed and measured in compliance with the Accounting Standards for Business Enterprises and other specific account standards, application guide and interpretations. The Company has also disclosed related financial information according to the requirement of the Regulations of Information Disclosure No.15 – General Provisions for Financial Statements (Revised in 2014) issued by the CSRC.

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

The following major accounting policies and accounting estimates shall be formulated in accordance with the accounting standards of the enterprise. Unmentioned operations are carried out in accordance with the relevant accounting policies in the enterprise accounting standards.

1. Statement of compliance to the Enterprise Accounting Standard

These financial statements meet the requirements of the Accounting Standards for Business Enterprises and truly and fully reflect the Company's financial status, performance result, changes in shareholders' equity and cash flows.

2. Fiscal Period

The Company The fiscal period ranges between January 1 and December 31 of the Gregorian calendar.

3. Operation period

Our normal business cycle is one year

4. Bookkeeping standard money

The Company's bookkeeping standard currency is Renminbi, and overseas subsidiaries are based on the currency of the main economic environment in which they operate.

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

(1) Consolidation of entities under common control

The assets and liabilities acquired by the Company in a business combination are measured at the book value of the combined party in the consolidated financial statements of the ultimate controlling party on the date of combination. Among them, if the accounting policy adopted by the merger party is different from that adopted by the Company before the merger, the accounting policy is unified based on the principle of importance, that is, the book value of the assets and liabilities of the merger party is adjusted according to the accounting policy of the Company. If there is a difference between the book value of the net assets acquired by the Company in the business combination and the book value of the consideration paid, first adjust the balance of the capital reserve (capital premium or equity premium), the balance of the capital reserve (capital premium or equity premium) If it is insufficient to offset, the surplus reserve and undistributed profits will be offset in sequence.

See Note III 6 (5) for the accounting treatment method of business combination under the same control through step-by-step transaction.

(2) Consolidation of entities under different control

All identifiable assets and liabilities acquired by the Company during the merger shall be measured at its fair value on the date of purchase. Among them, if the accounting policy adopted by the merger party is different from that adopted by the Company before the merger, the accounting policy is unified based on the principle of importance, that is, the book value of the assets and liabilities of the merger party is adjusted according to the accounting policy of the Company. The merger cost of the Company on the date of purchase is greater than the fair value of the assets and liabilities recognized by the purchaser in the merger, and is recognized as goodwill. If the merger cost is less than the difference between the identifiable assets and the fair value of the liabilities obtained by the purchaser in the enterprise merger, the merger cost and the fair value of the identifiable assets and the liabilities obtained by the purchaser in the enterprise merger are reviewed, and the merger cost is still less than the fair value of the identifiable assets and liabilities obtained by the purchaser after the review, the difference is considered as the profit and loss of the current period of the merger.

See Note III 6 (5) for the accounting treatment method of business combination under the same control through step-by-step transaction.

(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 consolidated scope of the consolidated financial statements is determined on a control basis and includes not only subsidiaries determined on the basis of voting rights (or similar voting rights) themselves or in conjunction with other arrangements, but also structured subjects determined on the basis of one or more contractual arrangements.

Control means the power possessed by the Company 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. The subsidiary company is the subject controlled by the Company (including the enterprise, the divisible part of the invested unit and the structured subject controlled by the enterprise, etc.). The structured subject is the subject which is not designed to determine the controlling party by taking the voting right or similar right as the decisive factor.

(2) Preparation of Consolidated Financial Statements

The Company prepares consolidated financial statements based on the financial statements of itself and its subsidiaries and based on other relevant information.

The Company compiles consolidated financial statements, regards the whole enterprise group as an accounting entity, reflects the overall financial status, operating results and cash flow of the enterprise group according to the confirmation, measurement and presentation requirements of the relevant enterprise accounting standards, and the unified accounting policy and accounting period.

① Merge the assets, liabilities, owner's rights and interests, income, expenses and cash flow of parent company and subsidiary company.

② Offset the long-term equity investment of the parent company to the subsidiary company and the share of the parent company in the ownership rights of the subsidiary company.

③ Offset the influence of internal transaction between parent company, subsidiary company and subsidiary company. If an internal transaction indicates that the relevant asset has suffered an impairment loss, the part of the loss shall be confirmed in full.

④ adjust the special transaction from the angle of enterprise group.

（3） Processing of subsidiaries during the reporting period

① Increase of subsidiaries or business

A. Subsidiary or business increased by business combination under the same control

(A) When preparing the consolidated balance sheet, adjust the opening number of the consolidated balance sheet and adjust the related items of the comparative statement. The same report entity as the consolidated balance sheet will exist from the time of the final control party.

(B) When preparing the consolidated cash flow statement, the cash flows of the subsidiary and the business combination from the beginning of the current period to the end of the reporting period are included in the consolidated cash flow statement, and the related items of the comparative statement are adjusted, which is regarded as the combined report body since the final The controller has been there since the beginning of control.

(C) When preparing the consolidated cash flow statement, the cash flows of the subsidiary and the business combination from the beginning of the current period to the end of the reporting period are included in the consolidated cash flow statement, and the related items of the comparative statement are adjusted, which is regarded as the combined report body since the final The controller has been there since the beginning of control.

B. Subsidiary or business increased by business combination under the same control

(A) When preparing the consolidated balance sheet, the opening number of the consolidated balance sheet is not adjusted.

(B) When preparing the consolidated profit statement, the income, expense and profit of the subsidiary company and the business Purchase date and Closing balance shall be included in the consolidated profit statement.

(C) When the consolidated cash flow statement is prepared, the cash flow from the purchase date of the subsidiary to the end of the reporting period is included in the consolidated cash flow statement.

② Disposal of subsidiaries or business

A. When preparing the consolidated balance sheet, the opening number of the consolidated balance sheet is not adjusted.

B. When preparing the consolidated profit statement, the income, expense and profit of the subsidiary company and the business opening and disposal date shall be included in the consolidated profit statement.

C. When the consolidated cash flow statement is prepared, the cash flow from the Beginning of the period of the subsidiary to the end of the reporting period is included in the consolidated cash flow statement.

(4) Special considerations in consolidation offsets

① The long-term equity investment held by a subsidiary company shall be regarded as the inventory shares of the Company as a subtraction of the owner's rights and interests, which shall be listed under the item of "subtraction: Stock shares" under the item of owner's rights and interests in the consolidated balance sheet.

The long-term equity investments held by the subsidiaries are offset by the shares of the shareholders of the subsidiaries.

② The "special reserve" and "general risk preparation" projects, because they are neither real capital (or share capital) nor capital reserve, but also different from the retained income and undistributed profits, are restored according to the ownership of the parent company after the long-term equity investment is offset by the ownership rights and interests of the subsidiary company.

③ If there is a temporary difference between the book value of assets and liabilities in the consolidated balance sheet and the taxable basis of the taxpayer due to the offset of the unrealized internal sales gain or loss, the deferred income tax asset or the deferred income tax liability is confirmed in the consolidated balance sheet, and the income tax expense in the consolidated profit statement is adjusted, with the exception of the deferred income tax related to the transaction or event directly included in the owner's equity and the merger of the enterprise.

④ The unrealized internal transaction gains and losses incurred by the Company from selling assets to subsidiaries shall be fully offset against the "net profit attributable to the owners of the parent company". The unrealized internal transaction gains and losses arising from the sale of assets by the subsidiary to the Company shall be offset between the "net profit attributable to the owners of the parent company" and the "minority shareholder gains and losses" in accordance with the Company's distribution ratio to the subsidiary. The unrealized internal transaction gains and losses arising from the sale of assets between subsidiaries shall be offset between the "net profit attributable to the owners of the parent company" and the "minority shareholders' gains and losses" in accordance with the Company's distribution ratio to the seller's subsidiary .

⑤ If the current loss shared by the minority shareholders of the subsidiary exceeds the share of the minority shareholders in the owner 's equity of the subsidiary at the beginning of the period, the balance should still be offset against the minority shareholders 'equity.

(5) Accounting treatment of special transactions

① Purchase minority shareholders' equity

The Company purchases the shares of the subsidiaries owned by the minority shareholders of the subsidiaries. In the individual financial statements, the investment costs of the newly acquired long-term investments of the minority shares shall be measured at the fair value of the price paid. In the consolidated financial statements, the difference between the newly acquired long-term equity investment due to the purchase of minority equity and the share of net assets that should be continuously calculated by the subsidiary since the purchase date or the merger date should be adjusted according to the new shareholding ratio. The product (capital premium or equity premium), if the capital reserve is insufficient to offset, the surplus reserve and undistributed profits are offset in turn.

② Step-by-step acquisition of control of the subsidiary through multiple transactions

A. Enterprise merger under common control through multiple transactions

On the date of the merger, the Company determines the initial investment cost of the long-term equity investment in the individual financial statements based on the share of the subsidiary 's net assets that should be enjoyed after the merger in the final controller 's consolidated financial statements; the initial investment cost and the The difference between the book value of the long-term equity investment before the merger plus the book value of the consideration paid for new shares acquired on the merger date, the capital reserve (capital premium or equity premium) is adjusted, and the capital reserve (capital premium or equity premium) is insufficient to offset Reduced, in turn offset the surplus reserve and undistributed profits.

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.

If the merging party holds the equity investment before acquiring the control of the merged party and is accounted for according to the equity method, the date of acquiring the original equity and the merging party and the merged party are in the same party's final control from the later date to the merger date The relevant gains and losses, other comprehensive income and other changes in owner's equity have been confirmed between them, and the retained earnings at the beginning of the comparative statement period should be offset separately.

A. Enterprise merger under common control through multiple transactions

On the merger day, in individual financial statements, the initial investment cost of the long-term equity investment on the merger day is based on the book value of the long-term equity investment previously held plus the sum of the additional investment costs on the merger day.

In the consolidated financial statements, the equity of the purchaser held prior to the date of purchase is revalued according to the fair value of the equity at the date of purchase, and the difference between the fair value and its book value is credited to the current investment income; If the shares held by the purchaser prior to the date of purchase involve other consolidated gains under the equity law accounting, the other consolidated gains related thereto shall be converted to the current gains on the date of purchase, with the exception of the other consolidated gains arising from the remeasurement of the net assets or net liabilities of the merged party. The Company disclosed in the notes the fair value of the equity of the purchased party held before the purchase date and the amount of related gains or losses remeasured according to the fair value.

(3) The Company disposes of long-term equity investment in subsidiaries without losing control

The parent company partially disposes of the long-term equity investment in the subsidiary company without losing control. In the consolidated financial statements, the disposal price corresponds to the disposal of the long-term equity investment. The difference between the shares is adjusted for the capital reserve (capital premium or equity premium). If the capital reserve is insufficient to offset, the retained earnings are adjusted.

④ The Company disposes of long-term equity investment in subsidiaries and loses control

A. One transaction disposition

If the Company loses control over the Invested Party due to the disposal of part of the equity investment, it shall remeasure the remaining equity according to its fair value at the date of loss of control when compiling the consolidated financial statement. The sum of the consideration obtained from the disposal of equity and the fair value of the remaining equity minus the difference between the share of the original subsidiary 's net assets that should be continuously calculated from the purchase date or the merger date, calculated as the loss of control The investment income of the current period.

Other comprehensive income and other owner's equity changes related to the equity investment of the atomic company are transferred to the current profit and loss when the control is lost, except for other comprehensive income arising from the remeasurement of the net benefits or net assets of the defined benefit plan by the investee. .

B. Multi-transaction step-by-step disposition

In consolidated financial statements, you should first determine whether a step-by-step transaction is a "blanket transaction".

If the step-by-step transaction does not belong to a "package deal", in the individual financial statements, for each transaction before the loss of control of the subsidiary, the book value of the long-term equity investment corresponding to each disposal of equity is carried forward, the price received and the disposal The difference between the book value of the long-term equity investment is included in the current investment income; in the consolidated financial statements, it should be handled in accordance with the relevant provisions of "the parent company disposes of the long-term equity investment in the subsidiary without losing control."

If a step-by-step transaction belongs to a "blanket transaction", the transaction shall be treated as a transaction that disposes of the subsidiary and loses control; In individual financial statements, the difference between each disposal price before the loss of control and the book value of the long-term equity investment corresponding to the equity being disposed of is first recognized as other consolidated gains and then converted to the current loss of control at the time of the loss of control; In the consolidated financial statements, for each transaction prior to the loss of control, the difference between the disposition of the price and the disposition of the investment corresponding to the share in the net assets of the subsidiary shall be recognized as other consolidated gains and shall, at the time of the loss of control, be transferred to the loss of control for the current period.

Where the terms, conditions, and economic impact of each transaction meet one or more of the following conditions, usually multiple transactions are treated as a "package deal":

(a) These transactions were concluded at the same time or in consideration of mutual influence.

(b) These transactions can only achieve the business result as a whole;

(c) The effectiveness of one transaction depends the occurance of at least another transaction;

(d) A single transaction is not economic and is economic when considered together with other transactions.

(5) Proportion of minority shareholders in factor companies who increase capital and dilute ownership of parent companies

Proportion of Others （ minority shareholders in factor companies who increase capital , dilute Subsidiaries of parent companies. In the consolidated financial statements, the share of the parent company in the net book assets of the former subsidiary of the capital increase is calculated according to the share ratio of the parent company before the capital increase, the difference between the share and the net book assets of the latter subsidiary after the capital increase is calculated according to the share ratio of the parent company, the capital reserve (capital premium or capital premium), the capital reserve (capital premium or capital premium) is not offset, and the retained income is adjusted.

7. Recognition of cash and cash equivalents

Cash refers to cash in stock and deposits that can be used for payment at any time. Cash equivalents refer to investments with a short holding period (generally referring to expiry within three months from the date of purchase), strong liquidity, easy to convert to a known amount of cash, and little risk of value change.

8.Foreign exchange business and foreign exchange statement translation

(1) Methods for determining conversion rates in foreign currency transactions

When the Company's foreign currency transactions are initially confirmed, they will be converted into the bookkeeping standard currency at the spot exchange rate on the transaction date.

(2) Methods of conversion of foreign currency currency currency items on balance sheet days

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.

(3) Translation of foreign exchange statements

Prior to the conversion of the financial statements of an enterprise's overseas operations, the accounting period and policy of the overseas operations should be adjusted to conform to the accounting period and policy of the enterprise. The financial statements of the corresponding currency (other than the functional currency) should be prepared according to the adjusted accounting policy and the accounting period. The financial statements of the overseas operations should be converted according to the following methods:

① The assets and liabilities items in the balance sheet are translated at the spot exchange rate on the balance sheet date. Except for the "undistributed profits" items, the owner's equity items are translated at the spot exchange rate when they occur.

② The income and expense items in the profit statement are converted at the spot exchange rate on the transaction date or the approximate exchange rate of the spot exchange rate.

③ The foreign currency cash flow and the foreign subsidiary's cash flow are converted using the immediate exchange rate or the approximate exchange rate at the date of the cash flow. The impact of exchange rate changes on cash should be used as an adjustment item and presented separately in the cash flow statement.

④ During the preparation of the consolidated financial statements, the resulting foreign currency financial statement conversion variance is presented separately under the owner's equity item in the consolidated 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 liabilities or equity instruments.

(1) Recognition and de-recognition of financial instrument

The Company 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.

If the current obligation of a financial liability (or part of it) has been discharged, the Company derecognises the financial liability (or part of the financial liability). When the Company (borrower) and lender enter into an agreement to replace the original financial liabilities by undertaking new financial liabilities and the contract terms for the new financial liabilities are essentially different from those for the original one, the original financial liabilities will be derecognized and new financial liabilities will be recognized. Where the Company makes substantial amendments to the contract terms of the original financial liability (or part thereof), it shall terminate the original financial liability and confirm a new financial liability in accordance with the amended terms.

Financial asset transactions in regular ways are recognized and de-recognized on the transaction date. The conventional sale of financial assets means the delivery of financial assets in accordance with the contractual terms and conditions, at the time set out in the regulations or market practices. Transaction date refers to the date when the Company promises to buy or sell financial assets.

(2) Classification and subsequent measurement of financial assets

At initial recognition, the Company classifies financial assets into the following three categories based on the business model of managing financial assets and the contractual cash flow characteristics of financial assets: financial assets measured at amortized cost are measured at fair value and their changes are included in other financial assets with current profit and loss and financial assets measured at fair value through profit or loss. Unless the Company changes the business model for managing financial assets, in this case, all affected financial assets are reclassified on the first day of the first reporting period after the business model changes, otherwise the financial assets may not be initially confirmed.

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. Bills receivable and accounts receivable arising from the sale of commodities or the provision of labor services that do not contain or do not consider significant financing components, the Company performs initial measurement according to the transaction price defined by the income standard.

The subsequent measurement of financial assets depends on their classification:

① Financial assets measured at amortized cost

Financial assets that meet the following conditions at the same time are classified as financial assets measured at amortized cost: The Company 's business model for managing this financial asset is to collect contractual cash flows as its goal; the contract terms of the financial asset stipulate that Cash flow is only the payment of principal and interest based on the outstanding principal amount. For such financial assets, the actual interest rate method is used for subsequent measurement according to the amortized cost. The gains or losses arising from the termination of recognition, amortization or impairment based on the actual interest rate method are included in the current profit and loss.

② Financial assets measured at fair value and whose changes are included in other comprehensive income

Financial assets that meet the following conditions at the same time are classified as financial assets measured at fair value and their changes are included in other comprehensive income: The Company's business model for managing this financial asset is to both target the collection of contractual cash flows and the sale of financial assets. Objective; The contractual terms of the financial asset stipulate that the cash flow generated on a specific date is only for the payment of principal and interest based on the outstanding principal amount. For such financial assets, fair value is used for subsequent measurement. Except for impairment losses or gains and exchange gains and losses recognized as current gains and losses, changes in the fair value of such financial assets are recognized as other comprehensive income. Until the financial asset is derecognized, its accumulated gains or losses are transferred to current gains and losses. However, the relevant interest income of the financial asset calculated by the actual interest rate method is included in the current profit and loss.

The Company irrevocably chooses to designate a portion of non-tradable equity instrument investment as a financial asset measured at fair value and whose variation is included in other consolidated income. Only the relevant dividend income is included in the current profit and loss, and the variation of fair value is recognized as other consolidated income.

③ Financial assets measured at fair value with variations accounted into current income account

The above financial assets measured at amortized cost and other financial assets measured at fair value and whose changes are included in other comprehensive income are classified as financial assets measured at fair value and whose changes are included in the current profit and loss. For such financial assets, fair value is used for subsequent measurement, and all changes in fair value are included in current profit and loss.

(3) Classification and measurement of financial liabilities

The Company classifies financial liabilities into financial liabilities measured at fair value and their changes included in the current profit and loss, loan commitments and financial guarantee contract liabilities for loans below market interest rates, and financial liabilities measured at amortized cost.

The subsequent measurement of financial liabilities depends on their classification:

① Financial liabilities measured at fair value with variations accounted into current income account

Such financial liabilities include transactional financial liabilities (including derivatives that are financial liabilities) and financial liabilities designated as at fair value through profit or loss. After the initial recognition, the financial liabilities are subsequently measured at fair value. Except for the hedge accounting, the gains or losses (including interest expenses) are recognized in profit or loss. However, for the financial liabilities designated as fair value and whose variations are included in the profits and losses of the current period, the variable amount of the fair value of the financial liability due to the variation of credit risk of the financial liability shall be included in the other consolidated income. When the financial liability is terminated, the cumulative gains and losses previously included in the other consolidated income shall be transferred out of the other consolidated income and shall be included in the retained income.

② Loan commitments and financial security contractual liabilities

A loan commitment is a promise that the Company provides to customers to issue loans to customers with established contract terms within the commitment period. Loan commitments are provided for impairment losses based on the expected credit loss model.

A financial guarantee contract refers to a contract that requires the Company to pay a specific amount of compensation to the contract holder who suffered a loss when a specific debtor is unable to repay the debt in accordance with the original or modified debt instrument terms. Financial guarantee contract liabilities are subsequently measured based on the higher of the loss reserve amount determined in accordance with the principle of impairment of financial instruments and the initial recognition amount after deducting the accumulated amortization amount determined in accordance with the revenue recognition principle.

③ Financial liabilities measured at amortized cost

After initial recognition, other financial liabilities are measured at amortized cost using the effective interest method.

Except in special circumstances, financial liabilities and equity instruments are distinguished according to the following principles:

① If the Company cannot unconditionally avoid delivering cash or other financial assets to fulfill a contractual obligation, the contractual obligation meets the definition of financial liability. While some financial instruments do not explicitly contain terms and conditions for the delivery of cash or other financial assets, they may indirectly form contractual obligations through other terms and conditions.

If a financial instrument is required to be settled with or can be settled with the Company's own equity instruments, the Company'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 issuer; if it is the latter, the instrument is the equity instrument of the issuer. In some cases, a financial instrument contract provides that the Company shall or may use its own instrument of interest, in which the amount of a contractual right or obligation is equal to the amount of the instrument of its own interest which may be acquired or delivered multiplied by its fair value at the time of settlement, whether the amount of the contractual right or obligation is fixed or is based entirely or in part on a variation of a variable other than the market price of the instrument of its own interest, such as the rate of interest, the price of a commodity or the price of a financial instrument, the contract is classified as a financial liability.

(4) Derivative financial instruments and embedded derivatives

Derivative financial instruments are initially measured at the fair value of the day when the derivative transaction contract is signed, and are subsequently measured at their fair values. Derivative financial instruments with a positive fair value are recognized as asset, and instruments with a negative fair value are recognized as liabilities.

The gains and losses arising from the change in fair value of derivatives are directly included in the profits and losses of the current period, except that the part of the cash flow that is valid in the hedge is included in the other consolidated income and transferred out when the hedged item affects the gain and loss of the current period.

For a hybrid instrument containing an embedded derivative instrument, if the principal contract is a financial asset, the hybrid instrument as a whole applies the relevant provisions of the financial asset classification. If the main contract is not a financial asset, and the hybrid instrument is not measured at fair value and its changes are included in the current profit and loss for accounting, the embedded derivative does not have a close relationship with the main contract in terms of economic characteristics and risks, and it is If the instruments with the same conditions and exist separately meet the definition of derivative instruments, the embedded derivative instruments are separated from the mixed instruments and treated as separate derivative financial instruments. If the fair value of the embedded derivative on the acquisition date or the subsequent balance sheet date cannot be measured separately, the hybrid instrument as a whole is designated as a financial asset or financial liability measured at fair value and whose changes are included in the current profit or loss.

(5) Financial instrument Less

The Company shall confirm the preparation for loss on the basis of expected credit loss for financial assets measured at amortization costs, creditor's rights investments measured at fair value, contractual assets, leasing receivables, loan commitments and financial guarantee contracts, etc.

① Measurement of expected credit losses of accounts receivable

The expected credit loss refers to the weighted average of the credit losses of financial instruments that are weighted by the risk of default. Credit loss refers to the difference between all contractual cash flows receivable from the contract and all cash flows expected to be received by the Company at the original actual interest rate, that is, the present value of all cash shortages. Among them, the financial assets which have been purchased or born by the Company shall be discounted according to the actual rate of credit adjustment of the financial assets.

The expected lifetime credit loss is the expected credit loss due to all possible default events during the entire expected life of the financial instrument.

Expected credit losses in the next 12 months are expected to result from possible defaults in financial instruments within 12 months after the balance sheet date (or estimated duration of financial instruments if the expected duration is less than 12 months) Credit losses are part of the expected lifetime credit loss.

On each balance sheet day, the Company measures the expected credit losses of financial instruments at different stages. Where the credit risk has not increased significantly since the initial confirmation of the financial instrument, it is in the first stage. The Company measures the preparation for loss according to the expected credit loss in the next 12 months. Where the credit risk has increased significantly since the initial confirmation but the credit impairment has not occurred, the financial instrument is in the second stage. Where a credit impairment has occurred since the initial confirmation of the financial instrument, it shall be in the third stage, and the Company shall prepare for measuring the expected credit loss of the whole survival period of the instrument.

For financial instruments with low credit risk on the balance sheet date, the Company assumes that the credit risk has not increased significantly since the initial recognition, and measures the loss provision based on the expected credit losses in the next 12 months.

For financial instruments that are in the first and second stages and with lower credit risk, the Company calculates interest income based on their book balances and actual interest rates without deduction for impairment provision. For financial instruments in the third stage, interest income is calculated based on the amortized cost and the actual interest rate after the book balance minus the provision for impairment.

Regarding bills receivable, accounts receivable and financing receivables, regardless of whether there is a significant financing component, the Company measures the loss provision based on the expected credit losses throughout the duration.

Accounts receivable/contract assets

Where there is objective evidence of impairment, as well as other receivable instruments, receivables, other receivables, receivables financing and long-term receivables applicable to individual assessments, separate impairment tests are performed to confirm expected credit losses and prepare individual impairment. For notes receivable, accounts receivable, other receivables, financing of receivables, long-term receivables, and contract assets for which there is no objective evidence of impairment, or when individual financial assets cannot be assessed at a reasonable cost, the Company divides bills receivable, accounts receivable, other receivables, receivable financing, long-term receivables, and contract assets into several combinations based on credit risk characteristics, and calculates expected credit losses on the basis of the combination. The basis for determining the combination is as follows:

The basis for determining the combination of notes receivable is as follows:

Notes Receivable Combination 1 Commercial Acceptance Bill

Notes Receivable Combination 2 Bank Acceptance Bill

For Notes receivable divided into portfolios, the Company refers to historical credit loss experience, combined with current conditions and predictions of future economic conditions, and calculates through default risk exposure and expected credit loss rate within the next 12 months or the entire duration Expected credit losses.

The basis for determining the combination of accounts receivable is as follows:

Accounts receivable combination 1 Accounts receivable business

Accounts receivable combination 2 Real estate receivable business

Accounts receivable combination 3 Others receivable business

Other receivable portfolio 4 Receivables from related parties within the scope of consolidation

For the accounts receivable divided into a combination, the Company refers to the historical credit loss experience, combined with the current situation and the forecast of the future economic situation, compiles the account receivable age and the whole expected credit loss rate table, and calculates the expected credit loss.

The basis for determining the combination of other receivables is as follows:

Other receivable portfolio 1 Interest receivable

Portfolio of other receivables 2 Dividends receivable

Other combinations of receivables 3 Deposit and margin receivable

Other receivable portfolio 4 Receivable advances

Combination of other receivables 5 Value-added tax receivable is increased and refunded

Other receivable portfolio 6 Receivables from related parties within the scope of consolidation

Other receivables portfolio 7 Other receivables

For other receivables divided into portfolios, the Company refers to historical credit loss experience, combined with current conditions and predictions of future economic conditions, and calculates through default risk exposure and expected credit loss rate within the next 12 months or the entire duration Expected credit losses.

The basis for determining the combination of receivables financing is as follows:

Receivables financing portfolio 1 bank acceptance bill

For Notes receivable divided into portfolios, the Company refers to historical credit loss experience, combined with current conditions and predictions of future economic conditions, and calculates through default risk exposure and expected credit loss rate within the next 12 months or the entire duration Expected credit losses.

The basis for determining the portfolio of contract assets is as follows:

Contract assets portfolio 1 conditional collection right of sales

Contract assets portfolio 2 Completed and unsettled project not meeting collection conditions

Contract assets portfolio 3 Quality guarantee deposit not meeting collection conditions

For contract assets divided into portfolios, the Company refers to historical credit loss experience, combined with current conditions and predictions of future economic conditions, and calculates through default risk exposure and expected credit loss rate within the next 12 months or the entire duration Expected credit losses.

Other debt investment

For other receivables divided into portfolios, the Company refers to historical credit loss experience, combined with current conditions and predictions of future economic conditions, and calculates through default risk exposure and expected credit loss rate within the next 12 months or the entire duration Expected credit losses.

② Lower credit risk

If the risk of default on financial instruments is low, the borrower's ability to meet its contractual cash flow obligations in the short term is strong, and even if the economic situation and operating environment are adversely changed over a long period of time, it may not necessarily reduce the receivables' performance of their contractual cash. The ability of the flow obligation, the financial instrument is considered to have a lower credit risk.

③ Significant increase in credit risk

The Company compares the default probability of the financial instrument during the expected lifetime determined by the balance sheet date with the default probability of the expected lifetime during the initial confirmation to determine the relative probability of the default probability of the financial instrument during the expected lifetime Changes to assess whether the credit risk of financial instruments has increased significantly since initial recognition.

In determining whether the credit risk has increased significantly since the initial recognition, the Company considers reasonable and evidenced information, including forward-looking information, that can be obtained without unnecessary additional costs or effort. The information considered by the Company includes:

A. Significant changes in internal price indicators resulting from changes in credit risk;

B. Adverse changes in business, financial or economic conditions that are expected to cause significant changes in the debtor's ability to perform its debt service obligations;

C. Whether the actual or expected operating results of the debtor have changed significantly; whether the regulatory, economic or technical environment of the debtor has undergone significant adverse changes;

D. Whether there is a significant change in the value of the collateral used as debt collateral or the guarantee provided by a third party or the quality of credit enhancement. These changes are expected to reduce the debtor's economic motivation for repayment within the time limit specified in the contract or affect the probability of default;

E. Whether there is a significant change in the economic motivation that is expected to reduce the debtor's repayment according to the contractual deadline;

F. Anticipated changes to the loan contract, including whether the expected violation of the contract may result in the exemption or revision of contract obligations, granting interest-free periods, rising interest rates, requiring additional collateral or guarantees, or making other changes to the contractual framework of financial instruments change;

G. Whether the expected performance and repayment behavior of the debtor has changed significantly;

H. Whether the contract payment is overdue for more than (including) 30 days.

Based on the nature of financial instruments, the Company assesses whether credit risk has increased significantly on the basis of a single financial instrument or combination of financial instruments. When conducting an assessment based on a combination of financial instruments, the Company can classify financial instruments based on common credit risk characteristics, such as overdue information and credit risk ratings.

If the overdue period exceeds 30 days, the Company has determined that the credit risk of financial instruments has increased significantly. Unless the Company does not have to pay excessive costs or efforts to obtain reasonable and warranted information, it proves that although it has exceeded the time limit of 30 days agreed upon in the Contract, credit risks have not increased significantly since the initial confirmation.

④ Financial assets with credit impairment

The Company assesses on the balance sheet date whether financial assets measured at amortized cost and credit investments measured at fair value and whose changes are included in other comprehensive income have undergone credit impairment. When one or more events that adversely affect the expected future cash flows of a financial asset occur, the financial asset becomes a financial asset that has suffered a credit impairment. Evidence that credit impairment has occurred in financial assets includes the following observable information:

Major financial difficulties have occurred to the issuer or the debtor; Breach of contract by the debtor, such as payment of interest or default or overdue of principal; (B) The concession that the debtor would not make under any other circumstances for economic or contractual considerations relating to the financial difficulties of the debtor; The debtor is likely to be bankrupt or undertake other financial restructuring; The financial difficulties of the issuer or debtor lead to the disappearance of the active market for the financial asset; To purchase or generate a financial asset at a substantial discount, which reflects the fact that a credit loss has occurred.

⑤ Presentation of expected credit loss measurement

In order to reflect the changes in the credit risk of financial instruments since the initial recognition, the Company re-measures the expected credit losses on each balance sheet date, and the increase or reversal of the loss provision resulting therefrom is included as an impairment loss or gain. Current profit and loss. For financial assets measured at amortized cost, the loss allowance offsets the book value of the financial asset listed on the balance sheet; for debt investments measured at fair value and whose changes are included in other comprehensive income, the Company Recognition of its loss provisions in gains does not offset the book value of the financial asset.

⑥ Canceled

If it is no longer reasonably expected that the contract cash flow of the financial assets will be fully or partially recovered, the book balance of the financial assets will be directly reduced. Such write-off constitute the derecognition of related financial assets. This usually occurs when the Company determines that the debtor has no assets or sources of income that generate sufficient cash flow to cover the amount that will be written down.

If the financial assets that have been written down are recovered in the future, the reversal of the impairment loss is included in the profit or loss of the current period.

(6) Transfer of financial assets

The transfer of financial assets refers to the following two situations:

A. Transfer the contractual right to receive cash flow of financial assets to another party;

B. Transfers the financial assets to the other party in whole or in part, but reserves the contractual right to collect the cash flow of the financial assets and undertakes the contractual obligation to pay the collected cash flow to one or more recipients.

① De-identification of transferred financial assets

Those who have transferred almost all risks and rewards in the ownership of financial assets to the transferee, or have neither transferred nor retained almost all the risks and rewards in the ownership of financial assets, but have given up control of the financial assets, terminate the confirmation The financial asset.

In determining whether control over the transferred financial asset has been waived, the actual capacity of the transferor to sell the financial asset is determined. If the transferor is able to sell the transferred financial assets wholly to a third party that does not have a relationship with them, and has no additional conditions to limit the sale, it indicates ds has waived control over the financial assets.

The Company pays attention to the essence of financial asset transfer when judging whether financial asset transfer meets the condition of financial asset termination.

If the overall transfer of financial assets meets the conditions for termination of confirmation, the difference between the following two amounts is included in the current profit and loss:

A. Continuing identification of transferred Book value；

B. The sum of the amount received as a result of the transfer and the amount accrued as a result of the change in the fair value of the transfer in respect of the termination recognized portion of the amount previously charged directly to the other consolidated proceeds (the financial assets involved in the transfer are those classified in accordance with Article 18 of Enterprise Accounting Standard No. 22 - Financial Instruments Recognition and Measurement as measured by the fair value and whose change is charged to the other consolidated proceeds).

If the partial transfer of financial assets meets the conditions for derecognition, the book value of the entire transferred financial assets will be included in the derecognized part and the unterminated part (in this case, the retained service assets are regarded as part of the continued recognition of financial assets) Between them, they are apportioned according to their respective relative fair values on the transfer date, and the difference between the following two amounts is included in the current profit and loss:

A. Termination of the book value of the recognized portion on the date of derecognition;

B. The sum of the amount received as a result of the transfer and the amount accrued as a result of the change in the fair value of the transfer in respect of the termination recognized portion of the amount previously charged to the other consolidated proceeds (the financial assets involved in the transfer are those classified in accordance with Article 18 of Enterprise Accounting Standard No. 22 - Financial Instruments Recognition and Measurement as measured by the fair value and whose change is charged to the other consolidated proceeds).

② Continue to be involved in the transferred financial assets

If neither transfer nor retain almost all the risks and rewards of the ownership of financial assets, and have not given up control of the financial assets, the relevant financial assets should be confirmed according to the extent of their continued involvement in the transferred financial assets, and the relevant liabilities should be recognized accordingly.

The extent to which the transferred financial assets continue to be involved refers to the extent to which the enterprise undertakes the risk or compensation of the value change of the transferred financial assets.

(III) Continuing identification of transferred financial assets

Where almost all risks and remuneration in relation to ownership of the transferred financial assets are retained, the whole of the transferred financial assets shall continue to be recognized and the consideration received shall be recognized as a financial liability.

The financial asset and the recognized related financial liabilities shall not offset each other. In the subsequent accounting period, the enterprise shall continue to recognize the income (or gain) generated by the financial asset and the costs (or losses) incurred by the financial liability.

(7) Deduction of financial assets and liabilities

Financial assets and financial liabilities should be listed separately in the balance sheet, and cannot be offset against each other. However, if the following conditions are met, the net amount offset by each other is listed in the balance sheet:

The Company has a statutory right to offset the confirmed amount, and such legal right is currently enforceable;

The Company plans to settle the net assets or realize the financial assets and liquidate the financial liabilities at the same time.

The transferring party shall not offset the transferred financial assets and related liabilities if it does not meet the conditions for terminating the recognition.

(8) Recognition of fair value of Finance instruments

For the method of determining the fair value of financial assets and financial liabilities, see Chapter X, V. important accounting policies and accounting estimates 34. Other important accounting policies and accounting estimates.

10. Notes receivable

See Chapter X, V, Important Accounting Policies and Accounting Estimates 9. Financial Tools.

11. Account receivable

See Chapter X, V, Important Accounting Policies and Accounting Estimates 9. Financial Tools.

The Company needs to comply with the disclosure requirements of the decoration and decoration industry in the *Guidelines for the Self-discipline and Supervision of Listed Companies of Shenzhen Stock Exchange No. 3 - Industry Information Disclosure*.

12. Receivable financing

See Chapter X, V, Important Accounting Policies and Accounting Estimates 9. Financial Tools.

13. Other receivables

Methods for Determining Expected Credit Loss of Other Receivables and Accounting Processing Methods

See Chapter X, V, Important Accounting Policies and Accounting Estimates 9. Financial Tools.

14. Inventories

(1) Classification of inventories

Inventory refers to the finished products or commodities held by the Company for sale in daily activities, the products in process of production, the materials and materials consumed in the process of production or providing labor services, including entrusted processing materials, raw materials, products in process, materials in transit, stored goods, low value consumables, development costs, development products and contract performance costs, etc.

(2) Pricing of delivering inventory

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

The inventory of real estate business mainly includes inventory materials, development costs, development products, etc. The actual costs of development products 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 special maintenance funds collected in the first period are included in the development overheads. When the control right of development products is transferred, the individual valuation method is used to determine its actual cost.

(3) Inventory system

The Company inventory adopts the perpetual inventory system, counting at least once a year, the inventory profit and loss amount is included in the current year's profit and loss.

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

On the balance sheet date, inventories are accounted depending on which is lower between the cost and the net realizable value. If the cost is higher than the net realizable value, the impairment provision will be made.

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.

(1) In the course of normal production and operation, the net realizable value of finished goods, commodities and materials directly used for sale shall be determined by the estimated price of the inventory minus the estimated cost of sale and related taxes. The inventory held for the execution of a sales contract or a labor contract shall be measured on the basis of the contract price as its net realizable value; If the quantity held is greater than the quantity ordered under the sales contract, the net realizable value of the excess inventory is measured on the basis of the general sales price. For materials used for sale, the market price shall be used as the measurement basis for the net realizable value.

②In the normal production and operation process, the inventory of materials that need to be processed is determined by the amount of the estimated selling price of the finished product minus the estimated cost to be incurred at the time of completion, estimated sales expenses and related taxes Realize the net value. If the net realizable value of the finished product produced by it is higher than the cost, the material is measured at cost; If the decrease in the price of the material indicates that the net realizable value of the finished product is lower than the cost, the material is measured as the net realizable value and the inventory is prepared for a decrease based on its difference.

③ Depreciation preparation of inventory is generally based on a single inventory item; For a large number of inventories with a lower unit price, they are accrued by inventory type.

④ If the factors affecting the previous write-down of inventory value have disappeared on the balance sheet date, the amount of the write-down will be restored and transferred back within the amount of inventory depreciation reserve that has been accrued, and the amount returned will be included in the current profit and loss.

(5) Methods of amortization of swing materials

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

Packages are amortized on on-off amortization basis at using.

15. Contract assets

The Company presents contract assets or liabilities in the balance sheet according to the relationship between performance obligation and customer payment. The consideration for which the Company is entitled to receive (subject to factors other than the passage of time) for the transfer of goods or the provision of services to customers is listed as contract assets. The Company's obligation to transfer goods or provide services to customers for consideration received or receivable from customers is listed as contractual liabilities.

For the determination method and accounting treatment method of the Company's expected credit loss of contract assets, see 9. Financial instruments in Chapter X, V. Important accounting policies and accounting estimates.

Contract assets and contract liabilities are listed separately in the balance sheet. Contract assets and contract liabilities under the same contract are listed in net amount. If the net amount is the debit balance, it shall be listed in "contract assets" or "other non current assets" according to its liquidity; if the net amount is the credit balance, it shall be listed in "contract liabilities" or "other non current liabilities" according to its liquidity. Contract assets and contract liabilities under different contracts cannot offset each other.

16. Contract costs

Contract cost is divided into contract performance cost and contract acquisition cost.

The cost incurred by the Company in performing the contract shall be recognized as an asset when the following conditions are met simultaneously:

The cost is directly related to a current or expected contract, including direct labor, direct materials, manufacturing expenses (or similar expenses), clearly borne by the customer, and other costs incurred only due to the contract;

② This cost increases the Company's future resources for fulfilling its performance obligations.

③ The cost is expected to be recovered.

If the incremental cost incurred by the Company to obtain the contract is expected to be recovered, it shall be recognized as an asset as the contract acquisition cost.

The assets related to the contract cost shall be amortised on the same basis as the income from goods or services related to the assets; however, if the amortization period of the contract acquisition cost is less than one year, the Company shall include it in the current profit and loss when it occurs.

If the book value of the assets related to the contract cost is higher than the difference between the following two items, the Company will make provision for impairment for the excess part and recognize it as the loss of asset impairment, and further consider whether the estimated liabilities related to the loss contract should be made:

① The residual consideration expected to be obtained due to the transfer of goods or services related to the asset;

② The estimated cost to be incurred for the transfer of the relevant goods or services.

If the above provision for impairment of assets is subsequently reversed, the book value of the asset after reversal shall not exceed the book value of the asset on the reversal date without provision for impairment.

The contract performance cost recognized as an asset with an amortization period of no more than one year or one normal business cycle at the time of initial recognition shall be listed in the "inventory" item, and the amortization period of no more than one year or one normal business cycle at the time of initial recognition shall be listed in the "other non current assets" item.

The contract acquisition cost recognized as an asset shall be listed in the item of "other current assets" when the amortization period does not exceed one year or one normal business cycle at the time of initial recognition, and listed in the item of "other non current assets" when the amortization period exceeds one year or one normal business cycle at the time of initial recognition.

17. 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) Basis for recognition of common control and major influence on invested entities

Common control refers to the common control of an arrangement in accordance with the relevant agreement, and the relevant activities of the arrangement must be agreed upon by the participants who share control. In determining whether there is common control, the first step is to determine whether all or a group of participants collectively control the arrangement, which is considered collective control by all or a group of participants if all or a group of participants must act together to determine the activities associated with the arrangement. Secondly, it is judged whether the decision on related activities of the arrangement must be agreed by the participants who collectively control the arrangement. If there is a combination of two or more parties that can collectively control an arrangement, it does not constitute joint control. When judging whether there is joint control, the protective rights enjoyed are not considered.

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.

If the Company directly or through subsidiaries holds more than 20% (inclusive) but less than 50% of the shares with voting rights of the invested entity, unless there is clear evidence proving that the Company cannot participate the decision-making of production and operation of the invested entity, the Company has major influence on the invested entity.

(2) Recognition of initial investment costs

- Long-term equity investments formed by merger of enterprises shall be determined in accordance with the following provisions:

A. In the case of an enterprise merger under the same control, where the merging party makes a valuation of the merger by payment of cash, transfer of non-cash assets or undertaking liabilities, the share of the book value of the owner's interest in the final controlling party's consolidated financial statements as the initial investment cost of the long-term equity investment at the date of the merger. The difference between the initial investment cost of long-term equity investment and the cash paid, the transferred non-cash assets and the book value of the debt assumed shall be adjusted to the capital reserve; if the capital reserve is insufficient to offset, the retained earnings shall be adjusted;

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 costs; for long-term equity investment obtained by merger of enterprises not under common control, the merger cost is the investment cost. Adjust the capital reserve according to the difference between the initial investment cost of long-term equity investment and the total face value of the issued shares. If the capital reserve is insufficient to offset or reduce, the retained income shall be adjusted;

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. 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.

- Long-term equity investments formed by merger of enterprises shall be determined in accordance with the following provisions:

For long-term equity investment obtained by cash, the actually paid consideration is the initial investment cost. Initial investment costs include expenses, taxes and other necessary expenditures directly related to the acquisition of long-term equity investments;

B. Long-term equity investments acquired from the issuance of interest securities are the initial investment costs based on the fair value of the issue interest securities;

C. For long-term equity investments obtained through non-monetary asset exchanges, if the exchange has commercial substance and the fair value of the exchanged assets or exchanged assets can be reliably measured, the fair value of the exchanged assets and relevant taxes shall be used as the initial Investment cost, the difference between the fair value and book value of the swapped-out asset is included in the current profit and loss; if the non-monetary asset exchange does not meet the above two conditions at the same time, the book value of the swapped-out asset and relevant taxes will be used as the initial investment cost.

D. Long-term equity investments acquired through debt restructuring determine their recorded value at the fair value of the waived claims and other costs such as taxes directly attributable to the assets and account for the difference between the fair value and the book value of the waived claims.

(3) Subsequent measurement and recognition of gain/loss

The Company uses the cost method to measure long-term share equity investment in which the Company can control the invested entity; and uses the equity method to measure long-term share equity investment in which the Company has substantial influence on the invested entity.

① Cost

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.

Equity

Gains from long-term equity investment measured by equity

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 the accounting policy and accounting period adopted by the Invested unit are inconsistent with the Company, the financial statements of the Invested unit shall be adjusted in accordance with the accounting policy and accounting period of the Company, and the investment income and other consolidated income shall be recognized. 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.

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. If the equity investment originally held is classified as other equity instrument investment, the difference between the fair value and the book value, as well as the accumulated gains or losses originally included in other comprehensive income, shall be transferred out of other comprehensive income and included in retained income in the current period when the equity method is adopted.

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.

(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. The classification is adjusted to hold the financial statements for the period to be sold.

(5) Impairment examination and providing of impairment provision

For the investment in subsidiaries and associated enterprises, the method of withdrawing asset impairment is shown in Chapter X, V. important accounting policies and accounting estimates. 24. Impairment of long-term assets.

XVIII. Investment real estates

(1) Classification of investment real estate

Investment real estates are held for rent or capital appreciation, or both. These include, inter alia:

① Leased land using right

(2) the right to use the land that is transferred after holding and preparing for the increment.

③ Leased building

(2) Measurement of investment real estate

For investment real estates with an active real estate transaction market and the Company can obtain market price and other information of same or similar real estates to reasonably estimate the investment real estates' fair value, the Company 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.

If the cost model is used for subsequent measurement of investment real estate, depreciation or amortization is calculated according to the straight-line method after the cost of investment real estate minus accumulated impairment and net residual value. See this Chapter X V. Important accounting policies, for the method of accruing asset impairment 24. Impairment of long-term assets in accounting estimates.

The types of investment real estate, estimated economic useful life and estimated net residual value rate are determined as follows:

Type	Service year (year)	Residual rate %	Annual depreciation rate %
Houses & buildings	20-50	10.00	1.80-4.50

19. Fixed assets

(1) Recognition conditions

Fixed assets are recognized at the actual cost of acquisition when the following conditions are met: (1) The economic benefits associated with the fixed assets are likely to flow into the enterprise.

Fixed assets are recognized at the actual cost of acquisition when the following conditions are met: (1) The economic benefits associated with the fixed assets are likely to flow into the enterprise.

② The cost of the fixed assets can be measured reliably.

Overhaul cost generated by regular examination on fixed assets is recognized as fixed assets costs when there is evidence proving that it meets fix assets recognition conditions. If not, it will be accounted into the current gain/loss account.

(2) Depreciation method

Type	Depreciation method	Service year	Residual rate	Annual depreciation rate %
Houses & buildings	Average age	20-50 years	10%	1.8%-4.5%
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%

For fixed assets for which depreciation provision is made, the depreciation rate will be determined after the accumulative depreciation provision amount is deducted.

At end of each fiscal year, verification will be made on the useful life, predicted retained value, and depreciation basis. The useful life will be adjusted if the useful life is different from the predicted one; the net residual value will be adjusted if the net residual value is different from the predicted one.

20. Construction in process

(1) Construction in progress is accounted for by project classification.

(2) Standard and timing for transferring construction in process into fixed assets

The full expenditure incurred on the construction-in-progress project as a fixed asset is recorded as the value of the asset before the asset is constructed to the intended usable state. This includes construction costs, the original cost of equipment, other necessary expenditures incurred in order to enable the construction works to reach the intended usable status and the borrowing costs incurred for the specific borrowing of the project and the general borrowing expenses incurred before the assets reach the intended usable status. Construction in process will be transferred to fixed assets when it reaches the preset service condition. The fixed assets that have reached the intended usable state but have not been completed shall be transferred to the fixed assets according to the estimated value according to the estimated value according to the estimated value according to the project budget, cost or actual project cost, etc. The depreciation of the fixed assets shall be accrued according to the Company's fixed assets depreciation policy. The original estimated value shall be adjusted according to the actual cost after the completion.

XXI. Borrowing expenses

(1) Recognition principles for capitalization of borrowing expenses

Borrowing expenses occurred to the Company that can be accounted as purchasing or production of asset satisfying the conditions of capitalizing, are capitalized and accounted as cost of related asset.

(1) Asset expenditure has occurred;

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.

Other interest on loans, discounts or premiums and exchange differences are included in the income and loss incurred in the current period.

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.

When the asset satisfying the capitalizing conditions has reached its usable or sellable status, capitalizing of borrowing expenses shall be terminated.

(2) 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.

If the assets that are constructed or produced under the condition of capitalization occupy the general borrowing, the interest amount to be capitalized in the general borrowing shall be calculated and determined by multiplying the capital rate of the general borrowing by the weighted average of the asset expenditure of the accumulated assets whose expenditure exceeds that of the specialized borrowing. The capitalization ratio is the weighted average interest rate of general borrowings.

22. Use right assets

The term "right to use assets" refers to the right of the lessee to use the leased assets during the lease term.

At the beginning of the lease term, the right of use assets are initially measured at cost. This cost includes:

(1) The initial measurement amount of lease liabilities;

(2) For the lease payment paid on or before the beginning of the lease term, if there is lease incentive, the relevant amount of lease incentive enjoyed shall be deducted;

(3) Initial direct expenses incurred by the lessee;

(4) The estimated cost incurred by the lessee for dismantling and removing the leased assets, restoring the site where the leased assets are located or restoring the leased assets to the state agreed in the lease terms. The Company recognizes and measures the cost in accordance with the recognition standards and measurement methods of estimated liabilities. See 29. Estimated

liabilities in Chapter X, V. important accounting policies and accounting estimates for details. If the above costs are incurred for the production of inventories, they will be included in the cost of inventories.

Depreciation of right of use assets is accrued by using the straight-line method. If it can be reasonably determined that the ownership of the leased asset will be obtained at the expiration of the lease term, the depreciation rate shall be determined according to the asset category of the right to use and the estimated net residual value rate within the expected remaining service life of the leased asset; If it is impossible to reasonably determine that the ownership of the leased asset will be obtained at the expiration of the lease term, the depreciation rate shall be determined according to the asset category of the right of use within the shorter of the lease term and the remaining service life of the leased asset.

23. Intangible assets

(1) Pricing method, service life and depreciation test

Pricing of intangible assets

Recorded at the actual cost of acquisition.

Amortization of intangible assets

① Useful life of intangible assets with limited useful life

Item	Estimated useful life	Basis
Land using right	Term	Use right assets
Trademarks and patents	10	Reference to determine the lifetime of a company for which it can bring economic benefits
Proprietary technology	10	Reference to determine the lifetime of a company for which it can bring economic benefits
Software	5. 10 years	Reference to determine the lifetime of a company for which it can bring economic benefits

At the end of each year, the Company will reexamine the useful life and amortization basis of intangible assets with limited useful life. Upon review, the service life and amortization methods of intangible assets at the end of the period are not different from those previously estimated.

② Intangible assets which cannot be foreseeable to bring economic benefits to enterprises shall be regarded as intangible assets whose useful life is uncertain. For intangible assets with uncertain service life, the Company reviews the service life of intangible assets with uncertain service life at the end of each year. If it is still uncertain after rechecking, it shall conduct an impairment test on the balance sheet date.

③ Amortization of intangible assets

For intangible assets with limited service life, the Company shall determine their service life at the time of acquisition, and shall use the straight line method system to reasonably amortize their service life, and the amortization amount shall be included in the profit and loss of the current period according to the beneficial items. The specific amortization amount is the amount after the cost is deducted from the estimated residual value. For fixed assets for which depreciation provision is made, the depreciation rate will be determined after the accumulative depreciation provision amount is deducted. The residual value of an intangible asset with limited useful life is treated as zero, except where a third party undertakes to purchase the intangible asset at the end of its useful life or to obtain expected residual value information based on the active market, which is likely to exist at the end of its useful life.

Intangible assets with uncertain service life will not be amortized. At the end of each year, the useful life of intangible assets with uncertain useful life is reviewed, and if there is evidence that the useful life of intangible assets is limited, the useful life is estimated and the system is reasonably amortized within the expected useful life.

(2) Accounting policies for internal R&D expenses

Specific standard for distinguish between research and development stage

① The Company takes the information and related preparatory activities for further development activities as the research stage, and the intangible assets expenditure in the research stage is included in the current profit and loss period.

② The development activities carried out after the Company has completed the research stage as the development stage.

Specific conditions for capitalization of expenditures in the development phase

Expenditures in the development phase can be recognized as intangible assets only when the following conditions are met:

A. It is technically feasible to complete the intangible asset so that it can be used or sold;

B. Have the intention to complete the intangible asset and use or sell it;

C. The way intangible assets generate economic benefits, including the ability to prove that the products produced by the intangible assets exist in the market or the intangible assets themselves exist in the market, and the intangible assets will be used internally, which can prove their usefulness;

D. Have sufficient technical, financial and other resource support to complete the development of the intangible asset, and have the ability to use or sell the intangible asset;

E. The expenditure attributable to the development stage of the intangible asset can be reliably measured.

24. Assets impairment

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

The Company judges whether there is a sign of impairment to assets on the balance sheet day. If such sign exists, the Company 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 Company 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 Company 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 Company.

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.

25. Long-term amortizable expenses

The long-term deferred expenses shall be used to calculate the expenses that have occurred but should be borne by the Company in the current and subsequent periods with a amortization period of more than one year. The Company's long-term deferred expenses are amortized averagely during the benefit period.

26. Contract liabilities

See 15. Contract assets in Chapter X, V. Important Accounting Policies and Accounting Estimates for details.

27. Staff remuneration

(1) Accounting of operational leasing

① Basic salary of employees (salary, bonus, allowance, subsidy)

In the accounting period for which the staff and workers provide services, the Company shall confirm the actual short-term remuneration as liabilities and shall account for the current income and loss, except as required or permitted by other accounting standards.

② Employee welfare

The employee benefits incurred by the Company shall be included in the current profit and loss or related asset costs according to the actual amount incurred. Where the employee's benefit is non-monetary, it shall be measured on the basis of fair value.

③ Social insurance premiums and housing accumulation funds such as health insurance premiums, work injury premiums, birth insurance premiums, trade union funds and staff and education funds

The Company pays the medical insurance premiums, work injury insurance premiums, birth insurance premiums, etc. social insurance premiums and housing accumulation funds for the staff and workers, as well as the union funds and the staff and workers education funds according to the regulations, in the accounting period for which the staff and workers provide services, the corresponding salary amount of the staff and workers, and confirms the corresponding liabilities, which are included in the current profit and loss or related asset costs.

④ Short-term paid leave

The Company accumulates the salary of the employees who are absent from work with pay when the employees provide service, thus increasing their future right of absence with pay. The Company confirms the salary of the employee related to the absence of non-cumulative salary during the actual absence accounting period.

⑤ Short-term profit share program

If the profit-sharing plan meets the following conditions at the same time, the Company shall confirm the salary payable to the staff and workers:

A. The legal or presumptive obligation of the enterprise to pay the remuneration of its employees as a result of past matters;

B. The amount of employee compensation obligations due to the profit sharing plan can be reliably estimated.

（2） Accounting of post-employment welfare

The Company's post-employment benefit plan is defined contribution plan. Defined contribution plans include basic endowment insurance, unemployment insurance, etc. During the accounting period when employees provide services for them, the Company shall recognize the deposit amount calculated according to the defined deposit plan as liabilities and include it in the current profits and losses or related asset costs.

(3) Accounting of dismiss welfare

If the Company provides termination benefits to employees, the employee compensation liabilities arising from the termination benefits shall be recognized at the earliest of the following two and shall be included in the current profit and loss:

① An enterprise may not unilaterally withdraw the resignation benefits provided for by the dismissal plan or reduction proposal; ②When the enterprise recognizes the costs or expenses related to the reorganization involving the payment of resignation benefits.

28. Lease liabilities

The lease liabilities are initially measured Company shall according to the present value of the unpaid lease payments at the beginning of the lease term. The lease payment includes the following five items:

(1) Fixed payment amount and substantial fixed payment amount. If there is lease incentive, the relevant amount of lease incentive shall be deducted;

(2) Variable lease payments depending on index or ratio;

(3) The exercise price of the purchase option, provided that the lessee reasonably determines that the option will be exercised;

(4) The amount to be paid for exercising the option to terminate the lease, provided that the lease term reflects that the lessee will exercise the option to terminate the lease;

(5) The amount expected to be paid according to the residual value of the guarantee provided by the lessee.

When calculating the present value of lease payments, the implicit interest rate of the lease is used as the discount rate. If the implicit interest rate of the lease cannot be determined, the incremental borrowing interest rate of the company is used as the discount rate. The difference between the lease payment amount and its present value is regarded as unrecognized financing expenses, and the interest expenses are recognized according to the discount rate of the present value of the lease payment amount during each period of the lease term and included in the current profit and loss. The amount of variable lease payments not included in the measurement of lease liabilities shall be included in the current profit and loss when actually incurred.

After the beginning date of the lease term, when the actual fixed payment amount changes, the expected payable amount of the guaranteed residual value changes, the index or ratio used to determine the lease payment amount changes, the evaluation results or actual exercise of the purchase option, renewal option or termination option changes, the Company remeasures the lease liability according to the present value of the changed lease payment amount, And adjust the book value of the right to use assets accordingly.

29. Anticipated liabilities

(1) Recognition standards of 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 Company;

② Execution of this responsibility may cause financial benefit outflow from the Company;

③ Amount of the liability can be reliably measured.

(2) Measurement of anticipated liabilities

Expected liabilities are initially measured at the best estimation on the expenses to exercise the current responsibility, and with considerations to the relative risks, uncertainty, and periodic value of currency. On each balance sheet date, review the book value of the estimated liabilities. Where there is conclusive evidence that the book value does not reflect the current best estimate, the book value is adjusted to the current best estimate.

30. Revenue

The Company needs to comply with the disclosure requirements of the decoration and decoration industry in the *Guidelines for the Self-discipline and Supervision of Listed Companies of Shenzhen Stock Exchange No. 3 - Industry Information Disclosure*.

(1) General principles

Income is the total inflow of economic benefits formed in the daily activities of the Company, which will lead to the increase of shareholders' equity and has nothing to do with the capital invested by shareholders.

The Company has fulfilled the performance obligation in the contract, that is, the revenue is recognized when the customer obtains the control right of relevant goods. To obtain the control right of the relevant commodity means to be able to dominate the use of the commodity and obtain almost all the economic benefits from it.

If there are two or more performance obligations in the contract, the Company will allocate the transaction price to each single performance obligation according to the relative proportion of the separate selling price of the goods or services promised by each single performance obligation on the start date of the contract, and measure the income according to the transaction price allocated to each single performance obligation.

The transaction price refers to the amount of consideration that the Company is expected to be entitled to receive due to the transfer of goods or services to customers, excluding the amount collected on behalf of a third party. When determining the contract transaction price, if there is a variable consideration, the Company shall determine the best estimate of the variable consideration according to the expected value or the most likely amount, and include it in the transaction price with the amount not exceeding the accumulated recognized income when the relevant uncertainty is eliminated, which is most likely not to have a significant reversal. If there is a significant financing component in the contract, the Company will determine the transaction price according to the amount payable in cash when the customer obtains the control right of the commodity. The difference between the transaction price and the contract consideration will be amortised by the effective interest method during the contract period. If the interval between the control right transfer and the customer's payment is less than one year, the Company will not consider the financing component Points.

If one of the following conditions is met, the performance obligation shall be performed within a certain period of time; otherwise, the performance obligation shall be performed at a certain point of time:

① When the customer performs the contract in the Company, he obtains and consumes the economic benefits brought by the Company's performance;

② Customers can control the goods under construction during the performance of the contract;

③ The goods produced by the Company in the process of performance have irreplaceable uses, and the Company has the right to collect money for the performance part that has been completed so far during the whole contract period.

For the performance obligations performed within a certain period of time, the Company shall recognize the revenue according to the performance progress within that period, except that the performance progress cannot be reasonably determined. The Company determines the performance schedule of providing services according to the input method. When the progress of performance cannot be reasonably determined, if the cost incurred by the Company is expected to be compensated, the revenue shall be recognized according to the amount of cost incurred until the progress of performance can be reasonably determined.

For the performance obligation performed at a certain time point, the Company recognizes the revenue at the time point when the customer obtains the control right of relevant goods. In determining whether a customer has acquired control of goods or services, the Company will consider the following signs:

① The Company has the right to receive payment for the goods or services, that is, the customer has the obligation to pay for the goods;

② The Company has transferred the legal ownership of the goods to the customer, that is, the customer has the legal ownership of the goods;

③ The Company has transferred the goods in kind to the customer, that is, the customer has possessed the goods in kind;

④ The Company has transferred the main risks and rewards of the ownership of the goods to the customer, that is, the customer has obtained the main risks and rewards of the ownership of the goods;

⑤ The product has been accepted by the customer.

Sales return clause

For the sales with sales return clauses, when the customer obtains the control right of the relevant goods, the Company shall recognize the revenue according to the amount of consideration it is entitled to obtain due to the transfer of the goods to the customer, and recognize the amount expected to be returned due to the sales return as the estimated liability; at the same time, the Company shall deduct the estimated cost of recovering the goods according to the book value of the expected returned goods at the time of transfer（The balance after deducting the value of the returned goods is recognized as an asset, that is, the cost of return receivable, which is carried forward by deducting the net cost of the above assets according to the book value of the transferred goods at the time of transfer. On each balance sheet date, the Company re estimates the return of future sales and re measures the above assets and liabilities.

Warranty obligations

According to the contract and legal provisions, the Company provides quality assurance for the goods sold and the projects constructed. For the guarantee quality assurance to ensure that the goods sold meet the established standards, the Company conducts accounting treatment in accordance with the accounting standards for Business Enterprises No. 13 - contingencies. For the service quality assurance which provides a separate service in addition to guaranteeing that the goods sold meet the established standards, the Company takes it as a single performance obligation, allocates part of the transaction price to the service quality assurance according to the relative proportion of the separate selling price of the goods and service quality assurance, and recognizes the revenue when the customer obtains the service control right. When evaluating whether the quality assurance provides a separate service in addition to assuring customers that the goods sold meet the established standards, the Company considers whether the quality assurance is a statutory requirement, the quality assurance period, and the nature of the Company's commitment to perform the task.

Customer consideration payable

If there is consideration payable to the customer in the contract, unless the consideration is to obtain other clearly distinguishable goods or services from the customer, the Company will offset the transaction price with the consideration payable, and offset the current income at the later time of confirming the relevant income or paying (or promising to pay) the customer's consideration.

Contractual rights not exercised by customers

If the Company advances sales of goods or services to customers, the amount shall be recognized as liabilities first, and then converted into income when relevant performance obligations are fulfilled. When the Company does not need to return the advance payment and the customer may give up all or part of the contract rights, if the Company expects to have the right to obtain the amount related to the contract rights given up by the customer, the above amount shall be recognized as income in proportion according to the mode of the customer exercising the contract rights; otherwise, the Company only has the very low possibility of the customer requiring to perform the remaining performance obligations The relevant balance of the above liabilities is converted into income.

Contract change

When the project contract between the Company and the customer is changed:

① If the contract change increases the clearly distinguishable construction service and contract price, and the new contract price reflects the separate price of the new construction service, the Company will treat the contract change as a separate contract for accounting;

② If the contract change does not belong to the above-mentioned situation (1), and there is a clear distinction between the transferred construction service and the non transferred construction service on the date of contract change, the Company will regard it as the termination of the original contract, and at the same time, combine the non performance part of the original contract and the contract change part into a new contract for accounting treatment;

③ If the contract change does not belong to the above situation (1), and there is no clear distinction between the transferred construction services and the non transferred construction services on the date of contract change, the Company will take the contract change part as an integral part of the original contract for accounting treatment, and the resulting impact on the recognized income will be adjusted to the current income on the date of contract change.

(2) Specific methods

The specific methods of revenue recognition of the Company are as follows:

① Commodity sales contract

The commodity sales contract between the company and the customer includes the performance obligation of transferring curtain wall materials, screen door materials, electric energy, etc., which belongs to the performance obligation at a certain time point.

Revenue from domestic sales of products is recognized at the time when the customer obtains the right of control of the goods on the basis of comprehensive consideration of the following factors: the Ccompany has delivered the products to the customer according to the contract, the customer has accepted the goods, the payment for goods has been recovered or the receipt has been obtained, and the relevant economic benefits are likely to flow in, the main risks and rewards of the ownership of the goods have been transferred, the legal ownership has been transferred;

The following conditions should be met for the recognition of export product revenue: the Company has declared the product according to the contract, obtained the bill of lading, collected the payment for goods or obtained the receipt certificate, and the relevant economic benefits are likely to flow in, the main risks and rewards of the ownership of goods have been transferred, and the legal ownership of goods has been transferred.

② Service contract

The service contract between the Company and its customers includes the performance obligations of metro platform screen door operation maintenance, curtain wall maintenance and property services. As the Company's performance at the same time, the customers obtain and consume the economic benefits brought by the Company's performance, the Company takes it as the performance obligation within a certain period of time and allocates it equally during the service provision period.

③ Engineering contract

The project contract between the Company and the customer includes the performance obligations of curtain wall project and metro platform screen door project construction. As the customer can control the goods under construction in the process of the Company's performance, the Company takes them as the performance obligations within a certain period of time, and recognizes the income according to the performance progress, except that the performance progress cannot be reasonably determined. The Company determines the performance schedule of providing construction services according to the input method. The performance schedule shall be determined according to the proportion of the actual contract cost to the estimated total contract cost.

④ Real estate sales contract

The income of the Company's real estate development business is recognized when the control of the property is transferred to the customer. Based on the terms of the sales contract and the legal provisions applicable to the contract, the control of the property can be transferred within a certain period of time or at a certain point in time. Only if the goods produced by the Company during the performance of the contract have irreplaceable uses, and the Company has the right to collect payment for the cumulative performance part that has been completed during the entire contract period, the performance obligation has been completed during the contract period. The progress is recognized as revenue within a period of time, and the progress of the completed performance obligations is determined in accordance with the ratio of the contract costs actually incurred to complete the performance obligations to the estimated total cost of the contract. Otherwise, the income is recognized when the customer obtains the physical ownership or legal ownership of the completed property and the Company has obtained the current right of collection and is likely to recover the consideration. When confirming the contract transaction price, if the financing component is significant, the Company will adjust the contract commitment consideration according to the financing component of the contract.

(3) Differences in revenue recognition accounting policies caused by different business models of similar businesses

There is no difference in revenue recognition due to the adoption of different accounting policies for similar businesses.

31. Government subsidy

(1) Government subsidy

Government subsidies are recognized when the following conditions are met:

① Requirements attached to government subsidies;

② The Company can receive government subsidies.

(2) Government subsidy

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.

(3) Recognition of government subsidies

① Assets-related

Government subsidies related to assets are obtained by the Company to purchase, build or formulate in other manners long-term assets; or subsidies related to benefits. If the asset-related government subsidy is recognized as deferred gain, should be recorded in gain and loss in the service life. Government subsidy measured at the nominal amount is accounted into current income account. If the relevant assets are sold, transferred, scrapped or damaged before the end of their useful life, the unallocated relevant deferred income balance shall be transferred to the profit and loss of the current period of disposition of the assets.

Gain-related government subsidy should be accounted as follows:

The Company divides government subsidies into assets-related and earnings-related government subsidies. Gain-related government subsidy should be accounted as follows:

Subsidy that will be used to compensate related future costs or losses should be recognized as deferred gain and recorded in the gain and loss of the current report and offset related cost;

Subsidy that is used to compensate existing cost or loss should be recorded in the gain and loss of the current period or offset related cost.

For government subsidies that include both asset-related and income-related parts, separate different parts for accounting treatment; It is difficult to distinguish between the overall classification of government subsidies related to benefits.

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.

③ Policy preferential loan discount

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.

④ Government subsidy refund

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.

32. Differed income tax assets and differed income tax liabilities

The Company 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. 26. Deferred income tax assets and deferred income tax liabilities

(1) Deferred income tax assets

For deductible temporary discrepancies, deductible losses and tax offsets that can be carried forward for future years, the impact on income tax is calculated at the estimated income tax rate for the transfer-back period and the impact is recognized as deferred income tax assets, provided that the Company is likely to obtain future taxable income for deductible temporary discrepancies, deductible losses and tax offsets.

At the same time, the impact on income tax of deductible temporary discrepancies resulting from the initial recognition of assets or liabilities in transactions or matters with the following characteristics is inconclusive as deferred income tax assets:

A. The transaction is not a business combination;

B. the transaction is not a merger and the transaction does not affect the accounting profit or taxable proceeds;

In the event of temporary discrepancy of deductible investment related to subsidiaries, joint ventures and joint ventures, and meeting the following two conditions, the amount of impact (talent) on income tax shall be deemed as deferred income tax assets:

A. Temporary discrepancies are likely to be reversed in the foreseeable future;

B. In the future, it is likely to obtain taxable income that can be used to offset the deductible temporary differences;

On the balance sheet date, if there is conclusive evidence that sufficient taxable income is likely to be obtained in the future to offset the deductible temporary differences, the deferred income tax assets that have not been recognized in the previous period are recognized.

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

(2) Deferred income tax assets

All provisional differences in taxable income of the Company shall be measured on the basis of the estimated income tax rate for the period of transfer-back and shall be recognized as deferred income tax liabilities, except that:

At the same time, the impact on income tax of deductible temporary discrepancies resulting the initial recognition of assets or liabilities in transactions or matters with the following characteristics is inconclusive as deferred income tax Liabilities:

A. Initial recognition of goodwill;

B. 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 the taxable temporary differences related to the investment of subsidiaries and associated enterprises, the impact on income tax is generally recognized as deferred income tax liabilities, except that the following two conditions are met at the same time:

A. The Company is able to control the time of temporary discrepancy transfers;

B Temporary discrepancies are likely to be reversed in the foreseeable future;

(3) Deferred income tax assets

(1) Deferred income tax liabilities or assets associated with enterprise consolidation

Temporary difference of taxable tax or deductible temporary difference generated by enterprise merger under non-same control. When deferred income tax liability or deferred income tax asset is recognized, related deferred income tax expense (or income) is usually adjusted as recognized goodwill in enterprise merger.

② Amount of shares paid and accounted as owners' equity

Except for the adjustment goodwill generated by mergers or deferred income tax related to transactions or events directly accounted into the owners' equity, income tax is accounted as income tax expense into the current gain/loss account. The impact of temporary differences on income tax is included in the transactions or events of owner's equity, including: other comprehensive income formed by changes in the fair value of other creditor's rights investment, retroactive adjustment method for changes in accounting policies or retroactive restatement method for correction of previous (important) accounting errors, adjustment of opening retained earnings, and mixed financial instruments containing both liability and equity components are included in owner's equity at initial recognition.

③ Compensation for losses and tax deductions

A. Compensable losses and tax deductions from the Company's own operations

Deductible losses refer to the losses calculated and determined in accordance with the provisions of the tax law that are allowed to be made up with the taxable income of subsequent years. The uncovered losses (deductible losses) and tax deductions that can be carried forward in accordance with the tax law are treated as deductible temporary differences. When it is expected that sufficient taxable income is likely to be obtained in the future period when it is expected to be available to make up for losses or tax deductions, the corresponding deferred income tax assets are recognized within the limit of the taxable income that is likely to be obtained, while reducing the current period Income tax expense in the income statement.

B. Compensable uncovered losses of the merged company due to business merger

In a business combination, if the Company obtains the deductible temporary difference of the purchased party and does not meet the deferred income tax asset recognition conditions on the purchase date, it shall not be recognized. Within 12 months after the purchase date, if new or further information is obtained indicating that the relevant conditions on the purchase date already exist, and the economic benefits brought about by the temporary difference are expected to be deducted on the purchase date, confirm the relevant delivery. Deferred income tax assets, while reducing goodwill, if the goodwill is not enough to offset, the difference is recognized as the current profit and loss; except for the above circumstances, the deferred tax assets related to the business combination are recognized and included in the current profit and loss.

④Temporary difference caused by merger offset

If there is a temporary difference between the book value of assets and liabilities in the consolidated balance sheet and the taxable basis of the taxpayer due to the offset of the unrealized internal sales gain or loss, the deferred income tax asset or the deferred income tax liability is confirmed in the consolidated balance sheet, and the income tax expense in the consolidated profit statement is adjusted, with the exception of the deferred income tax related to the transaction or event directly included in the owner's equity and the merger of the enterprise.

⑤ Share payment settled by equity

If the tax law provides for allowable pre-tax deduction of expenses related to share payment, within the period for which the cost and expense are recognized in accordance with the accounting standards, the Company shall calculate the tax basis and temporary discrepancy based on the estimated pre-tax deduction amount at the end of the accounting period and confirm the relevant deferred income tax if it meets the conditions for confirmation. Of these, the amount that can be deducted before tax in the future exceeds the cost related to share payment recognized in accordance with the accounting standards, and the excess income tax shall be directly included in the owner's equity.

33. Leasing

(1) Identification of lease

On the commencement date of the contract, the company evaluates whether the contract is a lease or includes a lease. If one party in the contract transfers the right to control the use of one or more identified assets within a certain period in exchange for consideration, the contract is a lease or includes a lease. In order to determine whether the contract transfers the right to control the use of the identified assets within a certain period, the company evaluates whether the customers in the contract have the right to obtain almost all the economic benefits arising from the use of the identified assets during the use period, and have the right to dominate the use of the identified assets during the use period.

(2) Separate identification of lease

If the contract includes multiple separate leases at the same time, the company will split the contract and conduct accounting treatment for each separate lease. If the following conditions are met at the same time, the right to use the identified asset constitutes a separate lease in the contract: ① the lessee can profit from using the asset alone or together with other easily available resources; ② The asset is not highly dependent or highly related to other assets in the contract.

(3) Accounting treatment method of the Company as lessee

On the beginning date of the lease term, the Company recognizes the lease with a lease term of no more than 12 months and excluding the purchase option as a short-term lease; When a single leased asset is a brand-new asset, the lease with lower value is recognized as a low value asset lease. If the Company sublets or expects to sublet the leased assets, the original lease is not recognized as a low value asset lease.

For all short-term leases and low value asset leases, the Company will record the lease payment amount into the relevant asset cost or current profit and loss according to the straight-line method (or other systematic and reasonable methods) in each period of the lease term.

In addition to the above short-term leases and low value asset leases with simplified treatment, the Company recognizes the right to use assets and lease liabilities for the lease on the beginning date of the lease term.

① Use right assets

The term "right to use assets" refers to the right of the lessee to use the leased assets during the lease term.

At the beginning of the lease term, the right of use assets are initially measured at cost. This cost includes:

- The initial measurement amount of lease liabilities;
- For the lease payment paid on or before the beginning of the lease term, if there is lease incentive, the relevant amount of lease incentive enjoyed shall be deducted;
- Initial direct expenses incurred by the lessee;

- The estimated cost incurred by the lessee for dismantling and removing the leased assets, restoring the site where the leased assets are located or restoring the leased assets to the state agreed in the lease terms. The Company recognizes and measures the cost according to the recognition standard and measurement method of estimated liabilities. If the above costs are incurred for the production of inventories, they will be included in the cost of inventories.

Depreciation of right of use assets is accrued by using the straight-line method. If it can be reasonably determined that the ownership of the leased asset will be obtained at the expiration of the lease term, the depreciation rate shall be determined according to the asset category of the right to use and the estimated net residual value rate within the expected remaining service life of the leased asset; If it is impossible to reasonably determine that the ownership of the leased asset will be obtained at the expiration of the lease term, the depreciation rate shall be determined according to the asset category of the right of use within the shorter of the lease term and the remaining service life of the leased asset.

② Lease liabilities

The lease liabilities are initially measured Company shall according to the present value of the unpaid lease payments at the beginning of the lease term. The lease payment includes the following five items:

- Fixed payment amount and substantial fixed payment amount. If there is lease incentive, the relevant amount of lease incentive shall be deducted;
- Variable lease payments depending on index or ratio;
- The exercise price of the purchase option, provided that the lessee reasonably determines that the option will be exercised;
- The amount to be paid for exercising the option to terminate the lease, provided that the lease term reflects that the lessee will exercise the option to terminate the lease;
- The amount expected to be paid according to the residual value of the guarantee provided by the lessee.

When calculating the present value of lease payments, the implicit interest rate of the lease is used as the discount rate. If the implicit interest rate of the lease cannot be determined, the incremental borrowing interest rate of the company is used as the discount rate. The difference between the lease payment amount and its present value is regarded as unrecognized financing expenses, and the interest expenses are recognized according to the discount rate of the present value of the lease payment amount during each period of the lease term and included in the current profit and loss. The amount of variable lease payments not included in the measurement of lease liabilities shall be included in the current profit and loss when actually incurred.

After the beginning date of the lease term, when the actual fixed payment amount changes, the expected payable amount of the guaranteed residual value changes, the index or ratio used to determine the lease payment amount changes, the evaluation results or actual exercise of the purchase option, renewal option or termination option changes, the Company remeasures the lease liability according to the present value of the changed lease payment amount, And adjust the book value of the right to use assets accordingly.

(4) Accounting treatment method of the Company as lessor

On the lease commencement date, the Company classifies leases that have substantially transferred almost all the risks and rewards related to the ownership of the leased assets as financial leases, and all other leases are operating leases.

① Operating lease

During each period of the lease term, the Company recognizes the lease receipts as rental income according to the straight-line method (or other systematic and reasonable methods), and the initial direct expenses incurred are capitalized, amortized on the same basis as the recognition of rental income, and included in the current profit and loss by stages. The variable lease payments obtained by the Company related to operating leases that are not included in the lease receipts are included in the current profits and losses when actually incurred.

② Finance lease

On the lease beginning date, the Company recognizes the financial lease receivables according to the net amount of the lease investment (the sum of the unsecured residual value and the present value of the lease receipts not received on the lease beginning date discounted according to the lease embedded interest rate), and terminates the recognition of the financial lease assets. During each period of the lease term, the Company calculates and recognizes the interest income according to the interest rate embedded in the lease.

The amount of variable lease payments obtained by the Company that are not included in the measurement of net lease investment shall be included in the current profit and loss when actually incurred.

(5) Accounting treatment of lease change

① Change of lease as a separate lease

If the lease changes and meets the following conditions at the same time, the Company will treat the lease change as a separate lease for accounting: a. the lease change expands the lease scope by increasing the use right of one or more leased assets;

B. The increased consideration is equivalent to the amount adjusted according to the conditions of the contract at the separate price for most of the expansion of the lease scope.

② The lease change is not treated as a separate lease

A. The Company as lessee

On the effective date of the lease change, the Company reconfirmed the lease term and discounted the changed lease payment at the revised discount rate to re-measure the lease liability. When calculating the present value of the lease payment after the change, the implicit interest rate of the lease during the remaining lease period shall be used as the discount rate; If it is impossible to determine the implicit interest rate of the lease for the remaining lease period, the incremental loan interest rate on the effective date of the lease change shall be used as the discount rate.

The impact of the above lease liability adjustment shall be accounted for according to the following circumstances:

- If the lease scope is reduced or the lease term is shortened due to the lease change, the book value of the right to use assets shall be reduced, and the relevant gains or losses of partial or complete termination of the lease shall be included in the current profits and losses;
- For other lease changes, the book value of the right to use assets shall be adjusted accordingly.

The Company as leasor

If the operating lease is changed, the Company will treat it as a new lease for accounting from the effective date of the change, and the amount of lease receipts received in advance or receivable related to the lease before the change is regarded as the amount of new lease receipts.

If the change of financial lease is not accounted for as a separate lease, the Company will deal with the changed lease under the following circumstances: if the change of lease takes effect on the lease commencement date and the lease will be classified as an operating lease, the Company will account for it as a new lease from the effective date of lease change, and take the net lease investment before the effective date of lease change as the book value of leased assets; If the lease change takes effect on the lease commencement date, the lease will be classified as a financial lease, and the Company will conduct accounting treatment in accordance with the provisions on modifying or renegotiating the contract.

(6) Sale and lease-back

The Company assesses and determines whether the asset transfer in the sale and leaseback transaction is a sale in accordance with the provisions of 30. Income in Chapter X, V, Important accounting policies and accounting estimates.

① The Company as seller (lessee)

If the asset transfer in the sale and leaseback transaction does not belong to sales, the Company will continue to recognize the transferred assets, recognize a financial liability equal to the transfer income, and conduct accounting treatment for the financial liability in accordance with 9。 Financial instruments in Chapter X, V, Important accounting policies and accounting estimates. If the asset transfer belongs to sales, the Company measures the right to use assets formed by sale and leaseback according to the part of the book value of the original assets related to the right to use obtained by leaseback, and only recognizes the relevant gains or losses on the rights transferred to the lessor.

② The Company as buyer (lessor)

If the asset transfer in the sale and leaseback transaction does not belong to sales, the company does not recognize the transferred asset, but recognizes a financial asset equal to the transfer income, and carries out accounting treatment on the financial asset in accordance with 9. Financial instruments in Chapter X, V. Important accounting policies and accounting estimates. If the asset transfer belongs to sales, the Company shall conduct accounting treatment for asset purchase and asset lease in accordance with other applicable accounting standards for business enterprises.

34. Other significant accounting policies and estimates

(1) Measurement of Fair Value

Fair value refers to the amount of asset exchange or liabilities settlement by both transaction parties familiar with the situation in a fair deal on a voluntary basis.

The Company measures the fair value of related assets or liabilities at the prices in the main market. If there is no major market, the Company measures the fair value of the relevant assets or liabilities at the most favorable market prices. The Group uses assumptions that market participants use to maximize their economic benefits when pricing the asset or liability.

The main market refers to the market with the highest transaction volume and activity of the related assets or liabilities. The most favorable market means the market that can sell the related assets at the highest amount or transfer the related liabilities at the lowest amount after considering the transaction cost and transportation cost.

For financial assets or liabilities in an active market, The Company 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.

① Valuation technology

The Company adopts valuation techniques that are applicable in the current period and are supported by sufficient data and other information. The valuation techniques used mainly include market method, income method and cost method. The Company uses a method consistent with one or more of the valuation techniques to measure fair value. If multiple valuation techniques are used to measure fair value, the reasonableness of each valuation result shall be considered, and the fair value shall be selected as the most representative of fair value under the current circumstances. The amount of value is regarded as fair value.

The The Company equipment 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. Observable input values are input values that can be obtained from market data. The Group uses assumptions that market participants use to maximize their economic benefits when pricing the asset or liability. Non-observable input values are input values that cannot be obtained from market data. The input value is obtained based on the best information available on assumptions used by market participants in pricing the relevant asset or liability.

②Fair value hierarchy

This company divides the input value used in fair value measurement into three levels, and first uses the first level input value, then uses the second level input value, and finally uses the third level input value. First level: quotation of same assets or liabilities in an active market (unadjusted) The second level input value is a directly or indirectly observable input value of the asset or liability in addition to the first level input value. The input value of the third level is the unobservable input value of the related asset or liability.

(2) Accounting of hedging

(2.1) Classification of inventories

The Company's hedge is a cash flow hedge.

Cash flow hedging refers to the hedging of cash flow risk. The change in cash flow is derived from specific risks associated with recognized assets or liabilities, expected transactions that are likely to occur, or with respect to the components of the above-mentioned project and will affect the profits and losses of the enterprise.

(2.2) Hedging tools and hedged projects

Hedging means a financial instrument designated by the Company for the purpose of hedging, whose fair value or cash flow variation is expected to offset the fair value or cash flow variation of the hedged item, including:

① Financial liabilities measured at fair value with variations accounted into current income account Check-out options can only be used as a hedging tool if the option is hedged, including those embedded in a hybrid contract. Derivatives embedded in a hybrid contract but not split cannot be used as separate hedging tools.

② Non-derivative financial assets or non-derivative financial liabilities that are measured at fair value and whose changes are included in the current profit and loss, but designated as fair value and whose changes are included in the current profit and loss, and their own credit risk changes caused by changes in fair value except for financial liabilities included in other comprehensive income.

Own equity instruments are not financial assets or financial liabilities and cannot be used as hedging instruments.

A hedged item refers to an item that exposes the Company to the risk of changes in fair value or cash flow and is designated as the hedged object and can be reliably measured. The Company designates the following individual projects, project portfolios or their components as hedged projects:

① Confirmed assets or liabilities.

② Confirmed commitments that have not yet been confirmed. Confirmed commitment refers to a legally binding agreement to exchange a specific amount of resources at an agreed price on a specific date or period in the future.

③ Expected transactions that are likely to occur. Anticipated transactions refer to transactions that have not yet been committed but are expected to occur.

④ Net investment in overseas operations.

The above-mentioned project components refer to the parts that are less than the overall fair value or cash flow changes of the project. The Company designates the following project components or their combinations as hedged items:

① The part of the change in fair value or cash flow (risk component) that is only caused by one or more specific risks in the overall fair value or cash flow changes of the project. According to the assessment in a specific market environment, the risk component should be able to be individually identified and reliably measured. The risk component also includes the part where the fair value or cash flow of the hedged item changes only above or below a specific price or other variables.

② One or more selected contractual cash flows.

③ The component of the nominal amount of the project, that is, the specific part of the whole amount or quantity of the project, may be a certain proportion of the whole project, or may be a certain level of the whole project. If a certain level includes early repayment rights and the fair value of the early repayment rights is affected by changes in the risk of the hedge, the level shall not be designated as the hedged item of the fair value hedge, but in the measurement of the hedged item except when the fair value has included the influence of the prepayment right.

(2.3) Evaluation of hedging relationship

When the hedging relationship is initially specified, the Group officially specifies the related hedging relationships with official documents recording the hedging relationships, risk management targets and hedging strategies. This document sets out the hedging tools, hedged items, the nature of hedged risks, and the Company's assessment of hedged effectiveness. Hedging means a financial instrument designated by the Company for the purpose of hedging, whose fair value or cash flow variation is offset the fair value or cash flow variation of the hedged item, including: Such hedges are continuously evaluated on and after the initial specified date to meet the requirements for hedging validity.

If the hedging instrument has expired, been sold, the contract is terminated or exercised (but the extension or replacement as part of the hedging strategy is not treated as expired or contract termination), or the risk management objective changes, resulting in hedging The relationship no longer meets the risk management objectives, or the economic relationship between the hedged item and the hedging instrument no longer exists, or the impact of credit risk begins to dominate in the value changes caused by the economic relationship between the hedged item and the hedging instrument, or when the hedge no longer meets the other conditions of the hedge accounting method, the Company terminates the use of hedge accounting.

If the hedging relationship no longer meets the requirements for hedging effectiveness due to the hedging ratio, but the risk management objective of the designated hedging relationship has not changed, the Company shall rebalance the hedging relationship.

(2.4) Revenue the of revenue recognition and measurement

If the conditions for applying hedge accounting method are met, it shall be handled according to the following methods:

Cash flow hedging

The part of hedging tool gains or losses that is valid for hedging is recognized as other comprehensive income as a cash flow hedging reserve, and the part that is invalid for hedging (that is, other gains or losses after deducting other comprehensive income), are counted Into the current profit and loss. The amount of cash flow hedging reserve is determined according to the lower of the absolute amounts of the following two items: ①accumulated gains or losses of hedging instruments since the hedging. The amount in the effective arbitrage is recognized by the accumulative gains or losses from the starting of arbitrage and accumulative changes to the current value of future forecast cash flows from the start of arbitrage.

If the expected transaction of the hedged asset is subsequently recognized as a non-financial asset or non-financial liability, or if the expected transaction of the non-financial asset or non-financial liability forms a defined commitment to the applicable fair value hedge accounting, the amount of the cash flow hedge reserve originally recognized in the other consolidated income is transferred out to account for the initial recognized amount of the asset or liability. For the remaining cash flow hedges, during the same period when the expected cash flow to be hedged affects the profit and loss, if the expected sales occur, the cash flow hedge reserve recognized in other comprehensive income is transferred out and included in the current profit and loss.

(3) Repurchase of the Company's shares

(3.1) In the event of a reduction in the Company's share capital as approved by legal procedure, the Company shall reduce the share capital by the total amount of the written-off shares, adjust the owner's equity by the difference between the price paid by the purchased stocks (including transaction costs) and the total amount of the written-off shares, offset the capital reserve (share capital premium), surplus reserve and undistributed profits in turn; A portion of a capital reserve (share capital premium) that is less than the total face value and less than the total face value.

(3.2) The total expenditure of the repurchase shares of the Company, which is managed as an inventory share before they are cancelled or transferred, is converted to the cost of the inventory shares.

(3.3) Increase in the capital reserve (capital premium) at the time of transfer of an inventory unit, the portion of the transfer income above the cost of the inventory unit; Lower than the inventory stock cost, the capital reserve (share capital premium), surplus reserve, undistributed profits in turn.

(4) Significant accounting judgment and estimate

The Company 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:

Classification of financial assets

The major judgements involved in the classification of financial assets include the analysis of business model and contract cash flow characteristics.

The company determines the business mode of managing financial assets at the level of financial asset portfolio, taking into account such factors as how to evaluate and report financial asset performance to key managers, the risks that affect financial asset performance and how to manage it, and how to obtain remuneration for related business managers.

When the company assesses whether the contractual cash flow of financial assets is consistent with the basic borrowing arrangement, there are the following main judgments: whether the principal may change due to early repayment and other reasons during the duration of the period or the amount of change; whether the interest Including the time value of money, credit risk, other basic borrowing risks, and consideration of costs and profits. For example, does the amount paid in advance reflect only the unpaid principal and the interest based on the unpaid principal, as well as the reasonable compensation paid for early termination of the contract.

Measurement of expected credit losses of accounts receivable

The Company calculates the expected credit loss of accounts receivable through the risk exposure of accounts receivable default and the expected credit loss rate, and determines the expected credit loss rate based on the default probability and the default loss rate. When determining the expected credit loss rate, the Company uses internal historical credit loss experience and other data, combined with current conditions and forward-looking information to adjust the historical data. When considering forward-looking information, the indicators used by the Company include the risks of economic downturn, changes in the external market environment, technological environment, and customer conditions. The Company regularly monitors and reviews assumptions related to the calculation of expected credit losses.

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.

Income recognition

The Company's revenue from providing curtain wall construction and metro platform screen door installation services is recognized over a period of time. The recognition of the income and profit of such engineering installation services depends on the Company's estimation of the contract results and performance progress. If the actual amount of total revenue and total cost is higher or lower than the estimated value of the management, it will affect the amount of revenue and profit recognition of the Company in the future.

Engineering contract

The management shall make relevant judgment to confirm the income and expenses of project contracting business according to the performance progress. If losses are expected to occur in the project contract, such losses shall be recognized as current expenses. The management of the Company estimates the possible losses according to the budget of the project contract. The Company determines the transaction price according to the terms of the contract and in combination with previous customary practices, and considers the influence of variable consideration, major financing components in the contract and other factors. During the performance of the contract, the Company continuously reviews the estimated total contract revenue and the estimated total contract cost. When the initial estimate changes, such as contract changes, claims and awards, the estimated total contract revenue and the estimated total contract cost are revised. When the estimated total contract cost exceeds the total contract revenue, the main business cost and estimated liabilities shall be recognized according to the loss contract to be executed.

Estimate of fair value

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

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.

35. Major changes in accounting policies and estimates

1. Changes in important accounting policies

☑ Applicable □ Inapplicable

①Implement the provisions of the Accounting Standards for Business Enterprises Interpretation No. 15 on "accounting treatment for the external sales of products or by-products produced by enterprises before the fixed assets reach the intended usable state or during the research and development process" and "judgment on loss contracts"

On December 30, 2021, the Ministry of Finance issued the Interpretation of Accounting Standards for Business Enterprises No. 15 (Cai Kuai [2001] No. 35) (hereinafter referred to as "Interpretation No. 15"), Among them, the contents of "Accounting treatment for the external sales of products or by-products produced by enterprises before the fixed assets reach the expected usable state or during the research and development process" (hereinafter referred to as "Accounting treatment provisions for trial operation sales") and "Judgment on loss contracts" shall be implemented as of January 1, 2022. The implementation of the relevant provisions of the Interpretation No. 15 has no significant impact on the financial statements of the Company during the reporting period.

②Implement the interpretation of accounting standards for Business Enterprises No. 16

On November 30, 2022, the Ministry of Finance issued the Interpretation of Accounting Standards for Business Enterprises No. 16 (Cai Kuai [2002] No. 31, hereinafter referred to as Interpretation No. 16), "Accounting treatment of the income tax impact of dividends related to financial instruments classified as equity instruments by the issuer", "Accounting treatment of enterprises' modification of cash-settled share-based payments to equity-settled share-based payments", the contents of which shall be implemented as of the date of promulgation. The implementation of the relevant provisions of the Interpretation No. 16 has no significant impact on the financial statements of the Company during the reporting period.

(2) Changes in major accounting estimates

□ Applicable ☑ Inapplicable

VI. Taxation

1. Major taxes and tax rates

Tax	Tax basis	Tax rate
VAT	Taxable income	1%, 3%, 5%, 6%, 9%, 13%
City maintenance and construction tax	Taxable turnover	1%, 5%, 7%
Enterprise income tax	Taxable income	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%
Fangda Jianke	15%
Fangda Zhiyuan Technology	15%
Fangda Jiangxi New Material	15%
Chengdu Fangda Construction Technology Co., Ltd. (hereinafter Fangda Chengdu Technology)	15%
Dongguan Fangda New Material Co., Ltd. (hereinafter Fangda Dongguan New Material)	15%
Fangda Property	25%
Fangda New Energy	25%
Shenzhen Fangda Property Development Co., Ltd. (hereinafter Fangda Property Development)	25%
Jiangxi Fangda Property Development Co., Ltd. (hereinafter Fangda Jiangxi Property Development)	25%
Pingxiang Fangda Luxin New Energy Co., Ltd. (hereinafter Fangda Luxin New Energy)	25%
Nanchang Xinjian Fangda New Energy Co., Ltd. (hereinafter Fangda Xinjian New Energy)	25%
Dongguan Fangda New Energy Co., Ltd. (hereinafter Fangda Dongguan New Energy)	25%
Shenzhen QIanhai Kechuangyuan Software Co., Lt.d (hereinafter Kechuangyuan Software)	25%
Fangda Zhiyuan Technology (Hong Kong) Co., Ltd. (formerly known as Fangda Zhichuang Technology (Hong Kong) Co., Ltd., hereinafter referred to as Fangda Zhiyuan Technology (Hong Kong) Co., Ltd.)	16.50%
Fangda Zhiyuan Technology (Wuhan) Co., Ltd. (formerly known as Fangda Zhichuang Technology (Wuhan) Co., Ltd., hereinafter referred to as Fangda	25%

Zhiyuan Technology (Wuhan) Co., Ltd.)	
Fangda Zhiyuan Technology (Nanchang) Co., Ltd. (formerly known as Fangda Zhichuang Technology (Nanchang) Co., Ltd., hereinafter referred to as Fangda Zhiyuan Technology Nanchang Company)	25%
Fangda Zhiyuan Technology (Dongguan) Co., Ltd. (formerly known as Fangda Zhichuang Technology (Dongguan) Co., Ltd., hereinafter referred to as Fangda Zhiyuan Technology (Dongguan) Co., Ltd.)	25%
General Rail Technology Private Limited	17%
Shihui International Holding Co., Ltd. (hereinafter Fangda Shihui International)	16.50%
Shenzhen Hongjun Investment Co., Ltd. (hereinafter Fangda Hongjun Investment)	25%
Fangda Australia Pty Ltd	30%
Shanghai Fangda Zhijian Technology Co., Ltd. (hereinafter referred to as Fangda Shanghai Zhijian company)	15%
Shenzhen Fangda Yunzhi Technology Co., Ltd. (formerly known as Shenzhen Fangda Yunzhi Technology Co., Ltd., hereinafter referred to as Fangda Yunzhi)	25%
Shanghai Fangda Jianzhi Technology Co., Ltd. (hereinafter Fangda Shanghai Jianzhi)	25%
Shenzhen Zhongrong Litai Investment Co. Ltd. (Zhongrong Litai)	25%
Chengdu Fangda Curtain Wall Technology Co., Ltd. (hereinafter Fangda Chengdu Curtain Wall)	25%
Fangda Southeast Asia Co., Ltd. (hereinafter Fangda Southeast Asia)	20%
Shenzhen Xunfu Investment Co., Ltd. (hereinafter referred to as Fangda Xunfu Investment)	25%
Shenzhen Lifu Investment Co., Ltd. (hereinafter referred to as Fangda Lifu Investment)	25%
Shenzhen Fangda Investment Partnership (Limited Partnership) (hereinafter referred to as Fangda Investment)	Inapplicable
Fangda Jianke (Hong Kong) Co., Ltd. (hereinafter Fangda Jianke Hong Kong)	16.50%
Shenzhen Fangda Yunzhu Technology Co., Ltd. (formerly known as Shenzhen Yunzhu Industry Co., Ltd., hereinafter referred to as Fangda Yunzhu Company)	15%
Shenzhen Yunzhu Testing Technology Co., Ltd. (Hereinafter Fangda Yunzhu Testing)	25%
Jiangxi Fangda Intelligent Manufacturing Technology Co., Ltd. (hereinafter referred to as Fangda Intelligent Manufacturing Company)	25%

2. Tax preference

(1) On December 23, 2021, the subsidiary Fangda Jianke obtained the certificate of high-tech enterprise jointly issued by Shenzhen Science and Technology Innovation Commission, Shenzhen Finance Bureau, State Administration of Taxation and Shenzhen Taxation Bureau. The certificate number is GR202144200527. Within three years after obtaining the qualification of high-tech enterprise (from 2021 to 2023), the income tax will be levied at 15%.

(2) On December 23, 2021, the subsidiary Fangda Zhiyuan Technology Co., Ltd. obtained the certificate of high tech enterprise jointly issued by Shenzhen Science and Technology Innovation Commission, Shenzhen Finance Bureau, State

Administration of Taxation and Shenzhen Taxation Bureau. The certificate number is GR202144205924. Within three years after obtaining the qualification of high tech enterprise (from 2021 to 2023), the income tax will be levied at 15%.

(3) On November 3, 2021, the subsidiary Fangda Jiangxi New Material Co., Ltd. obtained the certificate of high tech enterprise jointly issued by Jiangxi Provincial Department of Science and Technology, Jiangxi Provincial Department of Finance, State Administration of Taxation and Jiangxi Provincial Bureau of Taxation. The certificate number is GR202136000174. Within three years after obtaining the qualification of high tech enterprise (2021-2023), the income tax will continue to be levied at 15%.

(4) On December 3, 2020, the subsidiary Fangda Chengdu Technology obtained the certificate of high tech enterprise No. GR202051002193 jointly issued by the Department of Science and Technology of Sichuan Province, the Department of Finance of Sichuan Province, the State Administration of Taxation and the Sichuan Provincial Taxation Bureau. Within three years after obtaining the qualification of high tech enterprise (2020-2022), the income tax will continue to be levied at 15%.

(5) On December 22, 2022, the subsidiary Fangda Dongguan New Materials Co., Ltd. obtained the certificate of high tech enterprise No.GR202244006622 jointly issued by Guangdong Provincial Department of science and technology, Guangdong Provincial Department of Finance and Guangdong Provincial Taxation Bureau. Within three years (from 2022 to 2024) after obtaining the qualification of high tech enterprise, the income tax will be charged at 15%.

(6) The subsidiary Kechuangyuan Software is an enterprise located in Qianhai Shenzhen Hong Kong Modern Service Industry Cooperation Zone. Its main business meets the conditions of Preferential Catalogue of Enterprise Income Tax in Qianhai Shenzhen Hong Kong Modern Service Industry Cooperation Zone (2021)(the Regulation shall be implemented from January 1, 2021 to December 31, 2025), and the income tax is levied at 15%.

(7) On November 12, 2020, the subsidiary Fangda Shanghai Zhijian obtained the certificate of high tech enterprise No.GR202031001525 jointly issued by Shanghai Science and Technology Commission, Shanghai Finance Bureau and Shanghai Taxation Bureau. Within three years (from 2020 to 2022) after obtaining the qualification of high tech enterprise, the income tax will continue to be charged at 15%.

(8) On December 11, 2020, the subsidiary Fangda Yunzhu Co., Ltd. obtained the certificate of high tech enterprise jointly issued by Shenzhen Science and Technology Innovation Commission, Shenzhen Finance Bureau, State Administration of Taxation and Shenzhen Taxation Bureau. The certificate number is GR202044202438. Within three years after obtaining the qualification of high tech enterprise (from 2020 to 2022), the income tax will be levied at 15%.

(9) According to the Notice of the Ministry of Finance and the State Administration of Taxation on the Implementation of the Inclusive Tax Reduction Policy for Small and Micro Enterprises (CS [2019] No. 13), the Notice of the Ministry of Finance and the State Administration of Taxation on the Implementation of the Income Tax Preferential Policy for Small and Micro Enterprises and Individual Businesses (Announcement of the General Administration of Taxation of the Ministry of Finance, No. 12, 2021) According to the Announcement of the State Administration of Taxation on the Implementation of the Preferential Policies for the Development of Income Tax for Small and Micro-profit Enterprises and Individual Businesses (Announcement No. 8 of the State Administration of Taxation in 2021) and the Announcement of the State Administration of Taxation of the Ministry of Finance on the Further Implementation of the Preferential Policies for Income Tax for Small and Micro-profit Enterprises (Announcement No. 13 of the State Administration of Taxation in 2022), some companies belong to small and micro-profit enterprises in 2022, Their income shall be subject to enterprise income tax in accordance with the provisions of the above documents.

VII. Notes to the consolidated financial statements

1. Monetary capital

In RMB

Item	Closing balance	Opening balance
Inventory cash:	149.81	3,192.76
Bank deposits	809,288,523.64	910,763,535.83
Other monetary capital	429,465,543.05	376,797,030.73
Total	1,238,754,216.50	1,287,563,759.32
Including: total amount deposited in overseas	49,596,440.24	43,244,091.68
The total amount of money that has restrictions on use due to mortgage, pledge or freezing	455,076,287.44	395,312,687.73

Others:

(1) The restricted funds used in the ending balance of bank deposits are RMB32,904,822.35, including RMB241,305.03 in the real estate development supervision account, RMB19,342,686.90 in the labor insurance special account and migrant workers' wage special account, RMB13,213,791.84 in the loan supervision account, and RMB107,038.58 in the fixed deposit interest; In the closing balance of other monetary funds, the funds with limited use are RMB422,171,465.09, mainly including bill deposit, stage guarantee deposit, and guarantee deposit issued. In addition, there are no other funds in the monetary funds at the end of the period that have restrictions on use and potential recovery risks due to mortgages, pledges or freezing.

(2) In the preparation of the cash flow statement, the above-mentioned deposits and other restricted deposits are not used as cash and cash equivalents.

(3) At the end of the period, the Company's total amount deposited abroad was RMB49,596,440.24.

2. Transactional financial assets

In RMB

Item	Closing balance	Opening balance
Financial assets measured at fair value with variations accounted into current income account		25,135,241.89
Including: Investment of financial products		25,135,241.89
Total		25,135,241.89

3. Derivative financial assets

In RMB

Item	Closing balance	Opening balance
Futures contracts		310,325.00
Forward foreign exchange contract	789,205.34	759,262.62
Total	789,205.34	1,069,587.62

4. Notes receivable

(1) Classification of notes receivable

In RMB

Item	Closing balance	Opening balance
Bank acceptance	111,994,295.62	133,618,433.58
Commercial acceptance	18,434,258.87	32,759,446.43
Total	130,428,554.49	166,377,880.01

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	
Including:										
Notes receivable with	132,708,717.05	100.00%	2,280,162.56	1.72%	130,428,554.49	168,962,589.90	100.00%	2,584,709.89	1.53%	166,377,880.01

provision for bad debts by portfolio										
Including:										
Commercial acceptance	114,274,458.18	86.11%	2,280,162.56	2.00%	111,994,295.62	136,203,143.47	80.61%	2,584,709.89	1.90%	133,618,433.58
Bank acceptance	18,434,258.87	13.89%			18,434,258.87	32,759,446.43	19.39%			32,759,446.43
Total	132,708,717.05	100.00%	2,280,162.56	1.72%	130,428,554.49	168,962,589.90	100.00%	2,584,709.89	1.53%	166,377,880.01

Provision for bad debts by combination: trade acceptance

In RMB

Name	Closing balance		
	Remaining book value	Bad debt provision	Provision rate
Commercial acceptance	114,274,458.18	2,280,162.56	2.00%
Total	114,274,458.18	2,280,162.56	

Provision for bad debts by combination: bank acceptance

In RMB

Name	Closing balance		
	Remaining book value	Bad debt provision	Provision rate
Bank acceptance	18,434,258.87	0.00	0.00%
Total	18,434,258.87	0.00	

If the provision for bad debts of bills receivable is made in accordance with the general model of expected credit losses, please refer to the disclosure of other receivables to disclose information about bad debts:

□ Applicable ☑ Inapplicable

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

Bad debt provision made in the period:

In RMB

Type	Opening balance	Change in the period				Closing balance
		Provision	Written-back or recovered	Canceled	Others	
Commercial acceptance	2,584,709.89	-304,547.33				2,280,162.56
Total	2,584,709.89	-304,547.33				2,280,162.56

Including significant recovery or reversal:

□ Applicable ☑ Inapplicable

(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		17,869,328.87
Commercial acceptance		6,677,013.28
Total		24,546,342.15

(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	44,712,018.28
Total	44,712,018.28

5. Account receivable

(1) Account receivable disclosed by categories

In RMB

Type	Closing balance					Opening balance				
	Remaining book value		Bad debt provision		Book value	Remaining book value		Bad debt provision		Book value
	Amount	Proportion	Amount	Provision rate		Amount	Proportion	Amount	Provision rate	
Account receivable for which bad debt provision is made by group	89,501,875.22	8.46%	83,454,234.68	93.24%	6,047,640.54	83,718,640.09	11.18%	78,221,018.60	93.43%	5,497,621.49
Including:										
1. Customer 1	54,873,223.21	5.19%	54,873,223.21	100.00%		54,873,223.21	7.32%	54,873,223.21	100.00%	
2. Customer 2	13,461,834.96	1.27%	13,461,834.96	100.00%		13,461,834.96	1.80%	13,461,834.96	100.00%	
3. Customer 3	4,998,860.10	0.47%	2,499,430.06	50.00%	2,499,430.04	4,998,860.10	0.67%	2,499,430.06	50.00%	2,499,430.04
4. Customer 4	7,096,421.00	0.67%	3,548,210.50	50.00%	3,548,210.50	5,996,382.91	0.80%	2,998,191.46	50.00%	2,998,191.45
5. Customer 5	9,071,535.95	0.86%	9,071,535.95	100.00%		4,388,338.91	0.59%	4,388,338.91	100.00%	
Account	968,358,4	91.54	142,113,	14.68%	826,244,	664,994,	88.82%	114,038,	17.15%	550,956,

receivable for which bad debt provision is made by group	65.15	%	757.52		707.63	519.44		316.73		202.71
Including:										
1. Portfolio 1: Engineering operations section	714,451,919.44	67.54%	128,787,757.87	18.03%	585,664,161.57	414,989,471.61	55.43%	101,816,476.32	24.53%	313,172,995.29
2. Portfolio 2: Real estate business payments	167,560,235.16	15.84%	7,893,605.97	4.71%	159,666,629.19	153,920,735.18	20.56%	7,774,660.29	5.05%	146,146,074.89
3. Portfolio 3: Other business models	86,346,310.55	8.16%	5,432,393.68	6.29%	80,913,916.87	96,084,312.65	12.83%	4,447,180.12	4.63%	91,637,132.53
Total	1,057,860,340.37	100.00%	225,567,992.20	21.32%	832,292,348.17	748,713,159.53	100.00%	192,259,335.33	25.68%	556,453,824.20

Separate bad debt provision:

In RMB

Name	Closing balance			
	Remaining book value	Bad debt provision	Provision rate	Reason
1. Customer 1	54,873,223.21	54,873,223.21	100.00%	Customer credit status deteriorates and is hard to recover
2. Customer 2	13,461,834.96	13,461,834.96	100.00%	Customer credit status deteriorates and is hard to recover
3. Customer 3	4,998,860.10	2,499,430.06	50.00%	Customer credit status deteriorates
4. Customer 4	7,096,421.00	3,548,210.50	50.00%	Customer credit status deteriorates
5. Customer 5	9,071,535.95	9,071,535.95	100.00%	Customer credit status deteriorates and is hard to recover
Total	89,501,875.22	83,454,234.68		

Provision for bad debts by combination: Portfolio 1: Engineering business

In RMB

Name	Closing balance		
	Remaining book value	Bad debt provision	Provision rate
Less than 1 year	382,919,778.43	7,506,149.45	1.96%
1-2 years	123,887,342.34	7,012,023.57	5.66%
2-3 years	45,783,561.85	5,841,982.50	12.76%
3-4 years	49,929,170.68	9,866,004.13	19.76%
4-5 years	23,522,990.73	10,152,522.81	43.16%
Over 5 years	88,409,075.41	88,409,075.41	100.00%
Total	714,451,919.44	128,787,757.87	

Group recognition basis:

See 9. Financial Tools in Chapter X, V, Important Accounting Policies and Accounting Estimates for the recognition criteria and instructions for withdrawing bad debt reserves by portfolio

Bad debt provision by portfolio: portfolio 2: real estate business funds

In RMB

Name	Closing balance		
	Remaining book value	Bad debt provision	Provision rate
Less than 1 year	123,037,500.21	1,230,375.00	1.00%
1-2 years	71,145.32	3,557.27	5.00%
2-3 years	80,647.44	4,032.37	5.00%
3-4 years			
4-5 years	22,273,070.00	3,340,960.50	15.00%
Over 5 years	22,097,872.19	3,314,680.83	15.00%
Total	167,560,235.16	7,893,605.97	

Provision for bad debts by combination: portfolio 3: Others business

In RMB

Name	Closing balance		
	Remaining book value	Bad debt provision	Provision rate
Less than 1 year	64,757,643.57	472,730.80	0.73%
1-2 years	10,834,500.58	227,524.52	2.10%
2-3 years	3,942,000.67	331,916.46	8.42%
3-4 years	2,451,415.25	607,460.69	24.78%
4-5 years	4,197,979.88	3,629,990.61	86.47%
Over 5 years	162,770.60	162,770.60	100.00%
Total	86,346,310.55	5,432,393.68	

If the provision for bad debts of accounts receivable is made in accordance with the general model of expected credit losses, please refer to the disclosure of other receivables to disclose information about bad debts:

□ Applicable ☑ Inapplicable

Account age

In RMB

Age	Remaining book value
Within 1 year (inclusive)	648,121,516.33
1-2 years	135,225,634.55
2-3 years	49,806,209.96
Over 3 years	224,706,979.53
3-4 years	54,194,564.87
4-5 years	58,235,655.84
Over 5 years	112,276,758.82
Total	1,057,860,340.37

The Company needs to comply with the disclosure requirements of the decoration and decoration industry in the *Guidelines for the Self-discipline and Supervision of Listed Companies of Shenzhen Stock Exchange No. 3 - Industry Information Disclosure*.

Customer	Balance of accounts receivable of over 3 years	Balance of provision for bad debts	Reason of the age	Whether there is a risk of recovery

Customer 1	54,873,223.21	54,873,223.21	Customer credit status deteriorates	Yes
Customer 2	25,647,044.22	25,647,044.22	Customer credit status deteriorates	Yes
Customer 3	17,374,148.42	17,374,148.42	Customer credit status deteriorates	Yes
Customer 4	13,461,834.96	13,461,834.96	Customer credit status deteriorates	Yes

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

Bad debt provision made in the period:

In RMB

Type	Opening balance	Change in the period				Closing balance
		Provision	Written-back or recovered	Canceled	Others	
Separate bad debt provision	78,221,018.60	9,621,554.99	4,388,338.91			83,454,234.68
Provision for bad debts by combination	114,038,316.73	29,530,880.52		1,455,439.73		142,113,757.52
Total	192,259,335.33	39,152,435.51	4,388,338.91	1,455,439.73		225,567,992.20

Including significant recovery or reversal:

In RMB

Entity	Written-back or recovered amount	Method
Customer 1	4,388,338.91	After applying for bankruptcy liquidation, the customer shall have priority to receive compensation and be recovered by bank transfer
Total	4,388,338.91	

After the Company verified that 100% of the bad debt reserves were withdrawn in the early stage, it was difficult for the management to recover the original accounts receivable in full. Subsequently, the company made unremitting efforts to obtain the priority right of repayment of the project funds through litigation, application for bankruptcy liquidation of the customer, and finally recovered the above funds through priority repayment after the bankruptcy liquidation of the customer 1.

(3) Written-off account receivable during the period

In RMB

Item	Amount
Account receivable written off	1,455,439.73

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

In RMB

Entity	Closing balance of accounts receivable	Percentage (%)	Balance of bad debt provision at the end of the period
No.1	94,349,640.05	8.92%	48,873,302.85

No.2	61,265,539.43	5.79%	6,679,120.90
No.3	54,873,223.21	5.19%	54,873,223.21
No.4	37,413,214.07	3.53%	733,299.00
No.5	31,500,000.00	2.98%	1,784,736.49
Total	279,401,616.76	26.41%	

(5) Amount of assets and liabilities formed by transferring accounts receivable and continuing involvement

Item	Transfer method of assets	Amount of assets formed by continued involvement	Amount of liabilities formed by continued involvement
Customer 1	Credit discount	1,637,287.44	1,637,287.44
Total		1,637,287.44	1,637,287.44

(6) Receivables derecognized due to transfer of financial assets

Item	Transfer method of financial assets	De-recognized amount	Gain or loss related to the de-recognition
Customer 1	Factoring	20,793,323.45	-766,342.66
Customer 2	Factoring	1,500,000.00	-81,221.92
Customer 3	Factoring	1,750,233.20	-65,862.60
Customer 4	Factoring	6,704,345.94	-284,711.22
Customer 5	Factoring	6,845,674.82	-240,379.89
Customer 6	Factoring	17,601,403.70	-603,716.91
Customer 7	Factoring	2,319,372.24	-92,748.47
Customer 8	Factoring	10,590,826.29	-420,435.43
Customer 9	Factoring	18,382,512.81	-674,142.74
Customer 10	Factoring	5,993,538.94	-237,020.51
Customer 11	Factoring	1,663,330.96	-53,975.09
Customer 12	Factoring	2,654,800.00	-102,947.24
Customer 13	Factoring	5,000,000.00	-65,625.00
Customer 14	Factoring	1,842,845.54	-88,941.28
Total		103,642,207.89	-3,778,070.96

6. Receivable financing

In RMB

Item	Closing balance	Opening balance
Notes receivable	1,338,202.01	4,263,500.00
Total	1,338,202.01	4,263,500.00

Increase or decrease in the current period of receivables financing and changes in fair value

□ Applicable ☑ Inapplicable

If the provision for financing impairment of receivables is accrued in accordance with the general expected credit loss model, please refer to the disclosure of other receivables to disclose the relevant information of the impairment provision:

□ Applicable ☑ Inapplicable

7. Prepayment

(1) Account ages of prepayments

In RMB

Age	Closing balance		Opening balance	
	Amount	Proportion	Amount	Proportion
Less than 1 year	14,930,557.32	72.37%	18,013,831.62	78.24%
1-2 years	2,913,056.11	14.12%	805,756.05	3.50%
2-3 years	582,237.19	2.82%	2,467,980.33	10.72%
Over 3 years	2,205,799.97	10.69%	1,734,917.03	7.54%
Total	20,631,650.59		23,022,485.03	

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

At the end of the period, there is no significant prepayment with an aging of more than one year.

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

The total of top5 prepayments in terms of the prepaid entities in the period is RMB7,174,864.45, accounting for 34.78% of the total prepayments at the end of the period.

8. Other receivables

In RMB

Item	Closing balance	Opening balance
Other receivables	155,379,024.22	165,093,406.23
Total	155,379,024.22	165,093,406.23

(1) Other receivables

1) Other receivables are disclosed by nature

In RMB

By nature	Closing balance of book value	Opening balance of book value
Deposit	99,789,014.58	106,427,141.89
Construction borrowing and advanced payment	33,008,395.75	31,857,018.14
Staff borrowing and petty cash	1,439,503.90	1,828,554.92
VAT refund receivable	1,946,422.08	4,903,075.25
Debt by Luo Huichi	11,242,291.48	12,992,291.48
Others	30,122,981.20	29,074,979.66
Total	177,548,608.99	187,083,061.34

2) Method of bad debt provision

In RMB

Bad debt provision	First stage	Second stage	Third stage	Total
	Expected credit losses in the next 12 months	Expected credit loss for the entire duration (no credit impairment)	Expected credit loss for the entire duration (credit impairment has occurred)	
Balance on January 1, 2022	2,216,451.18	573,868.37	19,199,335.56	21,989,655.11
Balance on January 1, 2022 in the current period				
Provision	-152,479.64	-456,184.11	2,538,593.41	1,929,929.66
Transferred back in the current period			1,750,000.00	1,750,000.00
Balance on December 31, 2022	2,063,971.54	117,684.26	19,987,928.97	22,169,584.77

Changes in book balances with significant changes in the current period

□ Applicable ☑ Inapplicable

Account age

In RMB

Age	Remaining book value
Within 1 year (inclusive)	23,108,291.98
1-2 years	6,830,367.09
2-3 years	22,325,214.95
Over 3 years	125,284,734.97
3-4 years	18,001,035.18
4-5 years	70,858,183.77
Over 5 years	36,425,516.02
Total	177,548,608.99

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

Bad debt provision made in the period:

In RMB

Type	Opening balance	Change in the period				Closing balance
		Provision	Written-back or recovered	Canceled	Others	
Separate bad debt provision	13,035,168.48	3,741,789.11	1,750,000.00			15,026,957.59
Provision for bad debts by combination	8,954,486.63	-1,811,859.45				7,142,627.18
Total	21,989,655.11	1,929,929.66	1,750,000.00			22,169,584.77

Including significant recovery or reversal:

In RMB

Entity	Written-back or recovered amount	Method
Luo Huichi	1,750,000.00	Recovery through bank transfer
Total	1,750,000.00	——

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
Shenzhen Yikang Real Estate Co. Ltd.	Margin and current account	70,062,675.83	4-5 years	39.46%	1,043,933.87
Bangshen Electronics (Shenzhen) Co., Ltd.	Deposit	20,000,000.00	Over 5 years	11.26%	298,000.00
Shenzhen Rijiasheng Trading Co., Ltd	Arrears	18,708,945.57	2-3 years	10.54%	3,741,789.11
Luo Huichi	Debt by Luo Huichi	11,242,291.48	Over 5 years	6.33%	11,242,291.48
Shenzhen Henggang Dakang Co., Ltd.	Deposit	8,000,000.00	4-5 years	4.51%	119,200.00
Total		128,013,912.88		72.10%	16,445,214.46

5) Items involving government subsidies:

In RMB

Entity	Governmental subsidy	Closing balance	Closing age	Estimated time, amount and basis of receipt
Shenzhen Tax Bureau of State Administration of Taxation	Receivable refund of VAT	1,946,422.08	Less than 1 year	Full recovered in less than 1 year

9. Inventories

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

Yes

(1) Classification of inventories

The Company needs to comply with the disclosure requirements of the real estate industry in the *Guidelines for the Self-discipline and Supervision of Listed Companies of Shenzhen Stock Exchange No. 3 - Industry Information Disclosure*.

Classified by nature:

In RMB

Item	Closing balance			Opening balance		
	Remaining book value	Provision for inventory depreciation or contract performance cost impairment provision	Book value	Remaining book value	Provision for inventory depreciation or contract performance cost impairment provision	Book value
Development cost	219,112,637.71		219,112,637.71	214,159,331.62		214,159,331.62
Development products	150,695,868.79		150,695,868.79	215,045,857.53		215,045,857.53
Contract performance costs	88,165,638.94		88,165,638.94	120,770,607.88		120,770,607.88
Raw materials	124,041,162.65		124,041,162.65	87,964,749.50		87,964,749.50
Product in process	95,231,082.82		95,231,082.82	71,066,791.34		71,066,791.34
Finished goods in stock	8,937,351.29		8,937,351.29	7,514,662.13		7,514,662.13
Low price consumable	193,880.28		193,880.28	190,365.86		190,365.86
OEM materials	22,479,288.26		22,479,288.26	16,568,559.12		16,568,559.12
Goods delivered	1,675,486.58		1,675,486.58			
Total	710,532,397.32		710,532,397.32	733,280,924.98		733,280,924.98

Development cost and capitalization rate of its interest are disclosed as follows:

In RMB

Project name	Starting time	Estimated finish time	Estimated total investment	Opening balance	Transferred to development product in this period	Other decrease in this period	Increase (development cost) in this period	Closing balance	Accumulative capitalized interest	Including: capitalized interest for the current period	Capital source
Dakang Village Project in Shenzhen	December 1, 2024	December 31, 2030	3,600,000,000.00	199,023,484.28	0.00	0.00	1,185,633.64	200,209,117.92	0.00	0.00	Bank loan and self-owned fund
Fangda Bangshen Industry Park	December 1, 2023	December 31, 2025	870,000,000.00	15,135,847.34	0.00	0.00	3,767,672.45	18,903,519.79	0.00	0.00	
Total	--	--	4,470,000,000.	214,159,331.62	0.00	0.00	4,953,306.09	219,112,637.71	0.00	0.00	--

			00								

Disclose the main project information of "Development Products" according to the following format:

In RMB

Project name	Completion time	Opening balance	Increase	Decrease	Closing balance	Accumulative capitalized interest	Including: capitalized interest for the current period
Phase I of Fangda Town	29 December 2016	62,930,177.37		40,394,785.98	22,535,391.39	867,152.26	0.00
Nanchang Fangda Center	April 27, 2021	152,115,680.16		23,955,202.76	128,160,477.40	4,956,638.66	0.00
Total	--	215,045,857.53		64,349,988.74	150,695,868.79	5,823,790.92	0.00

(2) Capitalization rate of interest in the closing inventory balance

As of December 31, 2022, the capitalization amount of borrowing costs in the ending inventory balance is RMB5,823,790.92.

10. Contract assets

In RMB

Item	Closing balance			Opening balance		
	Remaining book value	Impairment provision	Book value	Remaining book value	Impairment provision	Book value
Completed and unsettled project funds that fail to meet the collection conditions	2,176,000,625.48	173,393,371.22	2,002,607,254.26	1,846,449,787.26	146,621,352.05	1,699,828,435.21
Quality guarantee deposit that fails to meet the collection conditions	133,413,895.62	19,336,873.48	114,077,022.14	57,766,007.09	8,365,574.02	49,400,433.07
Sales funds with conditional collection right	42,541,809.75	365,427.72	42,176,382.03	34,103,742.16	384,937.31	33,718,804.85
Total	2,351,956,330.85	193,095,672.42	2,158,860,658.43	1,938,319,536.51	155,371,863.38	1,782,947,673.13

The amount and reasons for major changes in the book value of contract assets during the current period:

In RMB

Item	Change	Reason
Completed and unsettled project funds	329,550,838.22	This is mainly due to the unsettled project funds with conditional collection rights

		arising from the revenue recognized in the project contract this year
Warranty	75,647,888.53	It is mainly caused by the increase of warranty deposit due within one year
Total	405,198,726.75	——

If the provision for bad debts of contract assets is made in accordance with the general model of expected credit losses, please refer to the disclosure of other receivables to disclose information about bad debts:

□ Applicable ☑ Inapplicable

Provision made for bad debts of contract assets in this period

In RMB

Item	Provision	Transferred back in the current period	Written off in the current period	Reason
Separate bad debt provision	-9,455,813.64			
Provision for bad debts by combination	47,179,622.68			
Total	37,723,809.04			——

11. Other current assets

In RMB

Item	Closing balance	Opening balance
Reclassification of VAT debit balance	174,264,248.29	145,743,267.08
Overpayment and prepayment of income tax	3,997,524.27	98,092,258.00
Other prepaid taxes	3,348,706.84	8,520,856.65
Payment to be collected on behalf of suppliers	12,015,367.57	
Subsidiary IPO intermediary fee	2,064,871.00	
Deferred discount expenses and others	5,291,245.63	12,430,124.56
Total	200,981,963.60	264,786,506.29

12. Long-term share equity investment

In RMB

Invested entity	Opening book value	Change (+,-)								Closing book value	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											
Ganshang Joint	2,365,399.31			20,096.59						2,385,495.90	

Investment											
Jiangxi Business Innovative Property Joint Stock (Jiangxi Business Inovation)	52,853,546.83			-270,000.59						52,583,546.24	
Subtotal	55,218,946.14			-249,904.00						54,969,042.14	
Total	55,218,946.14			-249,904.00						54,969,042.14	

13. Investment in other equity tools

In RMB

Item	Closing balance	Opening balance
Unlisted equity instrument investment	11,968,973.86	14,180,652.65
Total	11,968,973.86	14,180,652.65

Sub-disclosure of non-tradable equity instrument investment in the current period

In RMB

Project name	Dividend recognized in the period	Total gain	Total loss	Amount of other comprehensive income transferred to retained earnings	Reason for measurement at fair value with variations accounted into current income account	Reason for transfer of other miscellaneous into income
Shenyang Fangda			16,593,601.81			
Shenzhen Huihai Yirong Internet Service Co., Ltd.			3,779,277.52			

14. Other non-current financial assets

In RMB

Item	Closing balance	Opening balance
Financial assets measured at fair value with variations accounted into current income account	7,507,434.68	7,525,408.24

Total	7,507,434.68	7,525,408.24

15. Investment real estates

(1) Investment real estate measured at costs

☑ Applicable □ Inapplicable

In RMB

Item	Houses & buildings	Total
I. Book value		
1. Opening balance	17,388,824.39	17,388,824.39
2. Increase in this period		
3. Decrease in this period		
4. Closing balance	17,388,824.39	17,388,824.39
II. Accumulative depreciation and amortization		
1. Opening balance	7,253,011.36	7,253,011.36
2. Increase in this period	449,408.04	449,408.04
(1) Provision or amortization	449,408.04	449,408.04
3. Decrease in this period		
4. Closing balance	7,702,419.40	7,702,419.40
III. Impairment provision		
1. Opening balance		
2. Increase in this period		
3. Decrease in this period		
4. Closing balance		
IV. Book value		
1. Closing book value	9,686,404.99	9,686,404.99
2. Opening book value	10,135,813.03	10,135,813.03

(2) Investment real estate measured at fair value

☑ Applicable □ Inapplicable

Item	Houses & buildings	Total
I. Opening balance	5,755,216,580.10	5,755,216,580.10
II. Change in this period	-4,385,407.98	-4,385,407.98
Add: Transfer-in from inventory\fixed assets\construction in progress	27,649,775.66	27,649,775.66
Less: disposal	8,622,022.15	8,622,022.15
Other transfer-out	17,660,490.58	17,660,490.58
Change in fair value	-5,752,670.91	-5,752,670.91
III. Closing balance	5,750,831,172.12	5,750,831,172.12

In RMB

The Company needs to comply with the disclosure requirements of the real estate industry in the *Guidelines for the Self-discipline and Supervision of Listed Companies of Shenzhen Stock Exchange No. 3 - Industry Information Disclosure*.

Disclosure of investment real estate measured at fair value by projects

In RMB

Project name	Location	Completion time	Building area	Rental income in the report period	Opening fair value	Closing fair value	Change in fair value	Reason for the change and report
Fangda Town commercial and office buildings	Shenzhen	October 11, 2017, December 29, 2018	95,083.13	114,099,793.05	4,985,487,880.63	4,968,727,749.00	-0.34%	The main recognition basis of the fair value is the real estate appraisal report "SWJPZ [2023] SZ No.002 and No.003" issued by Shenzhen Wenji Land Real Estate Appraisal Engineering Consulting Co., Ltd
Fangda Building	Shenzhen	28 December 2002	17,725.36	17,550,588.65	329,471,982.00	333,236,768.00	1.14%	
Nanchang Fangda Center	Nanchang	December 10, 2020	37,270.58	11,667,537.01	436,493,838.47	423,314,763.12	-3.02%	
Others	Beijing, Changchun, Guiyang, Shaoguan, etc		2,610.04	77,683.38	3,762,879.00	25,551,892.00	579.05%	The main recognition basis of fair value is: the real estate appraisal report (SWJPZ [2023] SZ No.004-No.008) issued by Shenzhen Wenji Land Real Estate Appraisal Engineering Consulting Co., Ltd; The change of 579.05% in fair value in the current period is

								mainly due to the change of some fixed assets into investment real estate for external lease. For details, see "New Investment Real Estate Measured by Fair Value in the Current Period".
Total			152,689.11	143,395,602.09	5,755,216,580.10	5,750,831,172.12	-0.08%	

Whether the Company has investment real estate in the current construction period

□ Yes ☑ No

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

☑ Yes □ No

Newly-added investment real estate measured by fair value in the current period:

In RMB

Project name	Original accounting method	Original book value	Recorded fair value	Closing fair value	Change time	Different handling method and basis
Others	Fixed assets, measured at cost	25,862,101.38	21,875,821.00	21,875,821.00	September 30, 2022	According to the relevant provisions of the investment real estate standard, when converting fixed assets into investment real estate measured at fair value, the difference between the fair value on the date of conversion and the original book value is included in other comprehensive income, and the difference between the fair value and the original book value is included in the current profit and loss
Total		25,862,101.38	21,875,821.00	21,875,821.00		

(3) Investment real estate without ownership certificate

In RMB

Item	Book value	Reason
Others	1,574,816.00	Affected by the COVID-19, it has not been handled yet
Total	1,574,816.00	

Others:

① The fair value of some real estate in Fangda Town is RMB1,951,090,984.51, which has been mortgaged to the loan of China Construction Bank Shenzhen OCT sub branch. The loan has not expired and has not been released; The fair value of some real estate in fangdacheng is RMB1,342,642,490.00, which has been mortgaged to the loan of Shenzhen Dongbin branch of Huaxia Bank. The loan has not expired and has not been released.

② Other transfer-out in the current period is due to the need of business development. The company transferred out the amount of RMB3,032,342.13 by transferring some houses from external rental to self-use, and reduced the original estimated cost by RMB14,628,148.45 according to the actual settlement.

16. Fixed assets

In RMB

Item	Closing balance	Opening balance
Fixed assets	646,812,853.36	663,414,297.61
Total	646,812,853.36	663,414,297.61

(1) Fixed assets

In RMB

Item	Houses & buildings	Mechanical equipment	Transportation facilities	Electronics and other devices	PV power plants	Total
I. Book value						
1. Opening balance	610,564,471.12	120,638,873.28	21,390,928.69	50,870,105.77	129,596,434.84	933,060,813.70
2. Increase in this period	33,554,678.91	10,901,279.31	1,773,951.04	2,475,883.36	0.00	48,705,792.62
(1) Purchase	187,307.90	10,901,279.31	1,751,256.55	2,475,883.36		15,315,727.12
(2) Transfer-in of construction in progress	20,892,009.41					20,892,009.41
(3) Other increases	12,475,361.60		22,694.49			12,498,056.09
3. Decrease in this period	36,903,250.10	727,534.43	2,888,774.82	1,404,713.14	-	41,924,272.49
(1) Disposal or retirement	4,507,401.37	727,534.43	2,888,774.82	1,404,713.14		9,528,423.76
(2) Other decrease	32,395,848.73					32,395,848.73
4. Closing balance	607,215,899.93	130,812,618.16	20,276,104.91	51,941,275.99	129,596,434.84	939,842,333.83
II. Accumulative						

depreciation						
1. Opening balance	96,553,528.93	91,086,675.44	16,472,796.03	30,931,249.97	34,505,796.22	269,550,046.59
2. Increase in this period	17,232,446.77	2,687,633.87	837,258.62	2,726,650.38	6,148,440.12	29,632,429.76
(1) Provision	17,232,446.77	2,687,633.87	825,212.90	2,726,650.38	6,148,440.12	29,620,384.04
(2) Other increases			12,045.72			12,045.72
3. Decrease in this period	1,761,858.91	650,994.84	2,599,897.33	1,236,714.30	0.00	6,249,465.38
(1) Disposal or retirement	331,360.01	650,994.84	2,599,897.33	1,236,714.30		4,818,966.48
(2) Other decrease	1,430,498.90					1,430,498.90
4. Closing balance	112,024,116.79	93,123,314.47	14,710,157.32	32,421,186.05	40,654,236.34	292,933,010.97
III. Impairment provision						
1. Opening balance		79,843.20		16,626.30		96,469.50
2. Increase in this period						
3. Decrease in this period						
4. Closing balance		79,843.20		16,626.30		96,469.50
IV. Book value						
1. Closing book value	495,191,783.14	37,609,460.49	5,565,947.59	19,503,463.64	88,942,198.50	646,812,853.36
2. Opening book value	514,010,942.19	29,472,354.64	4,918,132.66	19,922,229.50	95,090,638.62	663,414,297.61

(2) Fixed assets without ownership certificate

In RMB

Item	Book value	Reason
Yuehai Office Building C 502	112,420.05	Historical reasons

Others:

① On December 31, 2022, the net value of RMB44,751,777.53 in the Company's houses and buildings has been mortgaged to China Construction Bank Shenzhen Overseas Chinese Town Sub-branch for loans.

② Among the changes in the current period, the increase of houses and other buildings was RMB12,475,361.6, which was caused by the receipt of mortgaged properties by the subsidiary Fangda Construction Section.

③ In the current period, the house and other buildings decreased by RMB32,395,848.73, of which the Company reduced RMB31,398,815.30 by transferring some houses from self-use to external lease due to the need of business development, and the original estimated amount decreased by RMB997,033.43 due to settlement adjustment.

22. Construction in process

In RMB

Item	Closing balance	Opening balance
Construction in process		11,642,444.21
Total		11,642,444.21

(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
Construction and decoration of self use part of Fangda Center				11,642,444.21		11,642,444.21
Total				11,642,444.21		11,642,444.21

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

In RMB

Project name	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
Construction and decoration of self use part of Fangda Center	13,000,000.00	11,642,444.21	3,649,003.82	15,291,448.03			117.63%	Completed	282,357.24			Loans from financial institutions+ self-owned fund
Total	13,000,000.00	11,642,444.21	3,649,003.82	15,291,448.03					282,357.24			

25. Use right assets

In RMB

Item	Houses & buildings	Transportation facilities	Total
I. Book value			
1. Opening balance	37,075,290.17	1,319,251.12	38,394,541.29

2. Increase in this period	1,747,335.34		1,747,335.34
3. Decrease in this period	915,139.57		915,139.57
4. Closing balance	37,907,485.94	1,319,251.12	39,226,737.06
II. Accumulative depreciation			
1. Opening balance	6,344,621.50	609,063.25	6,953,684.75
2. Increase in this period	12,548,843.12	609,063.24	13,157,906.36
(1) Provision	12,548,843.12	609,063.24	13,157,906.36
3. Decrease in this period	334,547.45		334,547.45
4. Closing balance	18,558,917.17	1,218,126.49	19,777,043.66
III. Impairment provision			
1. Opening balance			
2. Increase in this period			
3. Decrease in this period			
4. Closing balance			
IV. Book value			
1. Closing book value	19,348,568.77	101,124.63	19,449,693.40
2. Opening book value	30,730,668.67	710,187.87	31,440,856.54

Note: The depreciation amount of use right assets in 2022 is RMB13,157,906.36.

26. Intangible assets

(1) Intangible assets

In RMB

Item	Land using right	Patent	Unpatented technologies	Trademarks, patents and know-how	Software	Total
I. Book value						
1. Opening balance	80,404,737.13			8,989,350.94	21,627,838.43	111,021,926.50
2. Increase in this period				24,421.75	1,901,262.23	1,905,500.53
(1) Purchase				24,421.75	1,901,262.23	1,925,683.98
3. Decrease in this period						
4. Closing balance	80,404,737.13			9,013,772.69	23,529,100.66	112,947,610.48
II. Accumulative amortization						
1. Opening balance	17,370,871.00			8,652,629.93	9,798,712.74	35,822,213.67
2. Increase in this period	2,295,272.94			147,141.86	2,003,537.75	4,445,952.55
(1) Provision	2,295,272.94			147,141.86	2,003,537.75	4,445,952.55
3. Decrease in						

this period						
4. Closing balance	19,666,143.94			8,799,771.79	11,802,250.49	40,268,166.22
III. Impairment provision						
1. Opening balance						
2. Increase in this period						
3. Decrease in this period						
4. Closing balance						
IV. Book value						
1. Closing book value	60,738,593.19			214,000.90	11,726,850.17	72,679,444.26
2. Opening book value	63,033,866.13			336,721.01	11,829,125.69	75,199,712.83

27. 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	1,028,527.10		56,101.56		972,425.54
Reconstruction project of sample room	231,427.38		115,713.60		115,713.78
Membership fee	193,749.80	900,000.00	388,749.84		704,999.96
Waterproofing works for employee dormitories	472,886.09		92,507.31	380,378.78	
Management consulting service fee	178,466.08		64,896.72		113,569.36
Warehouse addition and renovation project	151,376.19		60,550.44		90,825.75
Dahuaxin Dongguan Songshanhu rubber area interlayer transformation	180,428.08		180,428.08		
Factory wall painting and rolling shutter door engineering	172,368.00		45,964.80		126,403.20
Property insurance premium	237,369.99	84,625.00	252,975.91		69,019.08
Plant ground reconstruction project	319,593.71		87,162.00		232,431.71
High voltage network access fee of East China base	794,750.23		307,645.32		487,104.91
Sporadic decoration and renovation costs of Fangda		4,724,856.77	809,024.66		3,915,832.11

Town					
Sporadic decoration and renovation costs of Fangda Center		1,184,221.28	114,961.72		1,069,259.56
Others	1,427,827.57	1,705,270.63	1,112,514.27	173,507.88	1,847,076.05
Total	5,388,770.22	8,598,973.68	3,689,196.23	553,886.66	9,744,661.01

28. 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	295,671,508.97	54,047,399.06	257,631,149.84	48,121,014.85
Unrealized profit of internal transactions	281,819,399.92	55,869,584.56	281,712,399.14	55,842,834.37
Deductible loss	160,102,622.27	32,419,194.27	194,235,656.90	44,060,479.20
Credit impairment provision	249,948,173.84	39,913,829.96	216,539,086.13	34,918,828.89
Unrealizable gross profit	112,847,972.30	27,307,162.73	114,199,793.34	27,967,001.62
Anticipated liabilities	3,372,553.84	505,883.08	6,347,809.40	1,161,300.00
Deferred earning	3,610,875.25	558,241.49	3,674,964.26	551,244.65
Change in fair value	5,433,747.37	815,062.11	1,079,130.19	161,869.53
Tax differences under new lease criteria	1,316,989.65	195,214.63	274,185.93	43,127.01
Accrued and unpaid land tax	20,133,488.43	5,033,372.11		
Reserved expense	22,640,219.20	3,396,032.88	8,640,219.18	1,296,032.88
Total	1,156,897,551.04	220,060,976.88	1,084,334,394.31	214,123,733.00

(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
Change in fair value	4,188,015,507.12	1,046,924,956.27	4,199,023,889.76	1,049,649,013.70
Acquire premium to form inventory	1,535,605.47	383,901.37	1,535,605.47	383,901.37
Estimated gross margin when Fangda Town records income, but does not reach the taxable income level	38,783,686.70	9,695,921.68	31,539,658.09	7,884,914.52
Rental income	32,671,966.71	8,167,991.68	34,856,116.84	8,714,029.21
Total	4,261,006,766.00	1,065,172,771.00	4,266,955,270.16	1,066,631,858.80

(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		220,060,976.88		214,123,733.00
Deferred income tax liabilities		1,065,172,771.00		1,066,631,858.80

(4) Details of unrecognized deferred income tax assets

In RMB

Item	Closing balance	Opening balance
Deductible temporary difference	146,089.64	554,677.54
Deductible loss	16,177,447.74	10,345,101.90
Total	16,323,537.38	10,899,779.44

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

In RMB

Year	Closing amount	Opening amount	Remarks
2022		1,233,589.22	
2023	4,575,983.46	4,575,983.46	
2024	1,276,235.76	1,276,235.76	
2025	213,129.83	213,129.83	
2026	2,355,213.17	3,046,163.63	
2027	7,756,885.52		
Total	16,177,447.74	10,345,101.90	

29. Other non-current assets

In RMB

Item	Closing balance			Opening balance		
	Remaining book value	Impairment provision	Book value	Remaining book value	Impairment provision	Book value
Contract assets	105,183,978.15	5,709,693.38	99,474,284.77	72,288,658.32	7,952,729.45	64,335,928.87
Prepaid house and equipment amount	73,077,190.00	0.00	73,077,190.00	35,693,402.77	0.00	35,693,402.77
Certificate of deposit	316,929,580.18	0.00	316,929,580.18	306,738,886.82	0.00	306,738,886.82
Others	2,005,361.70	0.00	2,005,361.70	1,088,296.93	0.00	1,088,296.93
Total	497,196,110.03	5,709,693.38	491,486,416.65	415,809,244.84	7,952,729.45	407,856,515.39

30. Short-term borrowings

(1) Classification of short-term borrowings

In RMB

Item	Closing balance	Opening balance
Loan by pledge		58,450,232.49
Guarantee loan	120,136,861.08	10,013,291.67
Credit borrow	300,247,500.00	302,354,444.46
Discount borrowing of acceptance bills	797,889,951.95	916,656,430.03
Factoring loan of accounts receivable	59,903,587.53	
Guarantee and pledge loan	40,060,622.22	
Total	1,318,238,522.78	1,287,474,398.65

Other notes: among the guaranteed loans at the end of the period, the amount of RMB80,093,194.44 was guaranteed by the company for the subsidiary, Dajian Technology Co., Ltd; The amount of RMB30,031,166.64 is guaranteed by the company for the subsidiary Fangda Zhiyuan Technology Co., Ltd; The amount of RMB10,012,500.00 is guaranteed by the company for its subsidiary Yunzhu Technology Co., Ltd. The Company and Shenzhen Hi-tech Investment and Financing Guarantee Co., Ltd. provide guarantee for the guarantee and pledge loan at the end of the period for the subsidiary party Dajian Technology Co., Ltd., and the subsidiary party Dajian Technology Co., Ltd. provides pledge guarantee with its intellectual property right "unitary porcelain plate curtain wall".

31. Derivative financial liabilities

In RMB

Item	Closing balance	Opening balance
Forward foreign exchange contract	293,400.00	11,871.20
Total	293,400.00	11,871.20

32. Notes payable

In RMB

Type	Closing balance	Opening balance
Commercial acceptance	44,531,921.12	185,747,490.66
Bank acceptance	690,358,287.44	663,697,808.43
Total	734,890,208.56	849,445,299.09

At the end of the period, the total amount of bills payable due and unpaid was RMB1,622,493.59 , all of which were commercial acceptance bills. As a result of the supplier's failure to apply for payment to the bank in time, the payment had been fully paid as of the reporting date.

33. Account payable

(1) Account payable

In RMB

Item	Closing balance	Opening balance

Account repayable and engineering repayable	1,259,574,096.29	942,689,466.48
Construction payable	44,523,769.88	58,406,046.64
Payable installation and implementation fees	394,228,364.88	327,879,727.83
Others	19,710,144.73	14,148,245.02
Total	1,718,036,375.78	1,343,123,485.97

(2) Significant payables aging more than 1 year

In RMB

Item	Closing balance	Reason
Supplier 1	15,317,539.09	Not mature
Supplier 2	7,737,332.29	Not mature
Supplier 3	6,850,214.13	Not mature
Supplier 4	3,768,913.36	Not mature
Supplier 5	2,792,406.87	Not mature
Total	36,466,405.74	

34. Prepayment received

(1) Prepayment received

In RMB

Item	Closing balance	Opening balance
Rental	1,439,653.84	1,280,482.93
Total	1,439,653.84	1,280,482.93

35. Contract liabilities

In RMB

Item	Closing balance	Opening balance
Project funds collected in advance	194,354,649.37	172,696,504.61
Real estate sales payment	586,105.50	4,082,802.11
Material loan	12,114,464.00	2,485,989.04
Others	938,452.68	921,581.39
Total	207,993,671.55	180,186,877.15

The amount and reason for the significant change in the book value during the reporting period

In RMB

Item	Change	Reason
Project funds collected in advance	21,658,144.76	Mainly due to the increase in advance payment of engineering contract
Total	21,658,144.76	——

The Company needs to comply with the disclosure requirements of the real estate industry in the *Guidelines for the Self-discipline and Supervision of Listed Companies of Shenzhen Stock Exchange No. 3 - Industry Information Disclosure*.

Payment received from top 5 presales projects:

There are no pre-sale projects in this period.

36. Employees' wage payable

(1) Employees' wage payable

In RMB

Item	Opening balance	Increase	Decrease	Closing balance
1. Short-term remuneration	68,789,749.61	411,415,730.95	413,416,046.11	66,789,434.45
2. Retirement pension program-defined contribution plan	154,394.34	20,170,059.33	20,010,024.21	314,429.46
3. Dismiss compensation	126,870.00	1,324,707.47	1,404,577.47	47,000.00
Total	69,071,013.95	432,910,497.75	434,830,647.79	67,150,863.91

(2) Short-term remuneration

In RMB

Item	Opening balance	Increase	Decrease	Closing balance
1. Wage, bonus, allowance and subsidies	67,487,743.92	376,634,399.71	379,126,177.79	64,995,965.84
2. Employee welfare	373,264.20	13,580,523.11	13,477,883.19	475,904.12
3. Social insurance	47,164.22	10,167,062.16	9,881,922.78	332,303.60
Including: medical insurance	41,419.12	7,322,077.28	7,084,133.22	279,363.18
Labor injury insurance	3,048.20	553,972.56	550,637.05	6,383.71
Breeding insurance	2,696.90	828,506.32	784,646.51	46,556.71
Medical insurance		561,696.00	561,696.00	
Unemployment insurance		900,810.00	900,810.00	
4. Housing fund	77,242.00	9,484,807.80	9,456,440.84	105,608.96
5. Labor union budget and staff education fund	569,442.50	1,303,539.11	1,328,622.51	544,359.10
6. Short-term paid leave	234,892.77	100,400.06		335,292.83
7. Short-term profit share program		144,999.00	144,999.00	
Total	68,789,749.61	411,415,730.95	413,416,046.11	66,789,434.45

(3) Defined contribution plan

In RMB

Item	Opening balance	Increase	Decrease	Closing balance

1. Basic pension	150,523.04	19,551,759.72	19,395,610.38	306,672.38
2. Unemployment insurance	3,871.30	618,299.61	614,413.83	7,757.08
Total	154,394.34	20,170,059.33	20,010,024.21	314,429.46

37. Taxes payable

In RMB

Item	Closing balance	Opening balance
VAT	14,657,864.98	7,130,265.98
Enterprise income tax	28,092,096.58	32,790,801.61
Personal income tax	1,663,123.30	1,525,425.02
City maintenance and construction tax	1,651,960.05	1,153,514.56
Land using tax	256,490.15	257,316.97
Property tax	1,072,014.83	1,133,817.11
Education surtax	805,376.76	582,762.56
Local education surtax	397,447.79	246,199.28
Consumption service tax	680,127.01	
Land VAT	36,201,588.58	22,186,857.45
Others	349,241.06	273,686.68
Total	85,827,331.09	67,280,647.22

38. Other payables

In RMB

Item	Closing balance	Opening balance
Other payables	113,425,377.70	126,903,098.08
Total	113,425,377.70	126,903,098.08

(1) Other payables

1) Other payables presented by nature

In RMB

Item	Closing balance	Opening balance
Performance and quality deposit	44,484,884.33	47,863,587.46
Deposit	19,901,002.35	20,376,442.13
Reserved expense	5,871,887.95	4,048,028.82
Others	43,167,603.07	54,615,039.67
Total	113,425,377.70	126,903,098.08

(2) Significant payables aging more than 1 year

In RMB

Item	Closing balance	Reason
Shenzhen Yikang Real Estate Co. Ltd.	25,305,047.71	Payment paid as agreed in the contract
Total	25,305,047.71	

39. Non-current liabilities due within 1 year

In RMB

Item	Closing balance	Opening balance
Long-term loans due within 1 year	72,037,200.00	65,634,120.55
Lease liabilities due within one year	11,741,447.06	12,784,437.21
Total	83,778,647.06	78,418,557.76

40. Other current liabilities

In RMB

Item	Closing balance	Opening balance
Unterminated notes receivable	20,093,677.84	25,877,995.14
Substituted money on VAT	28,039,520.65	22,220,366.63
Total	48,133,198.49	48,098,361.77

41. Long-term borrowings

(1) Classification of long-term borrowings

In RMB

Item	Closing balance	Opening balance
Guaranteed and mortgage loans	444,204,672.22	467,742,011.11
Guarantee, mortgage and pledge loan	891,332,527.78	931,392,109.44
Less: Long-term loans due within 1 year	72,037,200.00	65,634,120.55
Total	1,263,500,000.00	1,333,500,000.00

Notes to classification of long-term borrowings:

The pledge in the above-mentioned guarantee, mortgage and pledge loans is pledged by the 99% equity of the subsidiary Fangda Real Estate held by the Company, the 1% equity of the subsidiary Fangda Real Estate held by the subsidiary Hongjun Investment Company and the rent receivable of the self-owned Dacheng rental property; The above guarantees and mortgage loans are guaranteed by the Company and its subsidiary Fangda Real Estate, and the subsidiary Fangda Property Company provides mortgage guarantees for part of the property of Fangda Property Company in Dacheng.

Other notes, including interest rate range: the interest rate period of long-term loans is 3%-7%.

42. Lease liabilities

In RMB

Item	Closing balance	Opening balance
Lease payments	19,363,493.20	33,957,735.57
Less: unrecognized financing expenses	714,589.59	2,021,205.05
Less: lease liabilities due within one year	11,741,447.06	12,784,437.21
Total	6,907,456.55	19,152,093.31

43. Long-term payables

In RMB

Item	Closing balance	Opening balance
Long-term payable	197,640,219.18	183,640,219.18
Total	197,640,219.18	183,640,219.18

(1) Long term accounts payable listed by nature

In RMB

Item	Closing balance	Opening balance
Disposal of equity repurchase	197,640,219.18	183,640,219.18

Others:

See Section X, IX, Equity in other entities, 1. Equity in subsidiaries (2) Important non-wholly-owned subsidiaries for details of the disposal of equity repurchase funds.

44. Anticipated liabilities

In RMB

Item	Closing balance	Opening balance	Reason
Pending lawsuit		2,091,286.00	
Product quality warranty	3,108,521.87	4,256,523.40	Product quality warranty
Loss contract to be executed	264,031.97		
Total	3,372,553.84	6,347,809.40	

45. Deferred earning

In RMB

Item	Opening balance	Increase	Decrease	Closing balance	Reason
Government subsidy	9,566,525.60		566,645.16	8,999,880.44	See the following table
Total	9,566,525.60		566,645.16	8,999,880.44	--

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
Railway transport screen door controlling system and information transmission technology	39,845.21			18,904.32			20,940.89	Assets-related
Major investment project prize from Industry and Trade Development Division of Dongguan Finance Bureau	1,509,524.30			57,142.80			1,452,381.50	Assets-related
Distributed PV power generation project subsidy sponsored by Dongguan Reform and Development Commission	343,750.25			24,999.96			318,750.29	Assets-related
Subsidized land transfer	169,827.59			3,725.64			166,101.95	Assets-related
Special subsidy for industrial transformation, upgrading and development	766,666.65			80,000.04			686,666.61	Assets-related
Enterprise informationization subsidy project of	372,000.00			48,000.00			324,000.00	Assets-related

Shenzhen Small and Medium Enterprise Service Agency								
National Industry Revitalization and Technology Renovation Project fund	5,377,983.50			307,728.60			5,070,254.90	Assets-related
Subsidy for new plant	986,928.10			26,143.80			960,784.30	Assets-related
Total	9,566,525.60			566,645.16			8,999,880.44	

46. Capital share

In RMB

	Opening balance	Change (+,-)					Closing balance
		Issued new shares	Bonus shares	Transferred from reserves	Others	Subtotal	
Total of capital shares	1,073,874,227.00						1,073,874,227.00

47. Capital reserve

In RMB

Item	Opening balance	Increase	Decrease	Closing balance
Capital premium (share capital premium)	10,005,491.05			10,005,491.05
Other capital reserves	1,454,097.35			1,454,097.35
Total	11,459,588.40			11,459,588.40

48. 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	Less: amount written into other gains and transferred into	Less: Income tax expenses	After-tax amount attributed to the parent	After-tax amount attributed to minority shareholders	

			gain/loss in previous terms	gain/loss in previous terms				
I. Other comprehensive income that will not be subsequently reclassified into profit and loss	-14,565,719.78	-2,211,678.79			-552,919.70	-1,658,759.09		-16,224,478.87
Fair value change of investment in other equity tools	-14,565,719.78	-2,211,678.79			-552,919.70	-1,658,759.09		-16,224,478.87
2. Other misc. incomes that will be re-classified into gain and loss	49,891,591.56	2,256,960.90	4,789,977.21		-910,230.36	-1,680,395.90	57,609.95	48,211,195.66
Cash flow hedge reserve	926,186.62	-561,911.07			-84,286.65	-477,624.42		448,562.20
Translation difference of foreign exchange statement	-1,391,190.47	1,295,939.38				1,238,329.43	57,609.95	-152,861.04
Investment real estate measured at fair value	50,356,595.41	1,522,932.59	4,789,977.21		-825,943.71	-2,441,100.91		47,915,494.50
Other miscellaneous income	35,325,871.78	45,282.11	4,789,977.21		-1,463,150.06	-3,339,154.99	57,609.95	31,986,716.79

49. Surplus reserves

In RMB

Item	Opening balance	Increase	Decrease	Closing balance
Statutory surplus reserves	79,324,940.43			79,324,940.43
Total	79,324,940.43			79,324,940.43

50. Retained profit

In RMB

Item	Current period	Last period
Adjustment on retained profit of previous period	4,324,055,259.33	4,215,005,541.52
Total of retained profit at beginning of year adjusted (+ for increase, - for decrease)		2,837,784.25
Retained profit adjusted at beginning of year	4,324,055,259.33	4,217,843,325.77
Plus: Net profit attributable to owners of the parent	282,933,854.32	222,168,142.53
Less: Statutory surplus reserves		885,309.59
Common share dividend payable	53,693,711.35	
Others		115,070,899.38
Closing retained profit	4,553,295,402.30	4,324,055,259.33

51. Operational revenue and costs

In RMB

Item	Amount occurred in the current period		Occurred in previous period	
	Income	Cost	Income	Cost
Main business	3,664,169,293.83	2,880,210,673.00	3,409,535,038.10	2,737,323,045.81
Other businesses	182,806,654.61	37,543,294.52	148,189,359.44	23,977,511.67
Total	3,846,975,948.44	2,917,753,967.52	3,557,724,397.54	2,761,300,557.48

Is the lower of the net profit before and after deducting the non recurring profit and loss negative

□ Yes ☑ No

Income information:

In RMB

Contract classification	Segment 1- curtain wall	Segment 2 - rail transit division	Segment 3 - real estate segment	Segment 4 - new energy	Segment 5 - other segments	Total
Type of product	2,877,126,181.59	564,551,749.10	369,529,923.55	19,707,669.06	16,060,425.14	3,846,975,948.44
Including:						
Curtain wall system and materials	2,877,126,181.59					2,877,126,181.59
Subway screen door and service		564,551,749.10				564,551,749.10
Real estate sales			369,529,923.55			369,529,923.55
PV power generation products				19,707,669.06		19,707,669.06
Others					16,060,425.14	16,060,425.14
Total	2,877,126,181.59	564,551,749.10	369,529,923.55	19,707,669.06	16,060,425.14	3,846,975,948.44

Information related to performance obligations:

For curtain wall materials, real estate and other commodity sales transactions, the Company completes the performance obligations when the customer obtains the control of the relevant commodities; for providing building curtain wall, Metro screen door design, production and installation and other service transactions, the Company confirms the completed performance obligations according to the performance progress during the whole service period. The contract price of the Company is usually due within one year, and there is no significant financing component.

Information related to the transaction price allocated to the remaining performance obligations:

The amount of revenue corresponding to the performance obligations that have been signed, but not yet performed or not yet performed at the end of the reporting period is 7,510,199,435.96 yuan, of which 3,650,605,117.88 yuan is expected to be recognized in 2023, and 3,015,790,748.80 yuan is expected to be recognized in 2024, 843,803,569.28 yuan is expected to be recognized in 2025 and beyond.

Others:

The Company needs to comply with the disclosure requirements of the real estate industry in the *Guidelines for the Self-discipline and Supervision of Listed Companies of Shenzhen Stock Exchange No. 3 - Industry Information Disclosure*.

Top-5 projects in terms of income received and recognized in the reporting period:

In RMB

No.	Project name	Balanace
1	Fangda Town	257,831,878.77
2	Nanchang Fangda Center	42,475,581.08

52. Taxes and surcharges

In RMB

Item	Amount occurred in the current period	Occurred in previous period
City maintenance and construction tax	7,679,241.19	6,814,244.49
Education surtax	5,585,461.79	4,880,262.78
Property tax	12,837,232.82	6,799,263.40
Land using tax	1,365,653.05	1,642,629.16
Stamp tax	2,237,929.20	2,798,854.45
Land VAT	37,137,187.96	49,306,779.63
Others	110,732.47	84,940.08
Total	66,953,438.48	72,326,973.99

53. Sales expense

In RMB

Item	Amount occurred in the current period	Occurred in previous period
Labor costs	27,481,424.15	26,549,119.18
Sales agency fee	7,583,116.62	9,750,617.96

Entertainment expense	4,254,479.42	4,798,777.96
Travel expense	1,280,007.65	1,662,959.19
Advertisement and promotion fee	2,044,298.44	1,673,817.72
Rental	325,598.09	361,878.16
Depreciation and amortization	708,646.17	1,021,131.68
Office costs	704,950.67	1,040,668.24
Material consumption	456,870.79	412,933.68
Warranty expense	6,721,123.19	9,276,474.69
Others	3,409,647.82	3,329,236.27
Total	54,970,163.01	59,877,614.73

54. Management expense

In RMB

Item	Amount occurred in the current period	Occurred in previous period
Labor costs	111,950,198.78	106,520,063.46
Maintenance costs	286,605.47	835,325.05
Agencies	8,669,931.10	20,495,270.86
Depreciation and amortization	14,008,652.97	13,947,605.32
Office expense	3,458,124.24	5,510,310.38
Entertainment expense	5,239,230.46	4,984,309.28
Rental	2,162,427.23	1,911,070.57
Lawsuit	812,611.39	540,860.07
Travel expense	1,856,940.17	2,208,994.72
Property management fee	1,298,685.56	1,836,776.97
Water and electricity	850,541.99	925,114.24
Material consumption	431,080.40	1,161,107.24
Others	6,113,309.07	8,566,850.67
Total	157,138,338.83	169,443,658.83

55. R&D cost

In RMB

Item	Amount occurred in the current period	Occurred in previous period
Labor costs	87,517,101.66	86,627,499.60
Material costs	54,424,197.58	49,445,691.44
Agencies	9,786,533.05	5,384,263.67
Depreciation costs	1,475,184.54	1,487,661.18
Amortization of intangible assets	1,084,611.53	1,003,289.28
Travel expense	413,442.72	476,622.69
Rental	1,302.17	55,053.80
Others	7,110,539.77	8,493,500.72
Total	161,812,913.02	152,973,582.38

56. Financial expense

In RMB

Item	Amount occurred in the current period	Occurred in previous period

Interest expense	100,581,343.99	106,019,889.08
Including: interest expense of lease liabilities	1,188,864.62	931,218.41
Less: interest capitalization		4,297,120.98
Less: discount government subsidies	308,700.00	3,853,900.00
Less: Interest income	23,892,574.84	16,575,629.28
Net interest expenditure	76,380,069.15	81,293,238.82
Exchange net loss	-6,670,099.09	1,933,113.39
Discount expense	23,001,819.09	13,489,673.65
Commission charges and others	3,990,006.19	6,285,570.07
Total	96,701,795.34	103,001,595.93

57. Other gains

In RMB

Source	Amount occurred in the current period	Occurred in previous period
Government subsidies related to deferred income (related to assets)	566,645.16	506,906.57
Government subsidies directly included in current profits and losses (related to income)	13,047,310.70	12,813,082.60
Other items related to daily activities and included in other income	295,628.71	712,949.92
Total	13,909,584.57	14,032,939.09

58. Investment income

In RMB

Item	Amount occurred in the current period	Occurred in previous period
Gains from long-term equity investment measured by equity	-249,904.00	-683,431.81
Investment income of trading financial assets during the holding period	87,532.09	72,364.60
Investment income from disposal of trading financial assets	4,596,589.23	5,487,895.02
Financial assets derecognised as a result of amortized cost	-3,778,070.96	-6,336,161.86
Income from derecognition of other financial assets measured at fair value	-150,858.55	
Interest income from external financial assistance	5,680,666.66	
Total	6,185,954.47	-1,459,334.05

59. 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
Investment real estate measured at fair	-10,095,973.89	20,921,813.65

value		
Other non-current financial assets	-17,973.56	2,500,222.08
Total	-10,113,947.45	23,422,035.73

60. Credit impairment loss

In RMB

Item	Amount occurred in the current period	Occurred in previous period
Bad debt loss of other receivables	-179,081.17	1,421,794.98
Bad debt loss of notes receivable	304,547.33	-2,584,709.89
Bad debt loss of account receivable	-34,761,191.07	-6,761,080.52
Total	-34,635,724.91	-7,923,995.43

61. Assets impairment loss

In RMB

Item	Amount occurred in the current period	Occurred in previous period
Contract asset impairment loss	-35,575,418.55	7,181,339.41
Total	-35,575,418.55	7,181,339.41

62. Assets disposal gains

In RMB

Source	Amount occurred in the current period	Occurred in previous period
Gain or loss on disposal of fixed assets, construction in progress, assets with right to use and intangible assets not classified as held for sale	-1,421,880.09	-2,291,048.05
Including: Fixed assets	-1,460,480.59	-2,291,048.05
Use right assets	9,021.90	
Total	-1,421,880.09	-2,291,048.05

63. Non-business income

In RMB

Item	Amount occurred in the current period	Occurred in previous period	Amount accounted into the current accidental gain/loss
Penalty income	315,404.30	420,185.19	315,404.30
Compensation received	576,478.89	31,106.99	576,478.89
Payable account not able to be paid		1,089,259.90	
Others	511,504.70	668,628.48	511,504.70
Total	1,403,387.89	2,209,180.56	1,403,387.89

64. Non-business expenses

In RMB

Item	Amount occurred in the	Occurred in previous	Amount accounted into

	current period	period	the current accidental gain/loss
Donation	3,173,265.20	3,379,215.24	3,153,827.24
Loss from retirement os damaged non-current assets	279,036.49	324,982.26	279,036.49
Penalty and overdue fine	282,440.37	71,556.64	282,440.37
Others	433,216.03	2,311,621.57	452,653.99
Total	4,167,958.09	6,087,375.71	4,167,958.09

65. 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	47,007,994.88	52,589,592.74
Deferred income tax expenses	-5,933,164.84	-11,504,044.01
Total	41,074,830.04	41,085,548.73

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

In RMB

Item	Amount occurred in the current period
Total profit	327,229,330.08
Income tax expenses calculated based on the legal (or applicable) tax rates	81,807,332.52
Impacts of different tax rates applicable for some subsidiaries	-22,786,014.09
Impacts of income tax before adjustment	-2,369,663.20
Impacts of non-deductible cost, expense and loss	2,318,122.00
Deductible temporary difference and deductible loss of unrecognized deferred income tax assets	1,130,337.63
Additional deduction of R&D expense	-21,236,256.97
Profit and loss of associates and joint ventures calculated using the equity method	62,476.00
Effect of tax rate change on deferred income tax	-134,013.60
Impact of deductible losses of deferred income tax assets recognized in the previous period exceeding the recoverable period	2,282,509.75
Income tax expenses	41,074,830.04

66. Other miscellaneous income

See Note VII 48.

67. 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	10,526,773.48	9,836,742.46
Subsidy income	8,523,267.80	17,767,508.18
Net amount of margin such as Bill of exchange		72,723,783.94
Retrieving of bidding deposits	41,910,159.36	13,479,226.26
Other operating accounts	8,832,476.97	6,245,160.75
Total	69,792,677.61	120,052,421.59

(2) Other cash paid related to operation

In RMB

Item	Amount occurred in the current period	Occurred in previous period
Oocket expenses	129,019,737.46	149,859,536.10
Bidding deposit paid	41,669,236.99	32,427,745.97
Other trades	31,243,643.80	34,211,196.04
Net draft deposit net paid	16,983,599.71	
Total	218,916,217.96	216,498,478.11

(3) Other cash paid related to investment activities

In RMB

Item	Amount occurred in the current period	Occurred in previous period
Investment commission	49,940.00	50,000.00
Total	49,940.00	50,000.00

(4) Other cash received related to financing

In RMB

Item	Amount occurred in the current period	Occurred in previous period
Cash received from disposal of equity of Fangda Zhiyuan Technology Co., Ltd	0.00	175,000,000.00
Total	0.00	175,000,000.00

(5) Other cash paid related to financing activities

In RMB

Item	Amount occurred in the current period	Occurred in previous period
Financing fee	1,661,150.00	2,739,530.00

Principal and interest of lease liabilities	13,317,433.68	6,684,172.76
Loan deposit	42,780,000.00	32,448,838.96
Certificate of deposit		300,000,000.00
Acquisition of equity of Yunzhu Technology under the same control		125,388,100.00
Subsidiary IPO expenses	2,064,871.00	
Total	59,823,454.68	467,260,641.72

68. 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 related to business operations		
Net profit	286,154,500.04	226,798,607.02
Plus: Asset impairment provision	70,211,143.46	742,656.02
Fixed asset depreciation, gas and petrol depreciation, production goods depreciation	30,069,792.08	26,819,528.89
Depreciation of right to use assets	13,157,906.36	6,953,684.75
Amortization of intangible assets	4,445,952.55	4,277,899.14
Amortization of long-term amortizable expenses	3,689,196.23	2,128,336.88
Loss from disposal of fixed assets, intangible assets, and other long-term assets ("-" for gains)	1,421,880.09	2,291,048.05
Loss from fixed asset discard ("-" for gains)	279,036.49	324,982.26
Loss from fair value fluctuation ("-" for gains)	10,113,947.45	-23,422,035.73
Financial expenses ("-" for gains)	91,838,168.41	120,641,621.99
Investment losses ("-" for gains)	-10,114,883.98	1,459,334.05
Decrease of deferred income tax asset ("-" for increase)	-5,937,243.88	41,347,864.62
Increase of deferred income tax asset ("-" for increase)	-1,459,087.80	-29,843,820.61
Decrease of inventory ("-" for increase)	22,748,527.66	48,193,389.26
Decrease of operational receivable items ("-" for increase)	-578,812,306.16	-132,061,193.74
Increase of operational receivable items ("-" for decrease)	300,388,703.00	-432,800,983.13
Others	-16,983,599.70	72,723,783.99
Cash flow generated by business operations, net	221,211,632.30	-63,425,296.29
2. Major investment and financing activities with no cash involved		
Debt transferred to assets		
Convertible corporate bonds due within one year		
Fixed assets under finance leases		
3. Net change in cash and cash equivalents:		
Balance of cash at period end	783,677,929.06	892,251,071.59
Less: Initial balance of cash	892,251,071.59	1,028,386,529.74
Add: Ending balance of cash equivalents		

Less: Ending balance of cash equivalents		
Net increase in cash and cash equivalents	-108,573,142.53	-136,135,458.15

(2) Composition of cash and cash equivalents

In RMB

Item	Closing balance	Opening balance
I. Cash	783,677,929.06	892,251,071.59
Including: Cash in stock	149.81	3,192.76
Bank savings can be used at any time	776,383,701.29	875,884,674.10
Other monetary capital can be used at any time	7,294,077.96	16,363,204.73
III. Balance of cash and cash equivalents at end of term	783,677,929.06	892,251,071.59

69. Assets with restricted ownership or use rights

In RMB

Item	Closing book value	Reason
Monetary capital	455,076,287.44	Various deposits
Notes receivable	24,546,342.15	Bills endorsed or discounted but not yet due
Fixed assets	44,751,777.53	Loan by pledge
Account receivable	42,800,680.80	Loan by pledge
Investment real estate	3,293,733,474.51	Loan by pledge
Other non-current assets	316,929,580.18	Loan by pledge
Equity pledge	200,000,000.00	100% stake in Fangda Property Development held by the Company
Total	4,377,838,142.61	

70. Foreign currency monetary items

(1) Foreign currency monetary items

In RMB

Item	Closing foreign currency balance	Exchange rate	Closing RMB balance
Monetary capital			131,582,817.19
Including: USD	4,630,654.71	6.9646	32,250,658.62
Euro	4,759,925.67	7.4229	35,332,452.26
HK Dollar	48,771,987.61	0.8933	43,567,909.51
INR	41,495,142.46	0.0842	3,493,891.00
Vietnamese currency	34,291,301.00	0.0003	10,111.14
SGD	305,140.93	5.1831	1,581,575.95
AUD	3,255,593.94	4.7138	15,346,218.71
Account receivable			24,384,303.64

Including: USD	2,656,421.44	6.9646	18,500,912.76
AUD	778,976.33	4.7138	3,671,938.63
Vietnamese currency	7,500,000,000.00	0.0003	2,211,452.25
Contract assets			75,021,641.29
Including: USD	6,108,518.01	6.9646	42,543,384.54
INR	127,824,310.65	0.0842	10,762,806.93
Euro	2,443,952.94	7.4229	18,141,218.27
SGD	35,888.30	5.1831	186,012.64
AUD	718,787.16	4.7138	3,388,218.91
Other receivables			1,099,104.22
Including: USD	100,523.98	6.9646	700,109.31
HK Dollar	417,090.09	0.8933	372,574.06
AUD	5,605.00	4.7138	26,420.85
Account payable			11,869,247.80
Including: USD	1,292,156.28	6.9646	8,999,351.63
HK Dollar	39,477.89	0.8933	35,264.41
SGD	10,393.70	5.1831	53,871.59
INR	31,990,897.77	0.0842	2,693,633.59
AUD	18,483.30	4.7138	87,126.58
Other payables			411,422.71
Including: USD	52,979.16	6.9646	368,978.66
INR	424,450.00	0.0842	35,738.69
Vietnamese currency	22,740,800.00	0.0003	6,705.36

(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

71. Hedging

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

Type	Hedged item	Hedging tools	Hedged risk
Cash flow hedging	Aluminum material purchase forward transaction	Aluminum futures contract	The price of raw materials has risen, leading to an increase in expected transaction procurement costs;
	Forward foreign exchange transaction	Forward foreign exchange contract	The depreciation of foreign currency leads to the decrease of actual collection

72. Government subsidy

(1) Government subsidy profiles

In RMB

Type	Amount	Item	Amount accounted into the current gain/loss
Major investment project prize from Industry and Trade Development Division of Dongguan Finance Bureau	1,452,381.50	Deferred earning	57,142.80

Distributed PV power generation project subsidy sponsored by Dongguan Reform and Development Commission	318,750.29	Deferred earning	24,999.96
Subsidized land transfer	166,101.95	Deferred earning	3,725.64
Special subsidy for industrial transformation, upgrading and development	686,666.61	Deferred earning	80,000.04
National Industry Revitalization and Technology Renovation Project fund	5,070,254.90	Deferred earning	307,728.60
Enterprise informationization subsidy project of Shenzhen Small and Medium Enterprise Service Agency	324,000.00	Deferred earning	48,000.00
Railway transport screen door controlling system and information transmission technology	20,940.89	Deferred earning	18,904.32
Energy saving and environmental protection metal curtain wall production technology transformation project	960,784.30	Deferred earning	26,143.80
VAT rebated into revenue	3,784,292.90	Other gains	3,784,292.90
Dongguan market development support subsidy	223,901.27	Other gains	223,901.27
Reward of technology center	1,000,000.00	Other gains	1,000,000.00
Employment subsidy	2,415,528.14	Other gains	2,415,528.14
Childbearing subsidy	84,997.68	Other gains	84,997.68
Dongguan R&D subsidy	751,800.00	Other gains	751,800.00
Hi-tech enterprise development subsidy	1,500,000.00	Other gains	1,500,000.00
Subsidy for increasing production of key enterprises in Nanchang	200,000.00	Other gains	200,000.00
Nanchang Intellectual Property Advantage Demonstration Enterprise Award	100,000.00	Other gains	100,000.00
Hong Kong SAR epidemic subsidy	432,405.80	Other gains	432,405.80
Subsidy for high-tech enterprises' doubling support plan project	200,000.00	Other gains	200,000.00
Dongguan revenue increment award	68,672.57	Other gains	68,672.57
Special fund for the development of Shenzhen's independent innovation industry	311,600.00	Other gains	311,600.00
Special subsidy for specialized and special new enterprises	200,000.00	Other gains	200,000.00
Shenzhen City will reduce VAT subsidies for key groups	1,048,450.00	Other gains	1,048,450.00
Discount subsidy	308,700.00	Financial expenses	308,700.00
Others	725,662.34	Other gains	725,662.34
Total	22,355,891.14		13,922,655.86

(2) Government subsidy refund

□ Applicable ☑ Inapplicable

Note: The value-added tax is immediately refundable income, which is mainly attributed to the fact that Sun Corporation Kechuangyuan Software belongs to a software company and enjoys the VAT rebate policy. Since the project will not form long-term assets, the Company will use it as a government subsidy related to income.

73. Leasing

(1) The Company as leasee

In RMB

Item	2022
Short term lease expenses with simplified treatment included in current profit and loss	29,463,492.40
Lease expenses of low value assets with simplified treatment included in current profit and loss (except short-term lease)	166,869.77
Interest expense on lease liabilities	1,188,864.62
Total cash outflow related to leasing	40,801,108.35

(2) The Company is the leasor

Operating lease

A. Rental income

In RMB

Item	2022
Rental income	145,197,486.26
Including: income related to variable lease payments not included in the measurement of lease receipts	224,362.02

B. Undiscounted lease receipts to be received in each of the five consecutive fiscal years after the balance sheet date, and the total undiscounted lease receipts to be received in the remaining years

In RMB

Year	Amount
2022	143,507,004.38
2023	99,878,509.89
2024	82,828,241.30
2025	36,864,929.12
2026	37,649,426.06
Total undiscounted lease receipts to be received after 2026	125,099,040.43
Including Within 1 year (inclusive)	31,908,446.55
1-2 years	18,384,979.57
2-3 years	12,835,912.30
Over 3 years	61,969,702.01

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:

In the change of the scope of consolidation in the current period, a new subsidiary was established: Fangda Intelligent Manufacturing.

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	98.66%	1.34%	Incorporation
Fangda Zhiyuan Technology	Shenzhen	Shenzhen	Production, processing and installation of subway screen doors		83.10%	Incorporation
Fangda Jiangxi New Material	Nanchang	Nanchang	Prodution and sales of new-type materialsm composite materials and production of curtain walls	75.00%	25.00%	Incorporation
Fangda Property	Shenzhen	Shenzhen	Real estate development and operation	99.00%	1.00%	Incorporation
Fangda New Energy	Shenzhen	Shenzhen	Design and construction of PV power plants	99.00%	1.00%	Incorporation
Fangda Chengdu Technology	Chengdu	Chengdu	Trusted processing of building curtain wall materials		100.00%	Incorporation
Shihui International	Virgin Islands	Virgin Islands	Investment	100.00%		Incorporation
Fangda Dongguan New Material	Dongguan	Dongguan	Installation and sales of building curtain walls		100.00%	Incorporation
Fangda Property Management	Shenzhen	Shenzhen	Property management		100.00%	Incorporation
Fangda Jiangxi Property Development	Nanchang	Nanchang	Real estate development and operation		100.00%	Incorporation
Fangda Luxin New Energy	Pingxiang	Pingxiang	Design and construction of PV power plants		100.00%	Incorporation
Fangda Xinjian New Energy	Nanchang	Nanchang	Design and construction of PV power plants		100.00%	Incorporation
Fangda Dongguan New Energy	Dongguan	Dongguan	Design and construction of PV power plants		100.00%	Incorporation
Kechuangyuan	Shenzhen	Shenzhen	Software development		83.10%	Incorporati

Software						on
Fangda Zhiyuan Technology Hong Kong	Hong Kong	Hong Kong	Metro screen door		83.10%	Incorporation
Fangda Hongjun Investment	Shenzhen	Shenzhen	Investment	98.00%	2.00%	Incorporation
Fangda Australia	Australia	Australia	Designing, manufacturing, and installation of curtain walls		100.00%	Incorporation
Fangda Yunzhi	Shenzhen	Shenzhen	Technology development and sales; Invest in industry; Operation management of science and technology park		100.00%	Incorporation
Chengda Curtain Wall Company	Chengdu	Chengdu	Building decoration and other construction industry		100.00%	Incorporation
Fangda Southeast Asia	Vietnam	Vietnam	Designing, manufacturing, and installation of curtain walls		100.00%	Incorporation
Fangda Shanghai Zhijian	Shanghai	Shanghai	Intelligent technology, new energy, automated technology	30.00%	70.00%	Incorporation
Fangda Shanghai Jianzhi	Shanghai	Shanghai	Construction technology, intelligent technology, automation technology, design, production and installation of building curtain walls		100.00%	Incorporation
Zhongrong Litai	Shenzhen	Shenzhen	Business service		55.00%	Purchase
Fangda Investment	Shenzhen	Shenzhen	Project investment and investment consultancy	99.00%	0.52%	Incorporation
Fangda Lifu Investment	Shenzhen	Shenzhen	Project investment and investment consultancy		52.00%	Incorporation
Fangda Xunfu Investment	Shenzhen	Shenzhen	Project investment and investment consultancy		100.00%	Incorporation
Fangda Jianke Hong Kong	Hong Kong	Hong Kong	Design, sale and installation of building curtain wall		100.00%	Incorporation
Yunzhu Technology	Shenzhen	Shenzhen	Inspection, technical service and consultation of building safety and building energy saving system		100.00%	Consolidation of entities under common control
Fangda Yunzhu Testing	Shenzhen	Shenzhen	Inspection, technical service and consultation of building safety and building energy saving system		100.00%	Consolidation of entities under common control
General Metro Technology Co., Ltd	Singapore	Singapore	Production, processing and installation of subway screen doors		83.10%	Incorporation
Fangda Zhiyuan Technology Wuhan	Wuhan	Wuhan	Production, processing and installation of subway screen doors		83.10%	Incorporation
Fangda Zhiyuan Technology Nanchang	Nanchang	Nanchang	Production, processing and installation of subway screen doors		83.10%	Incorporation

Fangda Zhiyuan Technology Dongguan	Dongguan	Dongguan	Production, processing and installation of subway screen doors		83.10%	Incorporation
Fangda Intelligent Manufacturing	Ganzhou	Ganzhou	Prodution and sales of new-type materialsm composite materials and production of curtain walls	99.00%	1.00%	Incorporation

Others:

① Fangda Intelligent Manufacturing Co., Ltd., the registered capital subscribed by the Company and Fangda Hongjun Investment Co., Ltd. is RMB10 million. As of December 31, 2022, the total paid-in registered capital of each party is RMB500 million.

(2) Major non wholly-owned subsidiaries

In RMB

Company	Shareholding of minority shareholders	Profit and loss attributed to minority shareholders	Dividend to be distributed to minority shareholders	Interest balance of minority shareholders in the end of the period
Zhongrong Litai	45.00%	-55,240.33		48,354,525.24
Fangda Zhiyuan Technology	5.96%	3,334,493.05		20,868,106.25

Note: In May 2021l the Company's subsidiaries Fangda Construction Technology Co., Ltd. and Jiangxi Fangda New Material Co., Ltd. transfer 10.9375% of the equity of Fangda Zhiyuan Technology Co., Ltd. because the Company cannot unconditionally avoid performing its contractual obligations by delivering cash or other financial assets, the Company recognizes the contractual obligations as financial liabilities, and accordingly does not recognize minority shareholders' equity.

(3) Financial highlights of major non wholly owned subsidiaries

In RMB

Company	Closing balance						Opening balance					
	Current assets	Non-current assets	Total of assets	Current liabilities	Non-current liabilities	Total liabilities	Current assets	Non-current assets	Total of assets	Current liabilities	Non-current liabilities	Total liabilities
Zhongrong Litai	208,737,205.21	371,747.97	209,108,953.18	101,349,268.59	305,184.09	101,654,452.68	207,592,402.32	455,315.59	208,047,717.91	100,106,531.59	363,929.52	100,470,461.11
Fangda Zhiyuan Technology	770,739,460.72	135,423,070.69	906,162,531.41	540,848,850.07	15,118,392.71	555,967,242.78	725,006,361.40	84,470,404.66	809,476,766.06	485,329,720.83	23,847,519.22	509,177,240.05

In RMB

Company	Amount occurred in the current period				Occurred in previous period			
	Turnover	Net profit	Total of misc.	Business operation	Turnover	Net profit	Total of misc.	Business operation

			incomes	cash flows			incomes	cash flows
Zhongrong Litai	110,091.74	-122,756.30	-122,756.30	56,529.04	284,747.73	15,133.28	15,133.28	87,201.58
Fangda Zhiyuan Technology	564,551,749.10	53,861,759.06	54,601,158.86	-14,231,720.29	534,310,567.88	78,123,193.66	77,400,836.63	28,889,669.10

2. Interests in joint ventures or associates

(1) Financial summary of insignificant joint ventures and associates

In RMB

	Closing balance/amount occurred in this period	Opening balance/amount occurred in previous period
Joint venture:		
Total book value of investment	54,969,042.14	55,218,946.14
Total shareholding		
Net profit	-249,904.00	-683,431.81
--Total of misc. incomes	-249,904.00	-683,431.81
Associate:		
Total shareholding		

X. Risks of Financial Tools

The risks associated with the financial instruments of the Company arise from the various financial assets and liabilities recognized by the Company in the course of its operations, including credit risks, liquidity risks and market risks.

The management objectives and policies of various risks related to financial instruments are governed by the management of the Company. The operating management is responsible for daily risk management through functional departments (for example, the Company's credit management department reviews the Company's credit sales on a case-by-case basis). The internal audit department of the Company conducts daily supervision of the implementation of the Company's risk management policies and procedures, and reports relevant findings to the Company's audit committee in a timely manner.

The overall goal of the Company's risk management is to formulate risk management policies that minimize the risks associated with various financial instruments without excessively affecting the Company's competitiveness and resilience.

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 credit risk of the Company mainly comes from monetary capital, notes receivable, accounts receivable, other receivables, receivables financing, contract assets, etc. The credit risk of these financial assets comes from the default of the counterparties, and the maximum risk exposure is equal to the book amount of these instruments.

The Company's money and funds are mainly deposited in the commercial banks and other financial institutions. The Company believes that these commercial banks have higher reputation and asset status and have lower credit risk.

For notes receivable, accounts receivable, other receivables, receivables financing and contract assets, the Company sets relevant policies to control credit risk exposure. 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.

(1) Significant increases in credit risk

The credit risk of the financial instrument has not increased significantly since the initial confirmation. In determining whether the credit risk has increased significantly since the initial recognition, the Company considers reasonable and evidenced information, including forward-looking information, that can be obtained without unnecessary additional costs or effort. The Company determines the relative risk of default risk of the financial instrument by comparing the risk of default of the financial instrument on the balance sheet date with the risk of default on the initial recognition date to assess the credit risk of the financial instrument from initial recognition.

When one or more of the following quantitative and qualitative criteria are triggered, the Company believes that the credit risk of financial instruments has increased significantly: the quantitative criteria are mainly the probability of default in the remaining life of the reporting date increased by more than a certain proportion compared with the initial recognition; the qualitative criteria are the major adverse changes in the operation or financial situation of the major debtors, the early warning of customer list, etc.

(2) Definition of assets where credit impairment has occurred

In order to determine whether or not credit impairment occurs, the standard adopted by our company is consistent with the credit risk management target for related financial instruments, and quantitative and qualitative indicators are considered.

Major financial difficulties have occurred to the issuer or the debtor; Breach of contract by the debtor, such as payment of interest or default or overdue of principal; (B) The concession that the debtor would not make under any other circumstances for economic or contractual considerations relating to the financial difficulties of the debtor; The debtor is likely to be bankrupt or undertake other financial restructuring; The financial difficulties of the issuer or debtor lead to the disappearance of the active market for the financial asset; To purchase or generate a financial asset at a substantial discount, which reflects the fact that a credit loss has occurred.

Credit impairment in financial assets may be caused by a combination of multiple events, not necessarily by events that can be identified separately.

(3) Expected credit loss measurement

Depending on whether there is a significant increase in credit risk and whether a credit impairment has occurred, the Company prepares different assets for a 12-month or full expected credit loss. The key parameters of expected credit loss measurement include default probability, default loss rate and default risk exposure. Taking into account the quantitative analysis and forward-looking information of historical statistics (such as counterparty ratings, guaranty methods, collateral categories, repayment methods, etc.), the Company establishes the default probability, default loss rate and default risk exposure model.

Definition:

The probability of default refers to the possibility that the debtor will not be able to fulfil its obligation to pay in the next 12 months or throughout the remaining period.

Breach Loss Rate means the extent of loss expected by the Company for breach risk exposure. Depending on the type of counterparty, the manner and priority of recourse, and the different collateral, the default loss rate is also different. The default loss rate is the percentage of the risk exposure loss at the time of the default, calculated on the basis of the next 12 months or the entire lifetime.

Exposure to default is the amount payable to the Company at the time of default in the next 12 months or throughout the remaining life. Prospective information credit risks significantly increased and expected credit losses were calculated. Through the analysis of historical data, the Company has identified the key economic indexes that affect the credit risk of each business type and the expected credit loss.

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 26.41% of the total accounts receivable (beginning of the period: 25.47%); among other receivables, other receivables from top 5 customers account for 72.10% of the total other receivables (beginning of the period: 69.41%).

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 Company is responsible for the cash management of its subsidiaries, including short-term investments in cash surpluses and loans to meet projected cash requirements. The Company's policy is to regularly monitor short and long-term liquidity requirements and compliance with borrowing agreements to ensure adequate cash reserves and readily available securities.

As of December 31, 2022, the maturity of the Company's financial liabilities is as follows:

Amount: in RMB10,000

Item	December 31, 2022			
	Less than 1 year	Within 1-3 years	Over 3 years	Total
Short-term loans	131,823.85			131,823.85
Derivative	29.34			29.34

financial liabilities				
Notes payable	73,489.02			73,489.02
Account payable	168,254.83	3,119.05	429.76	171,803.64
Employees' wage payable	6,715.09	-	-	6,715.09
Other payables	7,228.45	1,099.12	3,014.97	11,342.54
Non-current liabilities due in 1 year	8,377.86			8,377.86
Other current liabilities	4,813.32			4,813.32
Long-term loans		63,146.28	63,203.72	126,350.00
Lease liabilities		681.92	8.83	690.75
Long-term payable		19,764.02		19,764.02
Total liabilities	400,731.76	87,810.39	66,657.28	555,199.43

(Continued)

Item	December 31, 2021			
	Less than 1 year	Within 1-3 years	Over 3 years	Total
Short-term loans	128,747.44			128,747.44
Derivative financial liabilities	1.19			1.19
Notes payable	84,944.53			84,944.53
Account payable	132,966.88	870.87	474.60	134,312.35
Employees' wage payable	6,907.10			6,907.10
Other payables	6,998.63	1,707.20	3,984.48	12,690.31
Non-current liabilities due in 1 year	7,841.86			7,841.86
Other current liabilities	4,809.84			4,809.84
Long-term loans		24,650.00	108,700.00	133,350.00
Lease liabilities		1,886.82	28.39	1,915.21
Long-term			18,364.02	18,364.02

payable				
Total liabilities	373,217.47	29,114.89	131,551.49	533,883.85

3. Market risk

(1) Credit risks

The exchange rate risk of the Company mainly comes from the assets and liabilities of the Company and its subsidiaries in foreign currency not denominated in its functional currency. Except for the use of Hong Kong dollars, United States dollars, Australian dollars, Vietnamese dong, euro, Indian rupees or Singapore currencies by its subsidiaries established in and outside the Hong Kong Special Administrative Region, other major businesses of the Company shall be denominated in Renminbi.

As of December 31, 2022, the Company's foreign currency financial assets and liabilities at the end of the period are listed in Chapter X, VII, item note 70 of consolidated financial statements and description of foreign currency monetary items.

The Company pays close attention to the impact of exchange rate changes on the Company's exchange rate risk. The Company continuously monitors the scale of foreign currency transactions and foreign currency assets and liabilities to minimize foreign exchange risks. To this end, the Company may avoid foreign exchange risks by signing forward foreign exchange contracts or currency swap contracts.

(2) Exchange rate risk

The Group's interest rate risk mainly arises from long-term interest-bearing debts such as long-term bank loans. 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.

The Group Finance Department of the Company continuously monitors the Group interest rate level. The rising interest rate will increase the cost of the new interest-bearing debt and the interest expenditure on interest-bearing debt which has not yet been paid by the Company at the floating rate, and will have a significant adverse effect on the Company's financial performance. Management will make adjustments in time according to the latest market conditions.

As of December 31, 2022, when other risk variables remain unchanged, if the borrowing interest rate calculated by floating interest rate increases or decreases by 50 basis points, the net profit of the company in that year will decrease or increase by RMB6,125,600 (December 31, 2021: RMB6,829,400).

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	--	--	--	--
(I) Transactional financial assets	789,205.34			789,205.34
1. Financial assets measured at fair value with variations accounted into current income account	789,205.34			789,205.34
(1) Derivative financial assets	789,205.34			789,205.34
(2) Receivable financing			1,338,202.01	1,338,202.01
(3) Investment in other equity tools			11,968,973.86	11,968,973.86
(4) Investment real estate		5,750,831,172.12		5,750,831,172.12
1. Leased building		5,750,831,172.12		5,750,831,172.12
(5) Other non-current financial assets			7,507,434.68	7,507,434.68
Total assets measured at fair value continuously	789,205.34	5,750,831,172.12	20,814,610.55	5,772,434,988.01
(6) Transactional financial liabilities	293,400.00			293,400.00
1. Derivative financial liabilities	293,400.00			293,400.00
Total assets measured at fair value continuously	293,400.00			293,400.00
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;

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

For investment real estate, the Company adopts valuation technology to determine its fair value. The valuation techniques adopted are mainly the market comparison method and the income method, and the rent and resale model. The input value of valuation technology mainly includes comparable market unit price, market rent, vacancy rate, growth rate, rate of return, etc.

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

If there is no active market, the Company uses evaluation techniques to determine the fair value. The valuation models are mainly cash flow discount model and market comparable company model. The input value of valuation technology mainly includes risk-free interest rate, benchmark interest rate, exchange rate, credit point difference, liquidity premium, lack of liquidity discount, etc.

5. Switch between different levels, switch reason and switching time policy

The Company takes the occurrence date of the events leading to the transition between levels as the time point to confirm the transition between levels. 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.

6. 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.

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	RMB30 million	11.11%	11.11%
Shengjiu Investment Ltd.	Hong Kong	Industrial investment	HKD10,000	10.11%	10.11%

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 acting in concert.

The final controller of the Company is Xiong Jianming.

2. Subsidiaries of the Company

For details of subsidiaries of the enterprise, please refer to Note IX, rights and interests in other entities.

3. Joint ventures and associates

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
Ganshang Joint Investment	Affiliates of the Company

4. Other associates

Other related parties	Relationship with the Company
Jiangxi Business Innovative Property Joint Stock Co., Ltd.	Affiliates of the Company
Gong Qing Cheng Shi Li He Investment Management Partnership Enterprise (limited partner)	Affiliated relationship with Shenzhen Banglin Technology Development Co., Ltd.
Shenyang Fangda	Subsidiary in liquidation
Shenzhen Yikang Real Estate Co. Ltd.	Controlled subsidiaries
Shenzhen Qijian Technology Co., Ltd. (Qijian Technology)	Common actual controller
Director, manager and secretary of the Board	Key management

5. Related transactions

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

Sales of goods and services

In RMB

Affiliated party	Related transaction	Amount occurred in the current period	Occurred in previous period
Qijian Technology	Property service and sales of goods	244,632.39	119,618.74

(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
Qijian Technology	Houses & buildings	868,571.40	962,580.65

(3) Related guarantees

The Company is the guarantor:

In RMB10,000

Beneficiary party	Amount guaranteed	Start date	Due date	Completed or not
Fangda Jianke	15,000.00	April 10, 2020	Two years after the expiration date of debt performance	Yes
Fangda Zhiyuan Technology	10,000.00	April 10, 2020	Three years after the expiration date of debt performance	Yes
Fangda Jianke	30,000.00	January 29, 2021	Three years after the expiration date of debt performance	Yes
Fangda Zhiyuan Technology	20,000.00	January 29, 2021	Three years after the expiration date of debt performance	Yes
Fangda Jianke	30,000.00	March 17, 2021	Three years after the expiration date of debt performance	Yes
Fangda Zhiyuan Technology	15,000.00	March 31, 2021	Three years after the expiration date of debt performance	Yes
Fangda Jiangxi New Material	10,000.00	May 26, 2021	Two years after the expiration date of debt performance	Yes
Fangda Shanghai Zhijian	3,500.00	June 3, 2021	Three years after the expiration date of debt performance	Yes
Fangda Zhiyuan Technology	40,000.00	July 7, 2021	Three years after the expiration date of debt performance	Yes
Fangda Jianke	50,000.00	July 27, 2021	Three years after the expiration date of debt performance	Yes
Fangda Jiangxi New Material	6,500.00	July 30, 2021	Three years after the expiration date of debt performance	Yes
Fangda Zhiyuan Technology	5,000.00	August 12, 2021	Three years after the expiration date of debt performance	Yes
Fangda Jianke	30,000.00	August 18, 2021	Three years after the expiration date of debt performance	Yes
Fangda Jianke	40,000.00	September 18, 2021	Three years after the expiration date of debt performance	Yes

Fangda Zhiyuan Technology	15,000.00	September 28, 2021	Three years after the expiration date of debt performance	Yes
Kechuangyuan Software	1,000.00	September 30, 2021	Three years after the expiration date of debt performance	Yes
Fangda Jianke	25,000.00	November 17, 2021	Three years after the expiration date of debt performance	Yes
Fangda Jianke	48,000.00	December 17, 2021	Three years after the expiration date of debt performance	Yes
Total amount of guarantee fulfilled	394,000.00			
Fangda Jianke and Fangda Zhiyuan Technology	15,400.00	December 18, 2019	Two years after the expiration date of debt performance	No
Fangda Property	135,000.00	February 25, 2020	Two years after the expiration date of debt performance	No
Fangda Property	47,000.00	December 16, 2020	Three years after the expiration date of debt performance	No
Fangda Jianke	60,000.00	December 21, 2021	Three years after the expiration date of debt performance	No
Fangda Jianke	24,000.00	March 9, 2022	Three years after the expiration date of debt performance	No
Fangda Zhiyuan Technology	15,000.00	March 9, 2022	Three years after the expiration date of debt performance	No
Fangda Jiangxi New Material	10,000.00	April 20, 2022	Three years after the expiration date of debt performance	No
Fangda Yunzhu	600.00	May 10, 2022	Three years after the expiration date of debt performance	No
Fangda Jianke	15,000.00	May 23, 2022	Three years after the expiration date of debt performance	No
Fangda Zhiyuan Technology	10,000.00	May 23, 2022	Three years after the expiration date of debt performance	No
Fangda Zhijian	7,000.00	June 1, 2022	Three years after the expiration date of debt performance	No
Fangda Zhiyuan Technology	40,000.00	July 4, 2022	Three years after the expiration date of debt performance	No
Fangda Jianke	20,000.00	August 10, 2022	Three years after the expiration date of debt performance	No

Fangda Yunzhu	800.00	August 19, 2022	Three years after the expiration date of debt performance	No
Fangda Jiangxi New Material	8,500.00	September 6, 2022	Three years after the expiration date of debt performance	No
Fangda Jianke	4,000.00	September 8, 2022	Three years after the expiration date of debt performance	No
Fangda Jianke	50,000.00	September 20, 2022	Three years after the expiration date of debt performance	No
Fangda Jianke	30,000.00	September 20, 2022	Three years after the expiration date of debt performance	No
Fangda Jianke	30,000.00	October 19, 2022	Three years after the expiration date of debt performance	No
Fangda Zhiyuan	20,000.00	October 19, 2022	Three years after the expiration date of debt performance	No
Fangda Zhiyuan	15,000.00	November 1, 2022	Three years after the expiration date of debt performance	No
Fangda Jianke	86,000.00	November 24, 2022	Three years after the expiration date of debt performance	No
Fangda Jianke	39,000.00	December 9, 2022	Three years after the expiration date of debt performance	No
Fangda Jianke	48,000.00	December 15, 2022	Three years after the expiration date of debt performance	No
Total amount of guarantee being performed	730,300.00			

Description of related party guarantee: The above-mentioned guarantees are all associated guarantees within interested entities of the Company.

(4) Remuneration of key management

In RMB

Item	Amount occurred in the current period	Occurred in previous period
Directors, supervisors and senior management	9,495,306.69	9,463,963.93

6. Receivable and payables due with related parties

(1) Receivable interest

In RMB

Project name	Affiliated party	Closing balance		Opening balance	
		Remaining book value	Bad debt provision	Remaining book value	Bad debt provision
Account receivable	Qijian Technology	4,708.76	47.09	4,194.54	41.95
Other receivables	Shenyang Fangda	42,877.00	42,877.00	42,877.00	42,877.00
Other receivables	Ganshang Joint Investment	3,791,089.25	56,487.23	3,791,089.25	56,487.23
Other receivables	Shenzhen Yikang Real Estate Co. Ltd.	70,062,675.83	1,043,933.87	70,062,675.83	1,043,933.87

(2) Receivable interest

In RMB

Project name	Affiliated party	Closing balance of book value	Opening balance of book value
Other payables	Shenzhen Yikang Real Estate Co. Ltd.	25,305,047.71	25,116,052.92
Other payables	Qijian Technology	400.00	400.00
Other payables	Ganshang Joint Investment	3,355.36	3,355.36

XIII. Contingent events

1. Major commitments

Major commitments that exist on the balance sheet day

On November 6, 2017, Fangda Real Estate Co., Ltd., a subsidiary of the Company, and Bangshen Electronics (Shenzhen) Co., Ltd. signed the "Joint Development Agreement on Fangda Bangshen Industrial Park (Temporary Name) Urban Renewal Project", and the two parties agreed to develop cooperatively. In order to develop urban renewing projects such as a "renovation project", Fangda Real Estate provided Party A with property compensation through renovating and renovating the property allocation terms agreed upon by both parties, and obtained independent development rights of the project. As of December 31, 2022, Fangda Real Estate has paid a deposit of RMB 20,000,000.

(2) In July 2018 ,the Company's subsidiary Fangda Real Estate Co. Ltd. (Party A) signed a contract with Shenzhen Yikang Real Estate Co. Ltd. (Party B1) and Shenzhen Qianhai Zhongzheng Dingfeng No. 6 Investment Enterprise (Limited Partnership) (Party B2), "Shenzhen Henggang Dakang Village Project Cooperation Agreement". Party B agrees to transfer the entire equity of the project company it holds and the entire development interest of the project to Party A. Party A shall pay Party B a total of RMB600 million for the cooperation price. As of December 31, 2022, Fangda Property has paid Party B and the project company RMB50 million of security deposit, RMB20 million of service fee, RMB61,937,200 of equity transfer and RMB73,062,800 of other related payments.

In May 2021, the subsidiaries Fangda Jianke, Fangda Jiangxi New Material and CITIC Securities Investment Co., Ltd., Shenzhen Hi Tech Investment Venture Capital Co., Ltd., Shenzhen Qianhai Pengchen Investment Partnership (limited partnership), Gongqingcheng Longrun Spring Investment Partnership (limited partnership), Shenzhen Jiayuan Capital Management Co., Ltd and Gongqingcheng Huasheng Botai Investment Partnership (limited partnership) (hereinafter referred to as the "Transferee") signed equity transfer agreements to transfer 10.9375% of the total equity of Fangda Zhiyuan Technology, with the transfer amount of RMB 175 million. The agreement also stipulates that if Fangda Zhiyuan Technology fails to start and complete the qualified listing before May 31, 2025, the transferee has the right to require Fangda Jianke and Fangda Jiangxi New Material to repurchase or transfer all or part of the equity of Fangda Zhiyuan Technology held by the transferee.

The Company has no other commitments that should be disclosed by December 31, 2022.

2. Contingencies

Significant contingencies on the balance sheet date:

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

① On June 19, 2019, Langfang Aomei Jiye Real Estate Development Co., Ltd. filed a lawsuit against Fangda Jianke in the People's Court of Langfang Development Zone, demanding compensation of RMB19,721,315.00, and filed an application for appraisal of quality, repair cost and uncompleted project cost on December 26, 2019; Fangda Jianke filed a counterclaim on September 11, 2019, demanding payment of RMB13,939,863.27, and put forward the application for completed project cost appraisal on November 22, 2019. As of the date of this report, the case is still in the identification process.

② In March 2022, Xiangheng Real Estate (Jinan) Co., Ltd. filed an arbitration with the Jinan Arbitration Commission, requesting Fangda Jianke to bear the deduction, maintenance, rectification and rework costs of RMB8,956,563.81 and lawyer's fees of RMB350,000.00 caused by the quality problems of the supply and installation of aluminum alloy doors and windows, louvers and curtain walls of Jinan Kerry comprehensive development project (phase I and II); In April 2022, Fangda Construction Technology Co., Ltd. filed an anti arbitration application, requiring Xiangheng Real Estate (Jinan) Co., Ltd. to pay a total of RMB18,062,462.28 for the project funds and project expenses. As of the date of this report, the two cases are under joint trial.

③In September 2022, Fangda Jianke Co., Ltd. filed a lawsuit to the People's Court of Longhua District, requiring Longguang Engineering Construction Co., Ltd. to pay the total principal and interest of the project funds of Longguang Jiuzuan Project Plot 05 and Plot 09 to Fangda Construction Technology Co., Ltd., totaling RMB33,197,543.00. As of the date of this report, the court has filed a case and has not yet held a hearing.

④In October 2022, Fangda Jianke Co., Ltd. filed a lawsuit to the People's Court of Danzhou City, Hainan Province, requesting Danzhou Dongtuo Tourism Development Co., Ltd. to pay to Fangda Jianke Co., Ltd. a total of RMB27,863,564.06 of the principal and interest of the project payment for the Hengda Huadao Project. As of the date of this report, the court has received the filing materials and has not yet filed the case.

⑤In October 2022, Fangda Jianke Co., Ltd. filed an application for arbitration with the Guiyang Arbitration Commission, requiring Zhongtian Urban Investment Group Guiyang International Financial Center Co., Ltd. to pay Fangda Jianke Co., Ltd. a total of RMB10,818,847.31 of the principal and interest of the curtain wall project of Building 7 and Building 9 in the first phase of Guiyang International Financial Center Business District. As of the date of this report, the arbitration tribunal has filed a case and held a hearing, waiting for an award.

⑥In September 2022, Fangda Real Estate Co., Ltd. filed a lawsuit to the People's Court of Nanshan District, Shenzhen, requiring Shenzhen Hongtao Group Co., Ltd. to pay the total principal and interest of Fangda Real Estate Co., Ltd. to Fangda Real Estate Co., Ltd. for the purchase of building 3 # in Fangda City, amounting to RMB56,527,427.01, and Hongtao Company's counterclaim party, Dada Real Estate Co., Ltd., requested to cancel the signed Supplementary Agreement on Real Estate Sales and pay the liquidated damages of RMB44,046,859.04 for overdue certificate processing. As of the date of this report, the court has held a trial and has not yet concluded the trial.

⑦In September 2022, Fangda Real Estate filed a lawsuit with the People's Court of Nanshan District, Shenzhen City, requesting the court to order the cancellation of the Shenzhen Real Estate Sales Contract (Cash Sale) signed by Fangda Real Estate and Shenzhen Rijiasheng Trading Co., Ltd., and order Rijiasheng to pay the bank mortgage loan compensation of RMB18,796,489.12 and interest of RMB3,800,495.61 to Fangda Real Estate, and the liquidated damages for contract cancellation of RMB3,428,313.1, occupation fee Please refund the overdue fee. In September 2022, Shenzhen Rijiasheng Trading Co., Ltd. filed a lawsuit to the People's Court of Nanshan District, Shenzhen, requesting Fangda Real Estate to perform the obligation of handling the certificate and bear the liquidated damages for overdue handling of the certificate. The provisional amount of RMB3,669,046.43 is actually calculated until the certificate is completed. As of the date of this report, the two cases have not yet been heard.

⑧In July 2022, Wang Weihong filed a lawsuit on the ground that Fang Dajianke Company constituted a preservation error in the (2015) YYYZFMCZ No. 01205 case, claiming that Fang Dajianke Company compensated for the loss of RMB2,325,779.17, and another lawsuit claimed that Fang Dajianke Company owed its project payment principal of RMB4.78 million and interest. The court of first instance in both cases has ruled against all of Wang Weihong's claims. As of the date of this report, Wang Weihong has filed an appeal and is in the process of second instance.

⑨Fangda Zhiyuan Technology Co., Ltd. and Shenzhen BYD Supply Chain Management Co., Ltd. (hereinafter referred to as "BYD") have a purchase and sales contract dispute, and BYD has defaulted on payment for goods. Fangda Zhiyuan Technology Co., Ltd. filed a lawsuit to the People's Court of Pingshan District on October 20, 2022, demanding payment of RMB5.4532 million for raw materials and storage and management fees. As of the issuance date of this report, the court has accepted the case on February 13, 2023, waiting for the first trial.

(2) Pending major lawsuits

①On September 6, 2017, Chenghua District People's Court of Chengdu Municipality sentenced Sichuan Chuta Hengyuan Industrial Co., Ltd. to pay construction payment of RMB10,242,182.99 to Fangda Jianke within 10 days from the date of the verdict 川 0108 民初 1828 号. As of the date of this report, Fangda Jianke has applied for execution and has not received the relevant payment.

②On November 15, 2019, the Chengdu Chenghua District People's Court ruled that Sichuan Chuanta Hengyuan Industrial Co., Ltd. shall pay interest to the company (at 841.23 yuan) within 10 days from the effective date of the judgment with (2019) Chuan 0108 Min Chu No. 428 As the base number, from May 29, 2015 to the day when the payment is paid; using 841,876. 32 yuan as the base number, from May 28, 2015 to the day when the payment is paid. Based on $841, 876.32, from 28 May 2016 to the date of payment). The company has priority right to be paid for the discounted or auctioned price of project C of Sichuan Tower Project (Television Culture Plaza) within the scope of 7,697,4#*@$ Yuan. As of the date of this report, Fangda Jianke has not received relevant funds.

③In November 2018, the Company's subsidiary, Fangda Jianke, sued Fujian Huapu Real Estate Development Co., Ltd. (hereinafter referred to as Huapu company) to the People's Court of Taijiang District, Fuzhou City for paying RMB13,810,243.67 of project payment and RMB373,380.16 of overdue interest, totaling RMB14,183,623.83. Case No.: (2019) Min 0103 Min Chu No. 4282. In April 2020, Huapu Company filed a counterclaim application to the court, requesting Fangda Jianke Company to pay a total of 12,746,000.00 yuan for the construction period and quality. In October 2021, the court ruled that Huapu should pay the project payment of RMB10,683,952.00 and overdue payment interest to Fangda Jianke, of which the project payment of RMB10,683,952.00 has the priority to be paid, and the judgment has come into force. As of the date of this report, Huapu has been applied for bankruptcy liquidation, and Fangda Jianke has declared priority creditor's rights.

④In January 2022, Fangda Jianke filed a lawsuit against Chongqing Yongde Real Estate Co., Ltd. to the People's Court of Jiangbei District, Chongqing to pay RMB28,760,911.55 for the project and the interest on overdue payment, and claimed to enjoy the priority of the project payment. The case number is (2022)渝 0105 民初 227 号. In May 2022, the court ruled that Chongqing Yongde Real Estate Co., Ltd. should pay RMB28,760,911.55 of project funds and overdue payment interest to Fangda Jianke, and supported the priority right of compensation of project funds. The judgment has taken effect. As of the date of this report, Chongqing Yongde Real Estate Co., Ltd. has been ruled by the court to pre-reorganize, and Fangda Construction Technology Co., Ltd. has declared its creditor's rights according to the notice of the administrator.

⑤In September 2021, Fangda Jianke sued Qianhai Junlin Industrial Development (Shenzhen) Co., Ltd. and Evergrande Real Estate Group (Shenzhen) Co., Ltd. for paying RMB7096421.00 yuan of project payment and overdue interest, and claimed the priority of project payment. In August 2022, the court ruled that Qianhai Junlin Industrial Development (Shenzhen) Co., Ltd. should pay the project payment of RMB7,096,421.00 and the interest on overdue payment to Fangda Construction Technology Co., Ltd., and supported the priority of the project payment, but did not support the shareholder Evergrande Real Estate Group (Shenzhen) Co., Ltd. to bear the joint and several liabilities. As of the disclosure date of this report, the judgment has come into effect and has not yet been collected.

⑥In October 2021, Fangda Jianke filed an arbitration with the arbitration court, requiring Zhuhai R&F Real Estate Co., Ltd. to pay RMB11,806,353.97 of the project funds and overdue interest, and claimed to enjoy the priority of the project funds. The case was accepted by the Zhuhai International Arbitration Court on October 26, 2021, with the case number of ZAAZ (2021) No. 698. In January 2022, Fangda Jianke Co., Ltd. reached a settlement with Zhuhai Fuli Real Estate Co., Ltd., signed a settlement agreement, and signed a house payment agreement with the third party Hengxin International Optical Industry Co., Ltd. After the settlement, Fuli paid 652248.97 yuan for the project; In May 2022, due to the failure of Fuli Company and Hengxin International Optical Industry Co., Ltd. to perform the house arrival agreement, Fangda Construction Technology Co., Ltd. again filed for arbitration, demanding the payment of the remaining project funds and interests totaling 11633903.96 yuan. The Zhuhai International Arbitration Court accepted the case in May 2022, with the case number of ZCZZ (2022) No. 283, and completed the hearing on July 25, 2022. As of the disclosure date of this report, both parties have reached an agreement to offset the payment with the house through mediation of the arbitration commission, which has not yet been fulfilled.

(3) Contingent liabilities formed by providing of guarantee to other companies' debts and their influences on financial situation

By December 31, 2022, the Company has provided loan guarantees for the following entities:

In RMB10,000

Name of guaranteed	Guarantee	Amount	Term	Remarks

entity				
Fangda Property	Guarantee and mortgage guarantee	89,000.00	2020.2.25-2030.02.24	
Fangda Property	Guarantee	44,350.00	2021.03.18-2031.03.18	
Fangda Jianke	Guarantee	4,000.00	2022.09.08-2023.09.03	
Fangda Jianke	Guarantee	5,000.00	2022.03.27-2023.03.26	
Fangda Jianke	Guarantee	3,000.00	2022.06.01-2023.06.01	
Fangda Zhiyuan Technology	Guarantee	3,000.00	2022.07.25-2023.07.25	
Total		148,350.00		

Notes: ① Contingent liabilities caused by guarantees provided for other entities are all related guarantees between interested entities in the Company.

② The Company'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. As of December 31, 2022, the Company assumed the above-mentioned phased guarantee amount of RMB20,114,100.

(4) Other contingent liabilities and their influences

The Company has no other contingent events that should be disclosed by December 31, 2022.

3. Others

As of December 31, 2022, the Company has not revoked the letter of guarantee:

Currency	Guarantee balance (original currency)	Deposit (RMB)	Credit line used (RMB)
CNY	712,044,534.59		712,044,534.59
INR	78,691,782.78	46,099.32	6,574,004.29
HKD	15,349,982.00	15,000,000.00	
USD	2,507,136.33	1,432,146.95	16,029,054.73
SGD	2,700,000.00		13,994,370.00
AUD	1,580,000.00		7,447,804.00
EUR	3,771,764.01		27,997,427.07

Total		16,478,246.27	784,087,194.68

XIV. Post-balance-sheet events

1. Profit distribution

In RMB

Profit or dividend to be distributed	53,693,711.35
Profit or dividend approved to be distributed	53,693,711.35
Profit distribution plan	The Company held the 18th meeting of the 9th term of Board on Friday, February 24, 2023 to vote for the proposal of dividend distribution for year 2022. According to the resolution of the 18th meeting of the 9th Board of Directors, the Company plans to distribute cash dividends of RMB0.50 (including tax) per 10 shares to all shareholders based on the total capital stock of 1,073,874,227 shares on December 31, 2022, totaling RMB53,693,711.35. No dividend share or capitalization share was issued in the year.

2. Notes to other issues in post balance sheet period

The Company has no other issues in post balance sheet period that need to be disclosed on February 24, 2023 (report date approved by the Board of Directors).

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 division: production and sales of curtain wall materials, design, production and installation of building curtain walls, curtain wall testing and maintenance services;

② Rail transit branch: assembly and processing of subway screen doors, screen door detection and maintenance services;

(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: photovoltaic power generation, photovoltaic power plant sales, photovoltaic equipment R & D, installation, and sales, and photovoltaic power plant engineering design and installation

(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
Turnover	2,881,797,444.24	564,551,749.10	377,331,127.79	20,518,921.86	28,258,406.71	25,481,701.26	3,846,975,948.44
Including: external transaction income	2,877,126,181.59	564,551,749.10	369,529,923.55	19,707,669.06	16,060,425.14		3,846,975,948.44
Inter-segment transaction income	4,671,262.65		7,801,204.24	811,252.80	12,197,981.57	25,481,701.26	
Including: major business turnover	2,841,333,845.45	563,230,008.51	247,329,856.12	20,518,921.86		8,243,338.11	3,664,169,293.83
Operating cost	2,368,252,824.82	437,859,996.04	109,507,083.12	8,175,637.03	207,701.70	6,249,275.19	2,917,753,967.52
Including: major business cost	2,338,589,739.95	437,859,996.04	101,834,575.17	8,175,637.03		6,249,275.19	2,880,210,673.00
Operation cost	340,009,738.84	66,558,936.84	149,225,545.16	-526,090.03	28,984,034.42	-14,975,915.41	599,228,080.64
Operating profit/(loss)	173,534,880.58	60,132,816.22	118,598,499.51	12,869,374.86	-933,329.41	34,208,341.48	329,993,900.28
Total assets	5,162,017,97	906,162,531.	6,294,144,70	132,097,040.	3,134,371,54	2,883,608,51	12,745,185,2

	9.59	41	6.91	22	7.97	2.08	94.02
Total liabilities	3,161,283,016.76	555,967,242.78	3,552,387,324.26	17,031,343.23	783,033,170.18	1,144,901,965.44	6,924,800,131.77

(3) Others

Since more than 90% of the Group's revenue comes from Chinese customer and 90% of the Group's assets are in China, no detailed regional information is needed.

XVII. 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	
Including:										
Account receivable for which bad debt provision is made by group	680,529.54	100.00%	32,584.96	4.79%	647,944.58	595,366.68	100.00%	9,430.38	1.58%	585,936.30
Including:										
Portfolio 3. Others	680,529.54	100.00%	32,584.96	4.79%	647,944.58	595,366.68	100.00%	9,430.38	1.58%	585,936.30
Total	680,529.54	100.00%	32,584.96	4.79%	647,944.58	595,366.68	100.00%	9,430.38	1.58%	585,936.30

Provision for bad debts by combination:

In RMB

Name	Closing balance		
	Remaining book value	Bad debt provision	Provision rate
Portfolio 3. Others	680,529.54	32,584.96	4.79%

Group recognition basis:

See 9. Financial Tools in Chapter X, V, Important Accounting Policies and Accounting Estimates for the recognition criteria and instructions for withdrawing bad debt reserves by portfolio

If the provision for bad debts of accounts receivable is made in accordance with the general model of expected credit losses, please refer to the disclosure of other receivables to disclose information about bad debts:

□ Applicable ☑ Inapplicable

Account age

In RMB

Age	Remaining book value
Within 1 year (inclusive)	321,399.65
2-3 years	359,129.89
Total	680,529.54

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

Bad debt provision made in the period:

In RMB

Type	Opening balance	Change in the period				Closing balance
		Provision	Written-back or recovered	Canceled	Others	
Portfolio 3. Others	9,430.38	23,154.58				32,584.96
Total	9,430.38	23,154.58				32,584.96

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

In RMB

Entity	Closing balance of accounts receivable	Percentage (%)	Balance of bad debt provision at the end of the period
Top five summary	640,390.23	94.10%	32,291.94
Total	640,390.23	94.10%	

2. Other receivables

In RMB

Item	Closing balance	Opening balance
Other receivables	1,046,500,428.02	1,276,731,665.95
Total	1,046,500,428.02	1,276,731,665.95

(1) Other receivables

1) Other receivables are disclosed by nature

In RMB

By nature	Closing balance of book value	Opening balance of book value
Deposit	150,699.54	150,699.54
Debt by Luo Huichi	11,242,291.48	12,992,291.48
Others	396,561.98	120,143.89
Accounts between related parties within the scope of consolidation	1,046,003,558.83	1,276,507,096.22
Total	1,057,793,111.83	1,289,770,231.13

2) Method of bad debt provision

In RMB

Bad debt provision	First stage	Second stage	Third stage	Total
	Expected credit losses in the next 12 months	Expected credit loss for the entire duration (no credit impairment)	Expected credit loss for the entire duration (credit impairment has occurred)	
Balance on January 1, 2022	3,396.70		13,035,168.48	13,038,565.18
Balance on January 1, 2022 in the current period				
Provision	4,118.63			4,118.63
Transferred back in the current period			1,750,000.00	1,750,000.00
Balance on December 31, 2022	7,515.33		11,285,168.48	11,292,683.81

Changes in book balances with significant changes in the current period

□ Applicable ☑ Inapplicable

Account age

In RMB

Age	Remaining book value
Within 1 year (inclusive)	97,579,475.19
1-2 years	697,897,404.79
2-3 years	250,960,363.83
Over 3 years	11,355,868.02
Including: more than 5 years	11,355,868.02
Total	1,057,793,111.83

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

Bad debt provision made in the period:

In RMB

Type	Opening balance	Change in the period				Closing balance
		Provision	Written-back or recovered	Canceled	Others	
Other receivables and bad debt provision	13,038,565.18	4,118.63	1,750,000.00			11,292,683.81
Total	13,038,565.18	4,118.63	1,750,000.00			11,292,683.81

Including significant recovery or reversal:

In RMB

Entity	Written-back or recovered amount	Method
Luo Huichi	1,750,000.00	Bank transfer recovery
Total	1,750,000.00	

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 Property	Affiliated party payment	66,135,688.46	Less than 1 year	77.93%	
		538,000,000.00	1-2 years		
		220,178,936.99	2-3 years		
Fangda Jiangxi Property Development	Affiliated party payment	20,000,000.00	Less than 1 year	17.03%	
		159,897,404.79	1-2 years		
		241,633.75	2-3 years		
Shihui International	Affiliated party payment	30,459,793.09	1-2 years	2.88%	
Luo Huichi	Debt by Luo Huichi	11,242,291.48	Over 5 years	1.06%	11,242,291.48
Fangda New Energy	Affiliated party payment	10,851,784.69	Less than 1 year	1.03%	
Total		1,057,007,533.25		99.93%	11,242,291.48

3. Long-term share equity investment

In RMB

Item	Closing balance			Opening balance		
	Remaining book value	Impairment provision	Book value	Remaining book value	Impairment provision	Book value
Investment in subsidiaries	1,457,331,253.00		1,457,331,253.00	1,196,831,253.00	0.00	1,196,831,253.00
Total	1,457,331,253.00	0.00	1,457,331,253.00	1,196,831,253.00	0.00	1,196,831,253.00

(1) Investment in subsidiaries

In RMB

Invested entity	Opening book value	Change (+,-)				Closing book value	Balance of impairment provision at the end of the period
		Increased investment	Decreased investment	Impairment provision	Others		
Fangda Jianke	491,950,000.00	260,000,000.00				751,950,000.00	
Fangda Jiangxi New Material	74,496,600.00					74,496,600.00	
Fangda Property	198,000,000.00					198,000,000.00	
Shihui International	61,653.00					61,653.00	
Fangda New Energy	99,000,000.00					99,000,000.00	

Fangda Hongjun Investment	98,000,000.00					98,000,000.00	
Fangda Investment	235,323,000.00					235,323,000.00	
Fangda Intelligent Manufacturing		500,000.00				500,000.00	
Total	1,196,831,253.00	260,500,000.00				1,457,331,253.00	

4. Operational revenue and costs

In RMB

Item	Amount occurred in the current period		Occurred in previous period	
	Income	Cost	Income	Cost
Other businesses	28,268,463.91	207,701.70	24,953,602.85	460,120.74
Total	28,268,463.91	207,701.70	24,953,602.85	460,120.74

Income information:

In RMB

Contract classification	Segment 1 - other segments	Total
Type of product		
Including: Other businesses	28,268,463.91	28,268,463.91
Total	28,268,463.91	28,268,463.91

Information related to performance obligations:

The Company's operating income is derived from property rental income.

Information related to the transaction price allocated to the remaining performance obligations:

The amount of revenue corresponding to the performance obligations that have been signed, but not yet performed or not yet performed at the end of the reporting period is 23,961,688.74 yuan, of which 12,420,010.82 yuan is expected to be recognized in 2023, and 5,644,062.11 yuan is expected to be recognized in 2024, 5,897,615.81 yuan is expected to be recognized in 2025 and beyond.

5. Investment income

In RMB

Item	Amount occurred in the current period	Occurred in previous period
Gains from long-term equity investment measured by costs		33,660,000.00
Investment income from disposal of trading financial assets	566,025.88	334,681.44
Total	566,025.88	33,994,681.44

XVIII. Supplementary Materials

1. Detailed accidental gain/loss

☑ Applicable □ Inapplicable

In RMB

Item	Amount	Notes
Gain/loss of non-current assets	-1,421,880.09	
Government subsidies accounted into current gain/loss account, other than those closely related to the Company's common business, comply with the national policy and continues to enjoy at certain fixed rate or amount.	10,138,362.96	
Capital using expense charged to non-financial enterprises and accounted into the current income account	8,619,807.35	
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	4,666,147.76	
Write-back of impairment provision of receivables for which impairment test is performed individually	6,138,338.91	
Gain/loss from change of fair value of investment property measured at fair value in follow-up measurement	-10,095,973.89	
Other non-business income and expenditures other than the above	-2,764,570.20	
Less: Influenced amount of income tax	3,172,419.69	
Influenced amount of minority shareholders' equity	139,179.75	
Total	11,968,633.36	--

Other gain/loss items satisfying the definition of non-recurring gain/loss account:

□ Applicable ☑ Inapplicable

The Company has no other gain/loss items satisfying the definition of non-recurring gain/loss account

Circumstance that should be defined as recurrent profit and loss to Explanation Announcement of Information Disclosure No. 1 - Non-recurring gain/loss

□ 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	5.03%	0.26	0.26
Net profit attributable to the common owners of the PLC after deducting of non-recurring gains/losses	4.81%	0.25	0.25

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

No

China Fangda Group Co., Ltd.

Legal representative: Xiong Jianming

February 28, 2023