

方大集团股份有限公司
CHINA FANGDA GROUP CO., LTD.
Annual Report 2009

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Important Prompt

The Board of Directors and the directors of the Company guarantee that there are no significant omissions, fictitious or misleading statements carried in the Report and we will accept individual and joint responsibilities for the truthfulness, accuracy and completeness of the Report.

This report has been examined and passed by the 15th meeting of the 4th Board of Directors. Except for Director Xiong Jianwei, who absented the meeting and entrusted Director Wang Shenguo to vote on his behalf, all of the other directors presented the meeting.

This report is prepared both in English and Chinese. When there is any conflict in interpreting, the Chinese version shall prevail.

Mr. Xiong Jianming, the Chairman, and Mr. Lin Keping, the Financial Principal hereby declares that: The financial statements carried in this annual report are of authentic and complete.

I. Company Profile

1. Legal Name of the Company in Chinese and English

In Chinese: 方大集团股份有限公司 (abbreviation: 方大集团)

In English: CHINA FANGDA GROUP CO., LTD. (abbreviation: CFGC)

2. Legal Representative: Mr. Xiong Jianming

3. Secretary of the Board: Mr. Zhou Zhigang

Securities affair liaison: Ms. Wang Shuiying

Address: Fangda Town, Xili Longjing, Nanshan District, Shenzhen, PRC

Post code: 518055

Tel: 86(755) 26788571 ext. 6622

Fax: 86(755) 26788353

Email: zqb@fangda.com

4. Registered Address of the Company:

Fangda Building, Kejinan 12th Avenue, High-tech Zone, Shenzhen, PR China.

Post code: 518057

Head office: Technology Building, Fangda Town, Xili Longjing, Nanshan District, Shenzhen, PRC

Post code: 518055

Website: <http://www.fangda.com>

Email: fd@fangda.com

5. Official Medias of Information Disclosure

China Securities Journal, Security Times, Shanghai Securities Daily, Hong Kong Commercial Daily

Place where Annual Reports are available: Secretary Office of the Board of Directors.

Website assigned by China Securities Regulatory Commission for the disclosing of Annual Report:

<http://www.cninfo.com.cn>

6. Abbreviations and Codes of the Stock and the Stock Exchange Where Listed

A Stock: Fangda Group 000055 Shenzhen Stock Exchange

B Stock: Fangda B 200055 Shenzhen Stock Exchange

7. Miscellaneous Information of the Company

Initial registration date and place: December 13th, 1995, Shenzhen Bureau of Industry & Commerce Administration

Business license number: 440301501124785

Tax registration number: No.440305192448589

Organization code: 19244858-9

Public accountants invited by the Company:

Ascenda Certified Public Accountants

Office address: A-12/F, Global Trade Center, 36 Beishanhuan Rd. East, Dongcheng District, Beijing

II. Financial Highlight

1. Major Accounting Data of Year 2009 (in RMB Yuan)

Items	Amount
Operation profit	43,189,525.60
Total profit	45,108,302.29
Net profit attributable to the shareholders of the listed company	44,052,511.46
Net profit attributable to the owners of the PLC after deducting of non-recurring gains/losses	21,304,916.08
Cash flow generated by business operation, net	46,698,915.92

Note: The total of non-recurring incomes was of RMB22,747,595.38. The details are as followings:

	In RMB
Non-recurring gain and loss items	Amount
Gain/loss of non-current assets	-770,498.33
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.	5,359,369.24
Gain/loss from debt reorganization	-1,835,416.43
Gain/loss from change of fair value of transactional 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	16,614,079.31
Gain/loss from commissioned loans	308,534.09
Gain/loss from change of fair value of investment property measured at fair value in follow-up measurement	6,322,964.35
Other non-business income and expenditures other than the above	-834,677.79
Influenced amount of income tax	-1,389,222.90
Influenced amount of minority shareholders' equity	-1,027,536.16
Total	22,747,595.38

2. Influences of adjustment on net profit and net asset according to IAS

	In RMB	
	Domestic accounting standard	Overseas accounting standard:
Net profit attributable to the shareholders of the listed company	44,052,511.46	44,052,511.46
Owners' equity to shareholders of the listed company	623,295,593.57	628,058,991.81
Statement about the diversity	Difference in owners' equity was caused by capitalizing of interest in the year before effective of the new accounting standard.	

3. Major financial data and accounting indices for latest 3 years

In RMB

	2009	Year 2008	Increase/decrease (%)	year 2007
Turnover	912,979,118.31	784,720,562.64	16.49%	640,246,885.64
Total profit	45,108,302.29	16,312,073.26	176.53%	23,850,523.77
Net profit attributable to the shareholders of the listed company	44,052,511.46	23,260,881.91	89.38%	24,386,023.62
Net profit attributable to shareholders of listed company after deducting of non-recurring gain/loss	21,304,916.08	2,391,027.81	791.04%	-32,626,195.59
Cash flow generated by business operation, net	46,698,915.92	23,093,735.18	102.21%	81,895,449.43
	End of 2009	End of 2008	Increase/decrease (%)	End of 2007
Gross Assets	1,482,814,012.11	1,395,570,931.42	6.25%	1,316,903,872.37
Owners' (shareholders') equity	623,295,593.57	559,715,901.95	11.36%	581,919,810.07
Share capital	426,786,359.00	426,786,359.00	0.00%	387,987,600.00

4. According to "Information Disclosure Regulations No.9 of Public Limited Companies" issued by China Securities Regulatory Commission, the Company calculates the net income on asset and earnings per share on fully diluted basis and weighted average basis for year 2009 as the followings:

Items	Weighted average net income/asset ratio (%)	Earnings per share (yuan/share)	
		Basic earnings per share	Diluted gains per share
Net profit attributable to common shareholders of the Company	7.43%	0.10	0.10
Net profit attributable to the common owners of the PLC after deducting of non-recurring gains/losses	3.60%	0.05	0.05

5. Change of shareholding status in 2009 (in shares and RMB Yuan)

Items	Share capital	Capital reserves	Surplus reserves	Retained profit	Total of shareholders' equity
Beginning of term	426,786,359	61,095,308.51	6,388,697.44	65,445,537.00	559,715,901.95
Increased this term	0	23,534,367.30	6,971,483.40	44,052,511.46	74,558,362.16
Decreased this term	0	4,007,187.14	0.00	6,971,483.40	10,978,670.54
End of term	426,786,359	80,622,488.67	13,360,180.84	102,526,565.06	623,295,593.57
Cause of change		The premium of investment of minority shareholders over share capital was RMB30 million. The Company has recognized the increasing of RMB19,374,000.00 according to the share portion; gain/loss from fluctuation of sellable financial asset fair value was RMB1,315,200.55; the floating gain/loss from hedging instruments held at end of year was RMB2,845,166.75.	Surplus reserves was provided at 10% of net profit after tax.	Increase was the profit in 2009	

III. Particulars About the Capital Share and Shareholders

1. Statement of Changes in Shares

In shares

	Before the change		Changed (+,-)					After the change	
	Amount	Proportion	Issuing of new shares	Bonus shares	Transferred from reserves	Others	Sub-total	Amount	Proportion
I. Shares with conditional subscription	44,313,321	10.38%				-44,248,248	-44,248,248	65,073	0.01%
1. State-owned shares									
2. State-owned legal person shares									
3. Other domestic shares	44,248,248	10.37%				-44,248,248	-44,248,248	0	0
Incl. Non-government domestic legal person shares	44,248,248	10.37%				-44,248,248	-44,248,248	0	0
Domestic natural person shares									
4. Share held by foreign investors									
Incl. Shares held by foreign legal persons									
Foreign natural person shares									
5. Management shares	65,073	0.01%						65,073	0.01%
II. Shares with unconditional subscription	382,473,038	89.62%				44,248,248	44,248,248	426,721,286	99.99%
1. Common shares in RMB	173,157,655	40.57%				44,248,248	44,248,248	217,405,903	50.94%
2. Foreign shares in domestic market	209,315,383	49.05%						209,315,383	49.05%
3. Foreign shares in overseas market									
4. Others									
III. Total of capital shares	426,786,359	100.00%						0426,786,359	100.00%

Change of conditional shares

in shares

Name of the shareholder	Conditional shares at beginning of year	Released this year	Increased this year	Conditional shares at end of year	Reason of condition	Date of releasing
Shenzhen Banglin Technologies Development Co., Ltd.	29,921,364	29,921,364	0	0	Conditional shares formed in share structure reformation	April 17, 2009
Shenzhen Shilihe Investment Co., Ltd.	14,326,884	14,326,884	0	0	Conditional shares formed in share structure reformation	April 17, 2009
Total	44,248,248	44,248,248	0	0	—	—

2. Share placing and listing

(1) As of the end of report term, the Company issued no shares in the market in the past 3 years.

(2) In the report term, the 3rd batch of constrained shares was released in the market and the shares held by directors, supervisors and executives were frozen at certain portion, thus the share structure has changed, the total capital shares was still 426,786,359 though. At the beginning of report term, there were 44,313,321 current shares under constrain and 382,473,038 current shares without constrains, while at the end of report term, they have changed to 65,073 shares and 426,721,286 shares respectively.

(3) No employees' shares issued in the Company

3. Shareholders and shareholding status (ended December 31st 2009, in shares)

Total of shareholders 66,092 (including 44,109 A-share holders, and 21,983 B-share holders) at the end of report term					
Top 10 Shareholders					
Name of the shareholder	Properties of shareholder	Share proportion %	Total shares	Conditional shares	Pledged or frozen
Shenzhen Banglin Technologies Development Co., Ltd.	Domestic non-state-owned legal person	10.04%	42,850,014	0	0
Shenzhen Shilihe Investment Co., Ltd.	Domestic non-state-owned legal person	4.43%	18,904,045	0	0
Onforce International Ltd.	Overseas legal person	3.75%	16,000,000	0	0
Qian Weimin	Domestic natural person	0.56%	2,403,500	0	N/A
Cao Yifan	Domestic natural person	0.50%	2,116,100	0	N/A
Yao Guoji	Domestic natural person	0.37%	1,558,841	0	N/A
Zhen Fan	Domestic natural person	0.29%	1,240,000	0	N/A
Chen Jinbiao	Domestic natural person	0.22%	938,800	0	N/A
BNP PARIBAS ARBITRAGE S.N.C	Overseas legal person	0.19%	809,471	0	N/A
Zhang Yongjie	Domestic natural person	0.19%	808,080	0	N/A

Top 10 holders of unconditional shares		
Name of the shareholder	Unconditional shares	Category of shares
Shenzhen Banglin Technologies Development Co., Ltd.	42,850,014	A shares
Shenzhen Shilihe Investment Co., Ltd.	18,904,045	A shares
Onforce International Ltd.	16,000,000	B shares
Qian Weimin	2,403,500	A shares
Cao Yifan	2,116,100	B shares
Yao Guoji	1,558,841	A shares
Zhen Fan	1,240,000	B shares
Chen Jinbiao	938,800	B shares
BNP PARIBAS ARBITRAGE S.N.C	809,471	B shares
Zhang Yongjie	808,080	B shares
Notes to relationship or “action in concert” among the top ten shareholders.	Among the top 10 shareholders, Banglin and Onforce are parties with action in concert. Banglin and Shilihe are associated. As for the other holders of current shares, the Company has not been informed any situation of related parties or action in concert parties.	

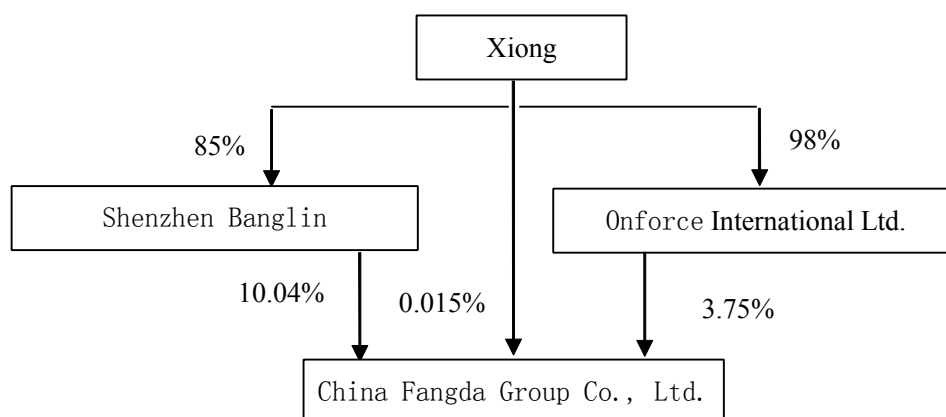
4. Profile of the controlling shareholder:

Name of the shareholder	Share proportion %	Legal representative	Date incorporated	Registered capital	Business scope
Shenzhen Banglin Technologies Development Co., Ltd.	10.04%	Chen Jinwu	2001 June 7th	3,000 RMB 10 thousand	Industrial investment, developing of electronic products, technical consulting, domestic commerce, material trading

5. The investors of Shenzhen Banglin Technologies Development Co., Ltd.- the controlling shareholder of the Company are natural persons, in which Mr. Xiong Jianming, the Chairman of the Company is holding 85% of the shares, thus he’s the substantial controller of the Company. Mr. Xiong Jianming is a resident of Peoples’ Republic of China. He has been the Chairman and President of the Company for the past five years.

6. Neither the controlling shareholder nor the substantial controller of the Company has changed in the report term.

7. Chart of the controlling relationship between the practical controller and the Company



8. Other legal person shareholders who are holding over 10% of the shares

In the report term, no other legal person shareholders who are holding over 10% of the shares other than

Shenzhen Banglin Technologies Development Co., Ltd.

9. In the report term, except for those held by the directors, supervisors, and executives which are frozen according to the law, all of the other constrained shares were released.

IV. Particulars about the Directors, Supervisors, Senior Management and Employees

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

(1) Profiles

Name	Position	Sex	Age	Job term	Shares held at the beginning of term	Shares held at the end of term	Cause of change	Remuneration accepted from the company in report term (RMB0'000)
Xiong Jianming	Chairman, president	M	52	2008.6.6-2011.6.6	64,156	64,156	-----	66.03
Wang Shengguo	Director, Vice president	M	51	2008.6.6-2011.6.6	22,608	22,608	-----	31.46
Xiong Jianwei	Director	M	41	2008.6.6-2011.6.6	0	0	-----	28.59
Zhou Zhigang	Director, Secretary of the Board	M	48	2008.6.6-2011.6.6	0	0	-----	27.09
Dong Likun	Independent Director	M	68	2008.6.6-2011.6.6	0	0	-----	8.00
Guo Jinlong	Independent Director	M	49	2008.6.6-2011.6.6	0	0	-----	8.00
Shao Hanqing	Independent Director	F	71	2008.6.6-2011.6.6	0	0	-----	8.00
Yu Guoan	Host of the Supervisory Committee	M	51	2008.6.6-2011.6.6	0	0	-----	22.07
Song Wenqing	Supervisor	M	48	2008.6.6-2011.6.6	0	0	-----	3.00
Zhen Hua	Supervisor	F	50	2008.6.6-2011.6.6	0	0	-----	25.39
Yang Xiaozhuan	Vice President	M	55	2008.6.6-2011.6.6	0	0	-----	19.38
Lin Kebin	Vice president and CFO	M	33	2008.6.6-2011.6.6	0	0	-----	20.97
Total	---	---	---	-----	86,764	86,764	-----	267.98

Note: The Company hasn't conducted any share option incentive program. None of the directors, supervisors and executives is holding share options or conditional shares. None of them is getting paid from the shareholding parties or other related parties.

(2) Status of directors and supervisors taking positions in shareholding parties

Name	Name of the shareholder	Job taken	Job term	Get remuneration or not
Xiong Jianming	Onforce International Ltd.	Chairman	Since Mar. 23 2001	No
Wang Shengguo	Shenzhen Shilihe Investment Co., Ltd.	Chairman	Since Sept. 30 2006	No
		General Manager	Since August 24th 2003	No
Xiong Jianwei	Shenzhen Shilihe Investment Co., Ltd.	Director	Since August 24th 2003	No
Zhou Zhigang	Shenzhen Shilihe Investment Co., Ltd.	Director	Since Sept. 30 2006	No

(3) Working experiences of current directors, supervisors and executives in recent five years

Mr. Xiong Jianming: DBA; senior engineer; part-time professor of Beijing Institute of Civil Engineering and Architecture and Nanchang University. He was once employed by Jiangxi Provincial Machinery Design

Academe, Administration Bureau of Shekou District of Shenzhen government, etc. He's now assuming Chairman of the Board and President of our company, Deputy to the 10th People's Congress of Guangdong Province, Deputy to the 3rd People's Congress of Shenzhen City, member of Commission of Legislative Affairs, Deputy Director of China Construction Metal Structure Association, Deputy Director of Shenzhen League of Industry and Economy, Chief Director of Shenzhen Semiconductor Lighting Industry Commission, and Honorary Chairman of Shenzhen Nanshan Charity Society.

Mr. Wang Shengguo: Master degree; Visiting Scholar from University of Essen; senior engineer. He once held such positions as Chief Engineer of Design Institute of the 2nd Heavy Machinery factory of Machinery Industrial Ministry. Mr. Wang is now assuming Director and Vice President of our company.

Mr. Xiong Jianwei: MBA. He is now assuming director of our company.

Mr. Zhou Zhigang: Bachelor degree. Mr. Zhou is now assuming Director, Secretary of the Board of Directors, Director of Securities Dept. and Director of Advertisement Commission of our company.

Mr. Guo Jinlong, member of China Democratic League, master of economics, certified accountant, certified tax consultant, deputy professor. He once was project manager and department leader of Pan-China Shenzhen CPA Ltd., chief of Profession Division, assistant to chief secretary, vice chief secretary of Shenzhen CPA Association. At present he's independent director of Shenzhen Tefa Information Co., Ltd., Shenzhen Agriculture Product Co., Ltd., partner of ShineWing Certified Public Account, off-campus instructor of Management School of Sun Yat-Sen University, and independent director of the Company.

Ms. Shao Hanqing, professor, doctoral course instructor. Once she was the Vice Director General of Shenzhen Bureau of Planning, assistant to the Mayor, Vice Chief Secretary of the City Government, standing commissioner of city council, PR director, and vice chief secretary of Shenzhen Political Consultative Conference. At present she's the vice chief of China Production Association, chief of Shenzhen Production Association, commissioner of enterprise research centre of National Economics and Trade Committee, part-time professor of China People's University, and independent director of the Company.

Mr. Dong Likun, bachelor's degree, licensed lawyer. Once he was the head of Shanghai Social Science Institute International Law Division, dean of Law School of Shenzhen University, peoples' delegate of Shanghai, commissioner of Guangdong Political Consultative Conference, standing commissioner of Shenzhen People's Congress. At present he's the professor of Law School of Shenzhen University, senior researcher of Hong Kong & Macao Institute of National Government Development Researching Center, and independent director of the Company.

Mr. Yu Guo'an: doctoral degree. Once he's the deputy professor of Northeast University, general manager of the technical center of the Company. At present he's the chief technical officer of the Company and the convener of the Supervisory Committee.

Mr. Song Wenqing: Bachelor's degree. Currently the supervisor of the Company.

Ms. Zhen Hua: Bachelor degree. She is now assuming supervisor, Chairwoman of Trade Union, Director of HR Dept. and Director of President Office of our company.

Mr. Yang Xiaozhuan: Bachelor degree; senior engineer. He once worked for Hubei Provincial machinery Industry Department and held such positions as managing director of the 2nd Machine Tool factory of Hubei, and Deputy Manager of Shenzhen Jinxin Investment Co., Ltd. Mr. Yang is now assuming Vice President of our company several other positions.

Mr. Lin Kebin, bachelor's degree. At present he's the Director of Accounting Department and CFO of the Company.

(4) Particulars about the salaries of the current directors, supervisors and senior management (tax included)

Through the approval of 2007 Shareholders' General Meeting, the allowance was RMB80 thousand per year for independent directors of the 5th term Board of Directors, RMB60 thousand for directors, and RMB30 thousand per year for the supervisors of the 5th term Supervisory Committee. Through the approval of the 1st meeting of the 5th term Board of Directors, the payments to senior management were formed by basic salary and floating salary based upon their achievement.

All of the current directors, supervisors and executives of the Company took remunerations from the Company and took no remunerations from the shareholding parties. Remunerations of current directors, supervisors and executives are totaled to RMB2.6798 million.

(5) None of the directors, supervisors and executives has changed in the report term.

2. Particulars about the employees

The Company currently has 2175 employees, including 1532 production staffs, 98 sales staffs, 130 technicians, 349 accountants, 99 project managements, and 282 other staffs.

Among them, 787 college education or above, account for 36.18% of the total, 5 doctorial degree holders, and 22 master degree holders.

V. Administrative Structure

1. Company Administration

The Company carried out its business operation strictly following with the Company Law, Securities Law and relative regulations of China Securities Regulatory Commission and Shenzhen Stock Exchange. And the administration structure has been further improved without conflict with the laws and regulations.

Particulars about the administration of the Company in the report term:

1) According to the Company Law, Securities Law, Shenzhen Stock Exchange Share Listing Rules, Enterprise Accounting System and Enterprise Accounting Standard, the Company has produced the Shareholders' Meeting Criteria, Working Regulations of the Board of Directors, Supervisory Committee Meeting Criteria, President Work Criteria, Independent Director Working Criteria, Internal Control Criteria, Information Disclosure Criteria, Proceed Administration Regulations, Accounting Criteria, Internal Auditing Criteria, Manpower Management Regulations, Legal Affair Administration Rules, Purchase Regulations, Investor Relationship Scheme, Administrative Rules of Raised Funds, Internal Controlling of New Share Subscription, Internal Controlling of Hedge Instruments, CPA Engagement Rules, Internal Controlling on Measuring of Fair Value, and Information Insider Rules. These have composed a mature and effective internal control system covering all aspects of the business operation including investment decision-making, related transactions, financial management, R&D management, HRM, executive management, purchase management, production and sales management and information disclosure. All of them have been implemented smoothly and there isn't any major defect or fraudulent practices in executing of the internal control system. The internal control system was designed under principles of scientific, rational, and standardization, and with reference to the Company's practical business operations.

2) In the report term, the Company was fully executing the circulars issued by China Securities Regulatory Commission and National Government State-owned Asset Administrative Commission, namely "Circular about capital transaction and providing of external guarantees by listed companies" [Zheng-Jian-Fa (2003)56], and "Circular about collectively resolve the problems regard capital adoption and illegal guarantees of listed companies" [Zheng-Jian-Fa (2005)37]. No capital of the Company was adopted by the holding shareholder.

3) In the report term, the Company has convened and held the Shareholders' Meetings strictly according to the regulations and ensure the shareholders are able to execute their legal rights.

4) In the report term, the Board of Directors and the Supervisory Committee have been executing their duties strictly according to the law and regulations. Convening and holding of the board meetings and the Supervisory Committee meetings were carried out with the legal procedures. Both of the Board and the Committee have been executing their duties diligently, and defending the legal interests of the Company and the whole shareholders. The Company had never provided the main shareholder or the substantial controller of the Company any unreleased information in the year of 2009.

5) Summary of the administrative improvement operation

In the report term, according to the "Circular about the administrative improvement operation in PLCs" issued by China Securities Regulatory Commission, the Company has accomplished all of the reforming processes before June 2008. The Company has been following with the requirements, further upgraded the administrative operation, and led the Company to a healthy and rapid development.

2. Performance of the Independent Directors

There are totally 3 independent directors of the Company, which exceeds 1/3 of the total number of directors. During the report term, the independent directors were performing their duties earnestly and independently,

and exactly according with the terms of the “Article of Association”, “Rules of the Board of Directors”, and “Rules for the Independent Directors”. They issued independent opinions on significant issues of the Company, and performed consultancy functions as independent directors should have done.

Independent directors’ presenting of board meetings in the report term:

Name of Independent Director	Times of board meetings to present	Presented personally (times)	Entrusted proxies to present (times)	Absented	Note
Dong Likun	6 times	4 times	2 times	-	Asked for leaving due business engagement
Guo Jinlong	6 times	4 times	2 times	-	Asked for leaving due business engagement
Shao Hanqing	6 times	5 times	1 time	-	Asked for leaving due business engagement

The independent directors didn’t raise any demurrals on the proposals adopted by the Board of Directors and Shareholders’ Meeting, not other events of the Company during the report term.

3. The Company is completely separated from the controlling shareholder in aspects of businesses, personnel, assets, organizations, and accounting. The Company has its own completed businesses and capacity of independent business operation.

- 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.

4. Assessment and motivation system of the senior management

The Company adopts a salary system for senior management formed by basic salary and floating salary based upon assessment of their achievement. In accordance with “The detailed assessment rules of target management for the supervisory and service departments of year 2009” and “The detailed assessment rules for subsidiaries of year 2009”, the senior management are assessed on their capability of innovation, basic quality, performance, accomplishment of profit and account collecting goals. The results of assessment form the foundation of floating salary or penalty.

VI. Particulars about the Shareholders' Meeting

The Company held 4 shareholders' meetings in the report term. The followings are the details:

1. The Shareholders' Annual Meeting 2008

The Company announced the convening of the Shareholders' Annual Meeting 2008 and the agendas on March 28, 2009 issues of Securities Times, China Securities Daily, Shanghai Securities Times and Hong Kong Commercial Daily. The meeting was held in the multi-function hall at the 1st floor of Fangda Building on April 17, 2009. The resolutions were published on April 18, 2009 issues of Securities Times, China Securities Daily, Shanghai Securities Times and Hong Kong Commercial Daily.

2. The 1st Provisional Shareholders' Meeting 2009

The Company announced the convening of the 1st Provisional Shareholders' Meeting 2009 and the agendas on August 1, 2009 issues of Securities Times, China Securities Daily, Shanghai Securities Times and Hong Kong Commercial Daily. The meeting was held in the multi-function hall at the 1st floor of Fangda Building on August 17, 2009. The resolutions were published on August 18, 2009 issues of Securities Times, China Securities Daily, Shanghai Securities Times and Hong Kong Commercial Daily.

3. The 2nd Provisional Shareholders' Meeting 2009

The Company announced the convening of the 2nd Provisional Shareholders' Meeting 2009 and the agendas on September 25, 2009 issues of Securities Times, China Securities Daily, Shanghai Securities Times and Hong Kong Commercial Daily. The meeting was held in the multi-function hall at the 1st floor of Fangda Building on October 12, 2009. The resolutions were published on October 13, 2009 issues of Securities Times, China Securities Daily, Shanghai Securities Times and Hong Kong Commercial Daily.

4. The 3rd Provisional Shareholders' Meeting 2009

The Company announced the convening of the 3rd Provisional Shareholders' Meeting 2009 and the agendas on December 2, 2009 issues of Securities Times, China Securities Daily, Shanghai Securities Times and Hong Kong Commercial Daily. The meeting was held in the multi-function hall at the 1st floor of Fangda Building on December 17, 2009. The resolutions were published on December 18, 2009 issues of Securities Times, China Securities Daily, Shanghai Securities Times and Hong Kong Commercial Daily.

VII. Report of the Board of Directors

1. Business review of the report term

(1) General business situation

Since the 4th quarter of 2008, the international financial crisis has been spreading wildly in the world and caused severe economic decline. 2009 has been the most difficult year of this century for the whole national economy. Although our country has effectively constrained the down hill trend, the economic foundation was not solid yet both for the country and worldwide.

In the report term, the Company has been catching up with the national policies in developing of new energy and environmental protection, concentrate its business in energy saving, environmental protection, and low-carbon products. In the report term, the Company has realized main business turnover of RMB912.98 million, increased by 16.34% over the same period of last year; net profit attributable to the owners of the parent company of RMB44.05 million, increased by 89.38%. As of the end of the report term, the Company has reserved contracts for over RMB941.48 million, increased by 17.21% over the same time last year, which laid a good foundation for the business development in 2010.

(2) Main business operations

Our business include new-type building materials, composite materials, metal wares, metal frames, environmental equipment and apparatus, fire fighting equipment, optical-mechanical-electrical integrated products, polymer materials and their products, fine chemical products, mechanical equipment, optical materials and devices, electronic displayer, audio-visual device, transport facilities, metro platform screen doors, a variety of HAVC equipment, water supply and drainage equipment, central air-conditioner and their parts and components, semiconductors and their components. Integrated circuits, lighting products and equipment, solar-energy products and their R&D. design, production. construction, sales and after-sales service ,property management, property leasing and parking-lot service.

1) Sales of energy saving products reaches a new height

Global financial crisis and worldwide concern on environmental protection have been accelerating the growth of low-carbon products. The Company has long devoted itself in developing of environmental production products and concentrated on technical innovation in high-end market.

The Company is the first enterprise in the whole country which has the whole technologies in designing, manufacturing, installation and integration process of PV curtain wall system, and has been leading the industry in the country. We have established a sound image in the high-end market of environmental products and are becoming more competitive in the market. In the report term, expanding of curtain wall base in Nanchang was progressing smoothly.

In the report term, the Company's energy saving curtain wall product line has realized a successive growth and reached the sales of RMB646.84 million – an increase of 33.10% over the same period of last year. In the meantime, the Company's aluminum products realized net profit of RMB19.12 million at almost the same output level of last year, which was a 114% of increase.

2) Metro station screen door business is growing rapidly

In the year 2009, the national government has been enlarging the investment in infrastructures including metro transportation system. In the report term, as the leading manufacturer of metro station screen door system, the Company has been fully taking the advantages in technology, brand name, and marketing force, and won in the bidding competition in Wuhan Metro Line No.2, Shenyang-Tieling railway, Shenzhen Metro Longhua Line 2, and several others. This means the Company's product and technologies have been fully accepted by the market. At present, the Company is taking over 20% of the domestic market of screen door system, and playing the role of 1st in the country and 3rd in the world.

Meanwhile, the Company is exploring overseas market and firstly won the contract of Taipei Metro against a

number of international competitors. This was the first time mainland equipment system used by Taiwan project. The Company will keep going out to develop the market share. As of the end of report term, the Company has the reserved orders amounted to RMB402 million. It will bring great opportunities for the Company in future development.

3) Accelerate the promotion of semi-conductor lighting products

In the report term, the Company has accomplished the lighting system reforming project of Muodesha Station, Guangzhou Line 2, and Tucheng Station, Tianjin Line 1. The Company provided all of the LED lighting tubes. This is the first use of LED lighting system in metro stations in the world. This has significant means in further promote in the new market.

4) Great achievement in innovation

The Company has long devoted a large amount of manpower and assets in technical research and innovation. Up to the end of report term, the Company has 608 patents (including 94 invention patents). Among them, 124 patents are in curtain wall industry (including 8 inventions), 187 patents in metro screen door industry (including 38 inventions), 3 computer software copyrights, 145 patents in LED lighting industry (including 38 inventions). As of the end of report term, the Company has 91 registered trademarks, including 11 in the US, Singapore and other countries.

In the report term, the Company was awarded “New Record of the Country” for accomplishing of five new technical innovations. Up to the end of report term, the Company has created 28 “New Record of the Country”, and is one of the highest in the country. We also participated in producing of more than 50 national standards.

In the report term, the Company’s “Industrialization of key technologies of high-power LED chip” was awarded Guangdong Provincial Technical Innovation Award band three. It was the key process to promote application of semi-conductor lighting, and laid a solid foundation for the industry.

Fangda Decoration was awarded “National Best Architecture Decoration 2009” for Shenzhen New Ward Business Center, and Xiamen Haifu Center. Xiamen Haifu Center was also awarded “Best Architecture Decoration 2009 of Xiamen”. Hangzho Jindu City Xinyu was certified “National Green Architecture”. Double layer archaeology structure curtain wall system was applied to the Main Stadium of the 26th World University Games Shenzhen, and Hangzhou Jindu City Yinyu. Advanced curtain wall energy saving technologies was applied to Shenzhen Software Garden and is filing for LEED certification and National Green Architecture Innovation Award.

Fangda New Material (Jiangxi) Co., Ltd. has passed the CE verification for its fluorocarbon aluminum panel and fluorocarbon aluminum plastic compound panel, and therefore get access to European market.

In the report term, the Company was awarded “National Award of Outstanding Innovative Enterprise”, “The 100 Best Potential Brand Name”; Fangda Automatic, Fangda Guoke Optical, Woke Semi-conductor Lighting, and Fangda New Materials were certified “National High-tech Enterprise”; Fangda Decoration was awarded “National Curtain Wall Industry Best 50, 2008” and “National Project Management Top 50”.

In the report term, the Company keeps accelerating information technologies in the administration process. The newly constructed EKP system was launched successfully and pushed the administration to a higher level.

5) Great achievement in energy saving products

The Company has long devoted itself in developing of energy saving products widely used in construction outer wall, indoor lighting, and metro station system. In the report term, the products of the Company including energy saving curtain wall, metro screen door, and LED products have saved 7949 KWH of power, equals to 32000 ton of coal consuming, reduced CO2 by 83.84 thousand ton, reduced SO2 by 272 ton, and NO2 by 236.8 ton. This saved nearly 100 million of power expenses a year.

6) Undertaking social responsibilities

In the report term, the Company was actively undertaking social responsibilities. We paid RMB55.8133 million of taxes, donated over 2 million to Primary School of Hope. We guarded the legal benefits of the

employees according to the Labor Law.

Products taking over 10% of the turnover or gross profit are curtain wall, compound aluminum board, single layer aluminum board, and screen doors. In the report term, the Company has overcome the major influences brought by financial crisis and macro adjustment of the country, none of them has made major impact on the Company's financial situation and business operation, so in the predictable future. The Company made no prediction or commitment on the profitability of future.

During the report period, the distribution of major business turnover and profit in term of industries, product categories, and territories were as follows:

In RMB0'000

Distribution on industries						
On industry or product	Turnover	Operation cost	Operation profit ratio	Change of income over last year %	Change of cost over last year %	Change of operation profit ratio over last year %
Metal production	79,588.09	65,645.44	17.52%	22.31%	20.03%	1.57%
Railroad industry	7,303.30	6,050.04	17.16%	26.33%	14.59%	8.48%
Distribution on products						
Curtain wall products	64,683.92	54,365.87	15.95%	33.10%	34.99%	-1.18%
Aluminum products	14,904.17	11,279.57	24.32%	-9.52%	-21.76%	7.19%
Metro screen door products	7,303.30	6,050.04	17.16%	26.33%	14.59%	8.48%

Regions	Turnover	Change of income over last year %
Domestic	80,966.14	29.89%
Overseas	6,767.12	-41.55%

We purchased from the top5 suppliers at the amount of RMB105.7546 million, which is 15.71% of the yearly purchase total amount; we got the total sales of RMB353.7969 account for 38.75% in the main business income.

(3) Capital structure in the report term

At the end of report term, the Company has total assets of RMB1,482.81 million, including RMB333.65 million of receivable account takes 22.50% of the total assets, RMB198.97 million of inventory account for 13.42% of total assets, investment property of RMB259.50 million account for 17.50%, long-term equity investment of RMB3 million account for 0.20% of total asset, fixed asset of RMB259.25 million account for 17.48% of total asset, construction in process of RMB18.33 million account for 1.24% of total asset, and short-term borrowings of RMB370 million account for 24.95% of total asset. No long-term borrowings.

In the report term, the Company uses fair value in accounting of investment properties, sellable financial assets, and hedging contracts. Recognition of investment property fair value was on the "Property Evaluation Report" 深同诚评字(2010A)01QC第028号 issued by Shenzhen Tongzhicheng Property Real Estate Consulting Co., Ltd. Recognition of sellable financial assets was on closing quotation at the end of report term, and calculated according to the "Formula of Fair Value of Shares with Definite Locking Period and Issued Privately". Hedging contracts are measured at settlement price at end of report term.

None of the sales expenses and administration expenses has changed significantly in the report term, financial expenses has decreased by 36.08% though. This was caused by returning of long-term loans and decreasing of bank loan interests. Income tax has increased by RMB11.08 million which was (1) Fangda Decoration was certified high-tech enterprise and enjoy 15% of income tax rate, the differed income tax asset was reduced; (2) Retrospective recognition of differed income tax assets and liabilities in the report term, for they have become satisfying the conditions of recognition.

(4) Composition of cash flow in the report term

Net cash flow from business operation in the report term was RMB46.70 million, net cash flow from

investment activities was RMB10.57 million, net cash flow from financing activities was RMB41.29 million. Cash flow from business operation has increased by RMB23.61 million over the same period of last year. This was caused by reinforcing of account clearing, and retrieved RMB108.79 million of trade accounts more than last year. Cash flow from investment activities has no major change over last year. And cash flow from financing activities has increased by RMB78.9 million, which was caused by input of RMB50 million by minor shareholders in 2009.

(5) The business status and performance analysis of the major subsidiaries of our company. & joint-stock companies.

By December 31, 2009, we wholly own 6 subsidiary enterprises, they are Shenzhen Fangda Decoration Engineering Co., Ltd, Jiangxi Fangda New-type Aluminum Co., Ltd., Shenzhen Fangda Yidexin new material Co., Ltd., Hong Kong Junjia Groups Co, Ltd., Fangda New Materials Co., Ltd., and a holding subsidiary, that is Shenyang Fangda semiconductor lighting Co., Ltd.

Shenzhen Fangda Decoration Engineering Co. Ltd is one of the largest manufacturers in curtain walls which is specialized in the design, manufacture and installation of curtain walls and indoor & outdoor windows and doors, also specialized in the design and manufacture of furniture.

Shenzhen Fangda Automation Systems Co., Ltd is the 1st in the country and 3rd in the world manufacturer specialized in the development, manufacture and installation of platform screen doors.

Fangda New Materials Co., Ltd and Shenzhen Fangda Yidexin new material Co., Ltd are specialized in the manufacture and sales of aluminium sheet, clad aluminium and other new-type building materials.

Shenyang Fangda semiconductor lighting Co., Ltd is specialized in the R&D, manufacture and sales of GAN-based integrated circuit and their parts and components which are the middle or finished products.

Jiangxi Fangda New-type Aluminum Co., Ltd mainly specializes in the development, manufacture and sales of various types of aluminum material and its products.

(6) Particulars about the special projects under the Company's control

There is no such special projects.

2. Prospectus for the future development and business plan for 2010

In year 2009, the Company achieved a new height in main business turnover and significant profitability. In year 2010, the Company will keep concentrate on energy saving and environmental protection industry and reinforce developing of new products and technologies in this area.

Energy saving and environmental protection industry have been the Company's core business and made the Company leading enterprise in the area. For year 2010, the Company will keep pursuing the strategic target and enlarge the market share, to lay a good foundation for future development.

Along with the rapid growth of metro systems in the country, the Company will expand the productivity of screen door and accelerate fulfilling of orders, and reinforce the marketing force and consolidate the leading place in the industry.

Along with the rapid growth of the Company, intelligence property protection is becoming more important than ever. In 2010, the Company will reinforce this aspect to support the development of the business.

Capital needs and application plan

In financial aspect, the Company will fully use self-owned capital and satisfy the financial needs by using multi financial resources. To satisfy the needs of production target of PV curtain wall and energy saving wall, expanding of screen door production, the Company will need RMB1 billion in 2010. Among the financing plan, RMB550 million will be raised from issuing of new A shares, the rest will be covered by bank loans and the Company's own capital.

3. Investment in the report term

(1) Application of fund raised

The Company raised no funds through public offering in the report term. The fund raised previously has been utilized completely in year 2000.

(2) Non- raising -fund investment

We have established Shenyang Fangda Lighting Co., Ltd jointly invested by Shenyang Hunnan New District State-owned Assets Management Co., Ltd, currently it is under construction. We have invested RMB17.81 million so far.

4. Change in accounting policies, accounting estimations, or the correction of the previous important mistakes

None of change in accounting policies, accounting estimations, or the correction of the previous important mistakes occurred in the report term.

5. Disclosing of internal controlling system related to measuring of fair value, and relative information

On April 17, 2009, the Company produced “Internal controlling system on measuring of fair value”, which was aiming to regular the recognition basis and process in measuring of fair value of investment properties, shares of other PLCs, and so others.

Subjects related to measuring of fair value:

In RMB Yuan

Items	Initial amount	Gain/loss from change of fair value in the term	Accumulative change in fair value accounted into equities	Impairment provisions provided in the current term	Amount at end of term
Financial assets:					
Incl. 1. Financial assets accounted at fair value and changes accounted into current gain/loss account					
2. Derivate financial assets			3,315,075.00		3,315,075.00
3. Sellable financial assets	14,068,500.00	16,614,079.31	6,266,355.88	0.00	7,520,445.42
Subtotal of financial assets	14,068,500.00	16,614,079.31	9,581,430.88	0.00	10,835,520.42
Financial liabilities					
Investment properties	261,734,400.32	6,322,964.35	1,108,815.63		259,497,678.80
Production physical assets					
Others					
Total	275,802,900.32	22,937,043.66	10,690,246.51	0.00	270,333,199.22

6. Foreign currency financial assets in possession

At end of report term, the Company was holding RMB12.6708 of receivable account in foreign currency.

7. Influence on profitability by the changes in the financial instruments for measuring fair value and the changes in the fair value of investment property:

In the report term, change of fair value of investment property has increased the profit by RMB6.323 million, change of sellable financial assets and hedging contracts in fair values made no impact on the profit.

8. Ascenda (Beijing) Certified Public accountants audited the Financial Report of 2009 year and issued the standard audit report without classified opinions.

9. Routine works of the Board

(1) Board meetings and resolutions

1) The 6th meeting of the 5th term of Board of Directors was held in the afternoon of March 26, 2009 in the meeting room on the 5th floor of Fangda Technologies Building. The resolutions were published by March 28, 2009 issues of Securities Times, China Securities Journal, Shanghai Securities Daily and Hong Kong Commercial Daily.

2) The 7th meeting of the 5th term of Board of Directors was held in the morning of April 17, 2009 in the meeting room on the 5th floor of Fangda Technologies Building. The resolutions were published by April 18, 2009 issues of Securities Times, China Securities Journal, Shanghai Securities Daily and Hong Kong Commercial Daily.

3) The 8th meeting of the 5th term of Board of Directors was held in the afternoon of July 15, 2009 in the meeting room on the 5th floor of Fangda Technologies Building. The resolutions were published by July 17, 2009 issues of Securities Times, China Securities Journal, Shanghai Securities Daily and Hong Kong Commercial Daily.

4) The 9th meeting of the 5th term of Board of Directors was held in the morning of July 30, 2009 in the meeting room on the 5th floor of Fangda Technologies Building. The resolutions were published by August 1, 2009 issues of Securities Times, China Securities Journal, Shanghai Securities Daily and Hong Kong Commercial Daily.

5) The 10th meeting of the 5th term of Board of Directors was held in the afternoon of September 23, 2009 in the meeting room on the 5th floor of Fangda Technologies Building. The resolutions were published by September 25, 2009 issues of Securities Times, China Securities Journal, Shanghai Securities Daily and Hong Kong Commercial Daily.

6) The 11th meeting of the 5th term of Board of Directors was held in the morning of October 19, 2009 in the meeting room on the 5th floor of Fangda Technologies Building. The resolutions were published by October 20, 2009 issues of Securities Times, China Securities Journal, Shanghai Securities Daily and Hong Kong Commercial Daily.

7) The 12th meeting of the 5th term of Board was held on November 20, 2009 by mean of telecommunication voting. The resolutions were published on December 2, 2009 by Securities Times, China Securities Journal, Shanghai Securities Daily and Hong Kong Commercial Daily.

(2) Executing of the resolutions of Shareholders' General Meeting by the Board of Directors

As authorized by the Shareholders' General Meeting, the following jobs have been done:

- 1) to enter the contracts with banks regarding integrated credit and guarantees;
- 2) to file for private issuing of A shares;
- 3) to alter business registration.

(3) General report on the performance of the audit committee that subordinate to the board of directors

Auditing Committee established under the Board performs auditing works of the Company, supervise execution of internal controlling system, obtain financial information and business operation in accordance with the "Rules of Auditing Committee" established by the Company.

Auditing Committee sent two letters, since the date of annual report had been decided, to discuss and decide

the timetable with the CPA. The Committee examined the financial statements prepared by the Company before the CPA, and provided written opinions on the business operation reflected in the financial statement.

In the auditing process, the Committee keeps communicate with the CPA, and sent another letter to make sure the Auditing Report will be provided on schedule. The Committee examined the Financial Statement again after the CPA provided primary opinions, listened to the report on major problems discovered in the auditing process, and basically accepted the opinions.

Upon providing of final opinion by the CPA, the Auditing Committee submitted to the Board the voting result on the Financial Statement and the Report on Auditing Process by the CPA of the Year, accepted the Financial Statement 2009, and deems that the CPA has fulfilled the missions entrusted by the Company and auditing works on the Financial Statement 2009. The Committee recommend the Board and the Shareholders' Annual Meeting to extend the service of Ascenda Certified Public Accountants to the year 2010.

(4) General report of the Development Strategy Committee

The Development Strategy Committee provided opinions on the business target and plan of year 2009, and performed inspection on the business operation of the year. The Committee deems that the Company has basically achieved the target of 2009 set previously, and laid a good foundation for future development.

The business plan and target set by the executives of the Company are to the consent of the Development Strategy Committee. They are deemed as ensuring the health growth of the Company.

(5) Report of the Remuneration and Assessment Committee

Basing on the "Rules of Remuneration and Assessment Committee", the Remuneration and Assessment Committee subordinate to the Board had listened to the company's main financial index and the performance of the operation objectiveness in 2009 and also find out director, senior executives performance. They think director and senior executive industrious, fulfill their duty well and in aid of the achievement of company' operation objectiveness. The wage information disclosed in 2009 Annual Report are complying with the salary scheme.

10. Dividend distribution plan or capitalizing of common reserves

According to the Auditors' Report issued by Ascenda Certified Public Accountants, the Company has realized the net profit attributable to the owners of the parent company of RMB44,052,511.46 in year 2009. As of the end of report term, the consolidated retained profit attributable to the parent company was RMB102,526,565.06. The parent company has realized net profit of RMB69,714,834.00, according to the Articles of Association, RMB6,971,483.40 is to be provided as surplus reserves, the retained profit at end of report term was RMB130,233,472.40. No profit distribution will be carried out for 2009 and all of the profits will be reserved for business expanding in 2010.

The Company plans to capitalize the capital common reserves to the whole shareholders. As of December 31st 2009, the balance of capital reserves was audited to RMB35,682,213.36 and surplus reserves was RMB13,360,180.84. While RMB29,875,045.13 of capital reserves will be capitalized to capital shares. On the base of total capital shares amounted 426,786,359, 0.7 new share will be added upon each 10 shares. Namely 0.7 new shares to each 10 A-shares, totally 15,222,968 shares are about to be added; and 0.7 new shares to each 10 B-shares, totally 14,652,077 are about to be added. The capital shares of the Company will become 456,661,404 after the capitalization.

The above plan is subject to the examination of the Shareholders' General Meeting 2009.

Dividend distribution of the latest three years

In RMB Yuan

	Cash dividend (tax included)	Net profit attributable to the owners of the PLC in the consolidated statement	Percentage in net profit attributable to owners of the PLC in the consolidated statement	Distributable profit of the year
Year 2008	0	23,260,881.91	0	-13,567,232.60
Year 2007	0	24,386,023.62	0	4,016,976.61
Year 2006	0	20,610,993.31	0	-12,742,931.51
Dividend accumulated in the latest three years over the average annual net profit (%)	0.00%			

No cash dividend proposal was raised though the Company is making profit for the report term.

applicable not applicable

Reason for making profit but not have any dividend plan	Plan for the profit not distributed
Reserved for business development in 2010	Reserved for business development in 2010

11. The Company hasn't changed the official information disclosure presses and the website in the report term.

VIII. Report of the Supervisory Committee

1. Meetings held in the report term, and the resolutions

- (1) The 4th meeting of the 5th term of Supervisory Committee was held in the afternoon of March 26, 2009 in the meeting room on the 5th floor of Fangda Technologies Building. The resolutions were published by March 28, 2009 issues of Securities Times, China Securities Daily, Shanghai Securities Daily and Hong Kong Commercial Daily.
- (2) The 5th meeting of the 5th term of Supervisory Committee was held in the morning of April 17, 2009 in the meeting room on the 5th floor of Fangda Technologies Building. The 1st Quarterly Report 2009 was examined and passed at the meeting.
- (3) The 6th meeting of the 5th term of Supervisory Committee was held in the afternoon of July 15th 2009 in the meeting room on the 5th floor of Fangda Technologies Building. The Semi-Annual Report 2009 and the summary were examined at the meeting.
- (4) The 7th meeting of the 5th Supervisory Committee was held in the morning of October 19, 2009 in the meeting room at the 5th floor of Fangda Technologies Building. The 3rd Quarterly Report 2009 was examined and passed at the meeting.

2. The Supervisory Committee issues the independent opinion on the following issues:

- (1) The Company has already established a mature internal control system and has been improving it constantly. The procedure of decision-making was in conformity with Company Law and Articles of Association of the Company. The directors and senior executives had no actions of breaking national laws and regulations and Articles of Association or damaging the interest of the Company when they performed their duties.
- (2) The Company has found the Information Disclosure System and was implemented strictly according to the rules.
- (3) Ascenda Certified Public Accountants issued standard auditing report without qualified opinion for the financial report of 2009. The financial report is frankly reflecting the financial situation and business performance of the Company.
- (3) The Company actually raised RMB112.8784 million in the share placing in 1999. All of the fund raised has been put into investment as set out by the Share Placing Prospectus.
- (4) Asset purchasing or selling were on rational prices, and no under table transactions were conducted. No operation was done harming the shareholders' interests or cause losses of the Company's capital.
- (5) No trade with related parties occurred in the report term, thus no impairment on the Company's interest.

IX. Significant Events

1. There was no significant lawsuit or arbitration issue in the report term

2. No bankruptcy or restructuring issue happened in the report term

3. Holding of other PLCs' equities and trading of other PLCs' shares

(1) Holding of other PLCs' equities and participating in commercial banks, securities dealers, insurance companies, trust companies, and future.

In RMB

Stock Code	Stock ID	Initial investment	Share portion	Book value at the end of term	Gain/loss of the report term	Change of owners' equity in the report term	Accounting subject	Source of shares
600800	ST Magnetic Card	4,850,000.00	0.11%	3,496,410.96	0.00	1,315,200.55	Sellable financial asset	Debt paid in kind
000518	*ST Biology	854,089.54	0.09%	4,024,034.46	12,670,634.47	-2,522,387.14	Sellable financial asset	Debt paid in kind
000425	Xugong Tech	0.00	0.00%	0.00	3,943,444.84	-1,484,800.00	Sellable financial asset	Debt paid in kind
Total		5,704,089.54	-	7,520,445.42	16,614,079.31	-2,691,986.59	-	-

(2) No trading of shares of other PLCs.

4. Asset acquiring or selling nor takeover or merger events.

(1) In the report term, the Company conducted neither asset acquiring or selling nor takeover or merger events

(2) No disposal of asset in the report term

5. No share option incentive program was implemented in the report term

6. No material related transactions happened in the report term

7. Material contracts and guarantees

(1) The Company has never been involved in such events as keeping as custodian, contracted or leased any other company's assets and vice versa in the report period or extended from the previous years.

(2) The Company conducted no illegal guarantee issues other than providing guarantee to the fully owned and controlled subsidiaries. The details are as the followings:

In RMB10 thousand

External Guarantee (Exclude controlled subsidiaries)						
Guarantee provided to	Date when occurred	Amount guaranteed	Type of guarantee	Term	Completed or not	Related guarantee
Total occurred in the report term						0
Total of balance of guarantee at the end of report term						0
Guarantee provided to controlled subsidiaries						
Total of guarantee provide to controlled subsidiaries in the report term						42,927.43
Total of balance of guarantee provide to controlled subsidiaries in the report term						34,972.33
Total of guarantee (including provided to controlled subsidiaries)						34,972.33
Total of guarantees						34,972.33
Proportion of the total guarantee in the net asset of the Company						56.11%
						In which:
Guarantee provided to shareholders, substantial controller and their related parties						0.00
Amount of guarantee provided to objects with over 70% of liability / asset ratio, directly or indirectly						0.00
Amount of guarantees exceed 50% of the net asset						3,807.55
Total of the above 3 items						3,807.55

(3) Cash assets entrusted to others or entrusted loans in the report term:

Fangda Decoration Co. subscribed 5 million units of trust scheme of Shengtuotou/Grean City Eastern Weilan Apartment Project. The trust plan has expired in June 2009 and capital retrieved was RMB5.3085 million including RMB308.5 thousand of gains.

(4) Other major contracts:

- ① Hangzhou City Xinyu Building No. 2, 3, 5, 6 energy saving glass curtain wall project was obtained at the end of December 2007 with contract value of RMB163.70 million. It was started in May 2008. The whole contract amount was increased up to RMB174.2864 million in June 2009 and the completion date has been extended to June 2010.
- ② The Company won in the bidding of Xiamen International Logistics Center for the glass curtain wall engineering section I and II in July 2008. The contract was RMB83.0476 million. It was started at end of July 2008 and completed in December 2009.
- ③ The PSD system of Shenzhen Metro Line 1 was contracted to RMB79.8586 million in total, up to present, the Baishizhou Station, Gaoxinyuan Station, and Shenda Station has been put into operation in September 28, 2009, the following stations are in installation process, this project will be completed in June 2011.
- ④ The PSD system of Shenzhen Metro Line 2 was contracted to RMB169.256 million. At present the project has entered the stage of installation. Installations in Keyuan Station and Haiyue Station have been accomplished. The project is expected to be completed in June 2011.
- ⑤ Contract with Nanjing Metro was amounted to RMB59.52 million. Installation has been completed in all of the 13 stations and are in testing stage. This project was planned to finish in May 2010.
- ⑥ The contract for Main Stadium of UNIVERSIADE 2011 project was amounted to RMB95.3973 million and started in June 2009. It has been finished at the end of December 2009.
- ⑦ Shenzhen Grean View Building curtain wall project was contracted for RMB81.4641 million. The project was started in October 2009, and will be completed in October 31, 2010.
- ⑧ The PSD system of Wuhan Railroad Line No.2 phase I was contracted with RMB80.8598 million. The project is planned to start in early 2010 and finished at end of 2011.

- ⑨ Supplying of curtain wall products worth 100 million Australian Dollars was launched in August 2007, and realized sales of RMB28.58 million up to the end of report term.

8. Fulfilling of commitments made regarding share equity restructuring process

1) Particulars about the share equity restructuring process

On March 23rd 2006, the shareholders' special meeting passed the proposal of share equity restructuring plan, which was: increase 28,696,080 shares to negotiable A-share holders, the non-negotiable shares were thus granted the right to become negotiable. In the newly added capital shares of negotiable A-shares, after deducting of 7,980,000 shares collectable due to expanding of capital shares, the balance of 20,716,080 shares were the equal-value shares offered by the non-negotiable share holders to the negotiable A-share holders.

This plan was accomplished on April 10th 2006.

2) Fulfilling of commitments

In the report term, the 3rd lot of constrained shares amounted to 44,248,248 were released for trading on April 17, 2009.

The former holder of non-negotiable A-shares had promised in the Revised Prospectus of Share Equity Relocating of China Fangda Group Co., Ltd.:

- (1) It will not trade or transfer the shares held within 12 months since the implementing of the relocation plan;
- (2) The former holder of non-negotiable A-shares of over 5% of the total capital shares, upon expiration of above condition, place the non-negotiable shares in Shenzhen Stock Exchange. The amount of shares put into trading shall not exceed 5% of the total in 12 months, and 10% of the total in 24 months.

This commitment has been fulfilled.

9. Engaging and dismissing of CPAs.

As approved by the 6th meeting of the 5th term of Board and the Shareholders' Annual Meeting 2009, the Company engaged Ascenda Certified Public Accountants (天健光华 (北京) 会计师事务所有限公司) the auditing body of the Company for year 2009. In the report term, Ascenda Certified Public Accountants was taken over by Zheng He Zheng Xin CPA and was renamed to Ascenda Certified Public Accountants (天健正信会计师事务所有限公司).

As approved by the 12th meeting of the 5th term of Board and the 3rd Provisional Shareholders' Meeting 2009, Ascenda Certified Public Accountants (天健正信会计师事务所有限公司) was engaged as the auditing body of year 2009.

This is the first time Ascenda Certified Public Accountants (天健正信会计师事务所有限公司) provides auditing service to the Company. The reward is RMB900 thousand.

10. No capital adoption or repaying by the controlling shareholder or related parties occurred in the report term, Ascenda CPA has provided special statement on this issue.

11. No motivating share bonus scheme was implemented, promoted, or terminated in the report term.

12. In the report term, none of the directors, supervisors, executives, shareholders, substantial dominators, buyer of the Company was investigated by relative departments, executed by legal & discipline departments, delivered to legal departments, appeared for crime, investigated or punished by China Securities Regulatory Commission, restricted to security market, criticized publicly, regarded as improper person, punished by other executive departments, or publicly condemned by the Stock Exchange.

13. No invalid trading of the Company's shares by any of the directors, supervisors, executives or shareholders holding 5% or over of the Company's shares.

On February 9, 2009, Shenzhen Shilihe Investment Co., Ltd. – the 2nd shareholder of the Company, purchased 20 thousand of the Company's shares by operation error. This trade hasn't made any gains. The company promises to be cautious in future operation according to the Securities Law, and no such illegal operation will be conducted any more.

14. Reception of investigation and visiting:

Time/date	Place	Way	Visitors	Main content involved and material provided
Feb 25, 2009	The Company	Field research	Guangdong Development Securities	Business operation and future development.
Oct 20, 2009	The Company	Field research	Pacific Insurance	Business operation and future development.
Oct 26, 2009	The Company	Field research	East Sea Investment	Business operation and future development.
Nov 24, 2009	The Company	Field research	Jianyin International Capital Management Ltd.	Business operation and future development.
Nov 27, 2009	The Company	Field research	CITIC Securities International	Business operation and future development.
Dec 03, 2009	The Company	Field research	Paris Securities, France	Business operation and future development.
Dec 15, 2009	The Company	Field research	Guangdong Development Securities	Business operation and future development.

The Company follows “Shenzhen Stock Exchange PLC Fair Information Disclosure Guide”, “Information Disclosure Administrative Rules” and “Reception and Promotion Rules” and related laws and regulations. At reception of investigations and visiting and inquiries of the investors, no selective disclosure, private disclosure, advance disclosure to particular object, or leaking of undisclosed major information happened. The fairness of information disclosure was guaranteed.

15. Material events judged by the Board of Directors or according to Article 67 of Securities Law, and Article 17 of “Information Disclosure Criteria of PLCs (Trial)”

(1) On February 2, 2009, the Company released the announcement on winning in the bidding for the glass curtain wall project of Main Stadium of UNIVERSIADE 2011 on China Securities Journal, Shanghai Securities Daily, Securities Times and Hong Kong Commercial Daily.

(2) The proposal on private issuing of A shares in 2009 was examined and approved at the 6th meeting of the 5th Board, the resolutions and the proposal were released on March 28, 2009 by China Securities Journal, Shanghai Securities Daily, Securities Times and Hong Kong Commercial Daily.

(3) The proposal on private issuing of A shares in 2009 (Supplementary) was examined and approved at the 9th meeting of the 5th Board and the 1st Provisional Shareholders' Meeting 2009, the resolutions and the proposal were released on August 1 and 18, 2009 by China Securities Journal, Shanghai Securities Daily, Securities Times and Hong Kong Commercial Daily.

(4) On September 17, 2009, the Company released the announcement about winning the bidding competition of Shenzhen Green View Building curtain wall project. The announcement was released by China Securities Journal, Shanghai Securities Daily, Securities Times and Hong Kong Commercial Daily.

(5) On October 9, 2009, the Company released the announcement about winning the bidding competition of Wuhan Railroad Line No.2 Phase I screen door system. The announcement was released by China Securities Journal, Shanghai Securities Daily, Securities Times and Hong Kong Commercial Daily.

(6) On October 13, 2009, the Company released the announcement about the winning of bidding for the screen door system of Shenyang – Tieling railroad, and Taibei Metro project on China Securities Journal, Shanghai Securities Daily, Securities Times and Hong Kong Commercial Daily.

(7) On December 9, 2009, the Company released the announcement about winning the bidding competition of Shenzhen Bay Sport Center roof II subcontract project. The announcement was released by China Securities Journal, Shanghai Securities Daily, Securities Times and Hong Kong Commercial Daily.

16. Derivate instruments

Derivate investment instruments

Statement on analysing and controlling of risks with derivate investment in the report term (including but not limited to market risks, liquidity risks, credit risks, operation risks, and legal risks.	In view of preventing price fluctuation risks of raw materials, the Company uses domestic aluminum future contracts to secure the raw material aluminum needed in the Company's production. The Company has established "Provisional Regulations of Domestic Hedging Instruments" and carried out strictly to prevent risks.
Change of derivate instrument market price or fair value, information disclosing on the fair value, relative estimation and setting of indexes	Derivate instrument fair value is at quotation opened in the future contract market, along with retrospective evaluation process, all of the hedging are highly effective.
Statement on major alternation in accounting polices and accounting basis on derivate instruments comparing with last year	No significant change.
Particular comments of the independent directors, sponsors, or financial consultants on investment of derivate instruments and risk controlling	Hedging instruments are used strictly according to relative regulations, and only used to secure the raw materials needed by the Company. It is not manipulation of future contracts, thus effectively reduced the risks. This will benefit the steady development of the Company.

Derivate instruments in stock at end of report term

In RMB

Category of contracts	Amount of the contract at beginning of term	Amount of the contract at end of term	Gain/loss in the report term	Amount of the contract at end of term on the net asset (%)
Shanghai Aluminum	0	22,928,770	3,948,057	3.68%
Total	0	22,928,770	3,948,057	3.68%

X. Financial Report

1. Auditors' Report

Ascenda Certified Public Accountants issued standard Auditors' Report without qualified opinion on the Company's Financial Report 2009. (Attached hereafter)

2. Financial Statements (Attached)

3. Notes to Financial Statements (enclosed)

XI. Documents For Reference

1. The original of Annual Report 2009 carrying the signature and seal of the Legal Representative (in both Chinese and English);
2. Financial Statement carrying the signatures and seals of legal representative and financial officer;
3. Original copy of the Auditors' Report under the seal of the CPA and signed by and under the seal of certified accountants.
4. Originals of all documents and manuscripts of Public Notices of the Company disclosed in public in the newspapers as designated by China Securities Regulatory Commission.

**The Board of Directors of
China Fangda Group Co., Ltd.**

Feb 25, 2010

Balance Sheet

Prepared by: China Fangda Group Co., Ltd.

December 31, 2009

in RMB yuan

Items	Balance at the end of term		Balance at the beginning of year	
	Consolidated	Parent company	Consolidated	Parent company
Current asset:				
Monetary capital	225,638,874.09	42,274,488.50	211,638,447.88	3,702,206.23
Settlement provision				
Outgoing call loan				
Transactional financial assets				
Notes receivable	620,000.00		10,903,790.29	7,273,375.72
Account receivable	333,653,242.73	10,360,034.57	309,967,793.35	20,133,345.21
Prepayment	14,855,691.29	142,638.53	11,295,504.53	183,333.33
Insurance receivable				
Reinsurance receivable				
Provisions of Reinsurance contracts receivable				
Interest receivable	360,525.00			
Dividend receivable		68,300,000.00		
Other account receivable	34,909,899.09	254,201,660.72	41,902,271.80	200,081,536.53
Repurchasing of financial assets				
Inventories	198,970,648.46		146,209,954.16	
Non-current asset due in 1 year				
Other current asset	3,315,075.00		5,000,000.00	
Total of current asset	812,323,955.66	375,278,822.32	736,917,762.01	231,373,797.02
Non-current assets				
Loans and payment on other's behalf disbursed				
Sellable financial asset	7,520,445.42	3,496,410.96	14,068,500.00	
Expired investment in possess				
Long-term receivable				
Long-term share equity investment	2,997,216.45	327,121,953.02	4,506,859.69	333,423,850.60
Investment properties	259,497,678.80	251,001,478.80	261,734,400.32	253,549,300.32
Fixed assets	259,250,051.32	56,120,248.80	273,756,378.47	49,360,083.88
Construction in process	18,327,957.02		9,429,233.19	
Engineering goods				
Fixed asset disposal	455,423.65			
Production physical assets				
Gas & petrol				
Intangible assets	78,469,313.92	10,270,993.34	60,834,577.77	10,786,917.08
R&D expense	1,185,899.73		7,783,177.73	
Goodwill	8,197,817.29		8,197,817.29	
Long-term amortizable expenses				
Differed income tax asset	34,588,252.85	18,497,571.25	18,342,224.95	
Other non-current asset				
Total of non-current assets	670,490,056.45	666,508,656.17	658,653,169.41	647,120,151.88
Total of assets	1,482,814,012.11	1,041,787,478.49	1,395,570,931.42	878,493,948.90
Current liabilities				
Short-term loans	370,000,000.00	210,000,000.00	229,382,471.49	
Loan from Central Bank				
Deposit received and hold for others				
Call loan received				

Trade off financial liabilities				
Notes payable	24,166,495.62		58,705,049.15	
Account payable	200,145,847.34	7,653,666.23	133,711,152.93	8,732,970.63
Prepayment received	82,972,481.39	771,848.60	101,965,594.16	739,302.70
Selling of repurchased financial assets				
Fees and commissions receivable				
Employees' wage payable	4,583,925.93	10,251.76	4,674,596.67	
Tax payable	30,026,775.63	1,156,239.74	31,245,712.21	2,922,025.31
Interest payable	557,551.25	323,688.75	590,697.62	374,841.37
Dividend payable				
Other account payable	29,077,737.90	194,524,051.83	20,928,588.30	151,776,238.60
Reinsurance fee payable				
Insurance contract provision				
Entrusted trading of securities				
Entrusted selling of securities				
Non-current liability due in 1 year				
Other current liability			1,016,379.24	1,016,379.24
Total of current liability	741,530,815.06	414,439,746.91	582,220,241.77	165,561,757.85
Non-current liabilities				
Long-term borrowings			179,000,000.00	179,000,000.00
Bond payable				
Long-term payable				
Special payable				
Expected liabilities				
Differed income tax liability	22,622,907.36	21,285,505.98	2,100,492.25	
Other non-recurring liabilities	4,250,000.00		4,930,000.00	
Total of non-current liabilities	26,872,907.36	21,285,505.98	186,030,492.25	179,000,000.00
Total of liability	768,403,722.42	435,725,252.89	768,250,734.02	344,561,757.85
Owners' equity (or shareholders' equity)				
Capital paid in (or share capital)	426,786,359.00	426,786,359.00	426,786,359.00	426,786,359.00
Capital reserves	80,622,488.67	35,682,213.36	61,095,308.51	33,267,012.81
Less: Shares in stock				
Special reserves				
Surplus reserves	13,360,180.84	13,360,180.84	6,388,697.44	6,388,697.44
Common risk provision				
Retained profit	102,526,565.06	130,233,472.40	65,445,537.00	67,490,121.80
Different of foreign currency translation				
Total of owner's equity belong to the parent company	623,295,593.57	606,062,225.60	559,715,901.95	533,932,191.05
Minor shareholders' equity	91,114,696.12		67,604,295.45	
Total of owners' equity	714,410,289.69	606,062,225.60	627,320,197.40	533,932,191.05
Total of liabilities and owners' equity	1,482,814,012.11	1,041,787,478.49	1,395,570,931.42	878,493,948.90

Income Statement

Prepared by: China Fangda Group Co., Ltd.

Jan-Sept 2009

RMB Yuan

Items	Amount of the Current Term		Amount of the Previous Term	
	Consolidated	Parent company	Consolidated	Parent company
I. Total revenue	912,979,118.31	37,582,118.68	784,720,562.64	89,911,233.96
Incl. Business income	912,979,118.31	37,582,118.68	784,720,562.64	89,911,233.96
Interest income				
Insurance fee earned				
Fee and commission received				
II. Total business cost	893,025,527.22	41,984,825.88	793,234,627.25	107,682,965.02

Incl. Business cost	749,102,723.26	10,017,888.78	645,609,306.60	50,661,721.06
Interest expense				
Fee and commission paid				
Insurance discharge payment				
Net claim amount paid				
Net insurance policy reserves provided				
Insurance policy dividend paid				
Reinsurance expenses				
Business tax and surcharge	23,057,190.24	3,304,849.18	20,222,135.05	3,478,054.22
Sales expense	23,714,005.65	1,301,119.76	23,964,385.90	715,001.06
Administrative expense	68,631,010.86	15,628,500.95	64,418,007.74	18,264,138.90
Financial expenses	18,013,928.09	5,531,547.52	28,184,199.42	4,854,151.88
Asset impairment loss	10,506,669.12	6,200,919.69	10,836,592.54	29,709,897.90
Plus: Gains from change of fair value (“-“ for loss)	6,322,964.35	6,011,864.35	-4,935,520.24	-5,270,459.24
Investment gain (“-“ for loss)	16,912,970.16	68,300,000.00	32,912,191.74	692,534.54
Incl. Investment gains from affiliates				
Gains from currency exchange (“-“ for loss)				
III. Operational profit (“-“ for loss)	43,189,525.60	69,909,157.15	19,462,606.89	-22,349,655.76
Plus: Non business income	8,181,048.77	1,949,488.48	5,132,826.09	1,615,744.79
Less: Non-business expenses	6,262,272.08	37,087.31	8,283,359.72	1,296,456.39
Incl. Loss from disposal of non-current assets	773,922.72	9,804.60	201,141.80	85,272.70
IV. Gross profit (“-“ for loss)	45,108,302.29	71,821,558.32	16,312,073.26	-22,030,367.36
Less: Income tax expenses	8,171,390.16	2,106,724.32	-2,910,435.24	
V. Net profit (“-“ for net loss)	36,936,912.13	69,714,834.00	19,222,508.50	-22,030,367.36
Net profit attributable to the owners of parent company	44,052,511.46	69,714,834.00	23,260,881.91	-22,030,367.36
Minor shareholders' equity	-7,115,599.33		-4,038,373.41	
VI. Earnings per share:				
(I) Basic earnings per share	0.10		0.05	
(II) Diluted earnings per share	0.10		0.05	
VII. Other misc. incomes	153,180.16	2,415,200.55	-46,172,716.18	1,108,815.63
VIII. Total of misc. incomes	37,090,092.29	72,130,034.55	-26,950,207.68	-20,921,551.73
Total of misc. incomes attributable to the owners of the parent company	44,205,691.62	72,130,034.55	-22,911,834.27	-20,921,551.73
Total misc gains attributable to the minor shareholders	-7,115,599.33		-4,038,373.41	

Cash Flow Statement

Prepared by: China Fangda Group Co., Ltd.

Jan-Sept 2009

RMB Yuan

Items	Amount of the Current Term		Amount of the Previous Term	
	Consolidated	Parent company	Consolidated	Parent company
I. Net cash flow from business operation				
Cash received from sales of products and providing of services	853,491,720.30	54,795,225.16	744,701,450.42	82,431,420.92
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				
Net increase of trade financial asset disposal				
Cash received as interest, processing fee, and commission				
Net increase of inter-bank fund received				
Net increase of repurchasing business				
Tax returned	655,099.67		5,080,388.29	
Other cash received from business operation	57,852,314.68	375,539,069.38	40,661,213.38	244,744,922.53
Sub-total of cash inflow from business activities	911,999,134.65	430,334,294.54	790,443,052.09	327,176,343.45
Cash paid for purchasing of merchandise and services	668,950,455.37	10,679,775.45	612,360,407.19	47,498,040.50
Net increase of client trade and advance				
Net increase of savings in central bank and brother company				
Cash paid for original contract claim				
Cash paid for interest, processing fee and commission				
Cash paid for policy dividend				
Cash paid to staffs or paid for staffs	51,277,397.22	5,047,013.02	55,994,203.82	5,352,765.74
Taxes paid	44,758,939.11	4,918,133.30	22,928,592.00	3,683,970.61
Other cash paid for business activities	100,313,427.03	378,497,735.92	76,066,113.90	234,750,275.20
Sub-total of cash outflow from business activities	865,300,218.73	399,142,657.69	767,349,316.91	291,285,052.05
Cash flow generated by business operation, net	46,698,915.92	31,191,636.85	23,093,735.18	35,891,291.40
II. Cash flow generated by investing				
Cash received from investment retrieving	9,837,360.06		42,222,587.15	10,000,000.00
Cash received as investment gains	16,925,049.25		32,248,130.28	27,945.21
Net cash retrieved from disposal of fixed assets, intangible assets, and other long-term assets	1,530,661.09	7,160.00	6,252,383.63	248,950.00
Net cash received from disposal of subsidiaries or other operational units				
Other investment-related cash received				
Sub-total of cash inflow due to investment activities	28,293,070.40	7,160.00	80,723,101.06	10,276,895.21
Cash paid for construction of fixed assets, intangible assets and other long-term assets	17,722,123.33	273,942.24	26,550,796.69	647,729.53
Cash paid as investment			37,075,740.00	10,400,000.00
Net increase of loan against pledge				
Net cash received from subsidiaries and other operational units			6,262,846.90	
Other cash paid for investment activities				
Sub-total of cash outflow due to investment activities	17,722,123.33	273,942.24	69,889,383.59	11,047,729.53
Net cash flow generated by investment	10,570,947.07	-266,782.24	10,833,717.47	-770,834.32
III. Cash flow generated by financing				
Cash received as investment	50,000,000.00			
Incl. Cash received as investment from minor shareholders	50,000,000.00			
Cash received as loans	671,602,013.00	284,055,495.00	267,018,000.00	
Cash received from bond placing				
Other financing-related cash received	66,867,872.77	5,087,653.00	500,000.00	10,723,387.50
Subtotal of cash inflow from financing activities	788,469,885.77	289,143,148.00	267,518,000.00	10,723,387.50
Cash to repay debts	724,955,902.86	269,015,000.00	224,434,727.06	29,000,000.00

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Cash paid as dividend, profit, or interests	21,232,722.22	11,493,561.32	27,651,115.12	15,478,054.13
Incl. Dividend and profit paid by subsidiaries to minor shareholders				
Other cash paid for financing activities	987,419.79	987,419.79	53,040,138.67	
Subtotal of cash outflow due to financing activities	747,176,044.87	281,495,981.11	305,125,980.85	44,478,054.13
Net cash flow generated by financing	41,293,840.90	7,647,166.89	-37,607,980.85	-33,754,666.63
IV. Influence of exchange rate alternation on cash and cash equivalents	-73,259.44	260.77	-462,078.11	-110,080.80
V. Net increase of cash and cash equivalents	98,490,444.45	38,572,282.27	-4,142,606.31	1,255,709.65
Plus: Balance of cash and cash equivalents at the beginning of term	112,333,106.38	3,452,206.23	116,475,712.69	2,196,496.58
VI. Balance of cash and cash equivalents at the end of term	210,823,550.83	42,024,488.50	112,333,106.38	3,452,206.23

Change in Owners' Equities (Consolidated)

Prepared by: China Fangda Group Co., Ltd.

Year 2009

in RMB yuan

Items	Amount of the Current Term										Amount of Last Year											
	Owners' Equity Attributable to the Parent Company									Minor shareholders' equity	Total of owners' equity	Owners' Equity Attributable to the Parent Company									Minor shareholders' equity	Total of owners' equity
	Capital paid in (or share capital)	Capital reserves	Less: Shares in stock	Special reserves	Surplus reserves	Common risk provision	Retained profit	Others	Capital paid in (or share capital)			Capital reserves	Less: Shares in stock	Special reserves	Surplus reserves	Common risk provision	Retained profit	Others				
I. Balance at the end of last year	426,786,359.00	61,095,308.51			6,388,697.44		65,445,537.00		67,604,295.45	627,320,197.40	387,987,600.00	145,358,857.54			6,388,697.44		42,184,655.09		71,642,668.86	653,562,478.93		
Plus: Change of accounting policy																						
Correcting of previous errors																						
Others																						
II. Balance at the beginning of current year	426,786,359.00	61,095,308.51			6,388,697.44		65,445,537.00		67,604,295.45	627,320,197.40	387,987,600.00	145,358,857.54			6,388,697.44		42,184,655.09		71,642,668.86	653,562,478.93		
III. Changed in the current year ("—" for decrease)		19,527,180.16			6,971,483.40		37,081,028.06		23,510,400.67	87,090,092.29	38,798,759.00	-84,263,549.03					23,260,881.91		-4,038,373.41	-26,242,281.53		
(I) Net profit							44,052,511.46		-7,115,599.33	36,936,912.13							23,260,881.91		-4,038,373.41	19,222,508.50		
(II) Other misc. income		153,180.16								153,180.16		-46,172,716.18								-46,172,716.18		
Total of (I) and (II)		153,180.16					44,052,511.46		-7,115,599.33	37,090,092.29		-46,172,716.18					23,260,881.91		-4,038,373.41	-26,950,207.68		
(III) Investment or decreasing of capital by owners		19,374,000.00							30,626,000.00	50,000,000.00		707,926.15								707,926.15		
1. Capital inputted by owners									30,626,000.00	30,626,000.00												
2. Amount of shares paid and accounted																						

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2. Used this term																			
IV. Balance at the end of this term	426,786,359.00	80,622,488.67		13,360,180.84		102,526,565.06	91,114,696.12	714,410,289.69	426,786,359.00	61,095,308.51		6,388,697.44	65,445,537.00	67,604,295.45	627,320,197.40				

Change in Owners' Equities (Parent Co.)

Prepared by: China Fangda Group Co., Ltd.

Year 2009

in RMB yuan

Items	Amount of the Current Term								Amount of Last Year							
	Capital paid in (or share capital)	Capital reserves	Less: Shares in stock	Special reserves	Surplus reserves	Common risk provision	Retained profit	Total of owners' equity	Capital paid in (or share capital)	Capital reserves	Less: Shares in stock	Special reserves	Surplus reserves	Common risk provision	Retained profit	Total of owners' equity
I. Balance at the end of last year	426,786,359.00	33,267,012.81			6,388,697.44		67,490,121.80	533,932,191.05	387,987,600.00	70,956,956.18			6,388,697.44		89,520,489.16	554,853,742.78
Plus: Change of accounting policy																
Correcting of previous errors																
Others																
II. Balance at the beginning of current year	426,786,359.00	33,267,012.81			6,388,697.44		67,490,121.80	533,932,191.05	387,987,600.00	70,956,956.18			6,388,697.44		89,520,489.16	554,853,742.78
III. Changed in the current		2,415,200.55			6,971,908.49		62,747,176.37	72,134,285.41	38,798,759.00	37,689,943.37					22,030,367.36	20,921,551.73

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of surplus reserves																	
2. Common risk provision																	
3. Allotment to the owners (or shareholders)																	
4. Others																	
(V) Internal transferring of owners' equity									38,798,759.00	-							
1. Capitalizing of capital reserves (or to capital shares)									38,798,759.00	-							
2. Capitalizing of surplus reserves (or to capital shares)																	
3. Making up																	

方大集团股份有限公司 2009 年年度报告摘要

losses by surplus reserves																
4. Others																
(VI) Special reserves																
1. Provided this year																
2. Used this term																
IV. Balance at the end of this term	426,786,359.00	35,682,213.36			13,360,605.93		130,237,298.17	606,066,476.46	426,786,359.00	33,267,012.81			6,388,697.44		67,490,121.80	533,932,191.05



方大集团股份有限公司

China Fangda Group Co., Ltd.

**The Auditors' Report on Financial
Statements of 2009**

天健正信审（2010）GF 字第 020022 号

天健正信会计师事务所
Ascenda Certified Public Accountants

Auditors' Report

天健正信审（2010）GF 字第 020022 号

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

We have audited the Financial Statements of China Fangda Group Co., Ltd. ("Fangda Group") attached hereafter, including the Balance Sheet and Consolidated Balance Sheet ended December 31, 2009 and the Income Statement, Consolidated Income Statement, Cash Flow Statement, Consolidated Cash Flow Statement, Statement on Change of Shareholders' Equity, Consolidated Statement on Change of Shareholders' Equity of the year 2009, as well as the Notes to the Financial Statements.

I. Executives' responsibilities on the Financial Statements

Preparing of the Financial Statements according to Enterprise Accounting Standard is the responsibility of the management of the Company. This responsibility is including: (1) Design, implement and maintain the internal control system related to producing of the Financial Statements, to prevent the Financial Statements from major false presentation due to cheating or error; (2) Select and use of appropriate accounting policies; (3) Make reasonable estimations.

II. Responsibilities of the CPA

Our responsibilities are to issue auditing opinions on the Financial Statements basing on the auditing works we've done on them. We carried out the auditing works with compliance to Chinese CPA Auditing Standard, which requires us to plan and implement our works with professional ethic standards, and obtain reasonable guarantee that the Financial Statements are free of major false statements.

Auditing works are involving in auditing practices to obtain evidences regarding the amounts and presentation of the Financial Statements. Selecting of auditing practices is based on the CPA's judgment, including evaluation on the risks of major false statements due to cheating or error. At evaluating of the risks, we've considered the relative internal control system related to the preparation of the Financial Statements. However we don't comment on the effectiveness of the internal control system. The auditing works also include evaluations on the felicitousness of accounting policy selecting, the rationality of accounting estimations, and the overall presentation of the Financial Statements as well.

We believe that the evidences we've obtained are appropriate and sufficient, which provided foundations to our issuing of auditing opinions.

III. Auditors' Opinions

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, 2009, and the business performance and cash flow of year 2009.

CPA China

Beijing, China

CPA China

Chen Zhaoxin

Date of report: February 25, 2010

China Fangda Group Co., Ltd.
Notes to Financial Statements
Year 2009

Prepared by: China Fangda Group Co., Ltd.

In RMB Yuan

I. General Information

China Fangda Group Co., Ltd. (the Company) 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 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. On June 12, 1997, as approved by Shenzhen Bureau of Commerce with Document 深招商复[1997]0192 号, the Company was re-registered to a sino-foreign joint venture. Registration routines were completed with Shenzhen Commerce and Industry Administration on November 12, 1997. In October 1999, the Company started to use the current name.

As approved by Shenzhen Bureau of Trade and Industry with Document 深贸工资复[2009]0132 号 issued on January 15, 2009, the Company's registered capital was increased from RMB387,987,600.00 up to RMB426,786,359.00. The increased part of capital was funded by capitalizing of capital reserves in accordance with the supplementary Articles of Association. After that, the Company's capital will increase to RMB426,786,359.00. Registered company address: Fangda Building, Ke-Ji-Nan Road 12, High&New Tech Zone, Shenzhen. Legal representative: Mr. Xiong Jianming.

Our business include new-type building materials, composite materials, metal wares, metal frames, environmental equipment and apparatus, fire fighting equipment, optical-mechanical-electrical integrated products, polymer materials and their products, fine chemical products, mechanical equipment, optical materials and devices, electronic displayer, audio-visual device, transport facilities (exclude restricted items and produces under export certification, and their design, developing, installation, construction, technical consulting, and training. Managing and leasing of properties under possession (Fangda Building at Ke-Ji-Nan Road 12, and Fangda Town at Longzhu Road 4), parking services of Fangda Building.

The Company has its branches in Beijing, Shanghai, Guangzhou, Nanchang and Wuhan.

II. Main Accounting Policies, Estimations and Retrospecting of Previous Accounting Errors

(I) Basis for the preparation of financial statements

Preparing of the financial statements was on the assumption of the Company's perpetual operation,

according to the trades and events practically happened, complying with the Enterprise Accounting Standard issued by the Department of Finance and relative application guidance. Accounting estimations and assumptions are used in preparing the financial statements with compliance to the Enterprise Accounting Standard, which will make influences on the assets, liabilities or contingent liabilities at the financial statement date, as well as the income and expenses in the report term.

(II) Statement of compliance to the Enterprise Accounting Standard

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

(III) Fiscal period

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

(IV) Standard currency for bookkeeping

The Company takes RMB as the standard currency for bookkeeping.

(V) Accounting treatment of the entities under common control and different control as well

1. Consolidation of entities under common control

Assets and liabilities obtained by the merging party are calculated at their book value with the merged parties at the merger day. The differences between the book value of net assets and the book value of consideration price (or the total of face value of share issued) are adjusted to the share capital premium under the capital reserves. If the share capital premium is not enough to neutralize the difference, it will be adjusted to the retained gains.

2. Consolidation of entities under different control

When the enterprises participated in the merger are not under controlling of the same party or group of parties, either before or after the merger, the merger is regarded as merger of enterprises under different control. At merging of enterprises under different control, the party which obtains power of control over other participants is regarded as the buying party, and the other parties are regarded as the bought parties.

For merger of enterprises under common control, the merger cost is the fair value of capital paid, liability occurred or undertaken, or equity instrument issued thereof, on the day of purchasing to obtain power of control over the bought party, and those expenses directly related to the merger. For merger done through multiple trades, the overall cost is the sum of cost of each single trade. If the merger contract provided faith on future events that may influence the merger cost, and the event has great possibility to happen, and its influence may be reliably measured, then it will be accounted into merger cost.

(VI) Preparation of Consolidated Financial Statements

Consolidation range is determined on the basis of control power for the consolidated financial statements.

The Financial Statements of the Company are prepared according to “Enterprise Accounting

Standard No.33 – Consolidated Financial Statements” and relative rules. All major trades and interchanges within the consolidation range have been neutralized. The part of shareholders’ equities not attributable to the parent company are presented individually as minority shareholders’ equity in the consolidated financial statements.

When the accounting policies and periods of the subsidiaries are not complying with those of the Company’s, they shall be adjusted according to the Company’s accounting policy and accounting period.

Subsidiaries added as merger of enterprises under different control, the individual statement shall be adjusted basing on the recognizable net asset fair value at the day of purchasing; subsidiaries added as merger of enterprise under common control, it will be regarded as existing since the control power is acquired, the initial figures of the consolidated balance sheet will be adjusted as well as the related items.

(VII) Recognition of cash and cash equivalents

Cash equivalent in cash flow statement refers to the investments with short term, strong liquidity and small risk of value fluctuation that are held by the Company and easily converted into cash with known amount.

(VIII) Foreign currencies

Trades of the Company made in foreign currencies are translated into RMB basing on the middle rate announced by China Foreign Currency Trading Center which is authorized by People’s Bank of China at the date when the trade is conducted. At the balance sheet date, foreign currency items are translated on the middle rate announced by China Foreign Currency Trading Center, the translation differences, except for those constructed or produced and can be capitalized directly into relative capital costs, are accounted into current gain/loss account. Non-monetary items accounted in foreign currency and on historical costs, are still use the middle rate announced by China Foreign Currency Trading Center, and the amount in standard currency will not be changed.

(IX) Financial instrument

1. Classification, recognition and measuring basis of financial instruments

At initial recognition, financial assets are categorized as: financial assets measured at fair value with variations accounted into current income account, account receivable, and disposable financial assets. Categorizing of financial assets are decided by the intention and capability of holding of the financial assets by the Company or its subsidiaries.

The Company has financial liabilities including: financial liabilities and other financial liabilities accounted into current gain/loss account at fair value.

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

Including transactional financial assets and financial assets directly measured by fair value and with variations accounted into current gain/loss account, which are initially recognized at the fair value when obtained, the related transaction expenses are accounted into current income account when occurred. Cash dividend and bond interests included in the prices paid which are announced but not distributed are recognized

as receivable items individually. Interests or cash dividends received during the period of holding the particular financial assets are recognized as investment gains when received. At the balance sheet day, the fair values of such financial assets are accounted into current income account. At disposal of such financial assets, the differences between the fair value and initial booked value are recognized as investment gains, and the fair value fluctuation gain/loss will be adjusted accordingly.

(2) Sellable financial asset

Sellable financial asset refers to those sellable non-derivate financial assets recognized initially, namely the Company does not elicit financial assets accounted by fair value with variations accounted into current income account, investment hold to expiration, loans, and receivables.

Sellable financial assets are initialised at the sum of fair value and related transaction costs when obtained. Due bond interests or cash dividend included in the payment that are announced but not distributed are recognized as receivables individually. Interests or cash dividends received during the period of holding the sellable financial assets are recognized as investment gains when received. At the balance sheet date, sellable financial assets are measured on fair values, and the variations of fair values are accounted into “Capital reserves – other capital reserves”.

At disposal of sellable financial assets, the difference between the amount received and the book value of the financial asset will be accounted into “investment gains”, meanwhile, the amount of accumulative change of fair value originally accounted into owners’ equity corresponding to the disposed part will be transferred over to “investment gains”.

(3) Financial liabilities measured at fair value with variations accounted into current income account

Including transactional financial liabilities and financial liabilities directly measured by fair value and with variations accounted into current gain/loss account, including:

- 1) Financial liabilities undertaken to be repurchased in short future;
- 2) Those directly assigned as financial liabilities directly measured by fair value and with variations accounted into current gain/loss account in view of risk management or strategic investment needs;
- 3) Derivate instruments not used as hedging instruments.

Such financial liabilities are evaluated at fair value, and the transaction expenses could happen in future clearance are not deducted. If fair value is not suitable, evaluation will be on balance of cost after amortizing.

(4) Other financial liabilities

Other financial liabilities are those other than financial liabilities measured by fair value and changes

recorded into current gain/loss account, which mainly include account payable and long-term payable accounts generated by purchasing of goods. Other financial liabilities are initially recognized by their fair value plus relative trade expenses. Subsequent measurement is on amortized costs.

For other financial liabilities which are not at fair value through profit or loss, for example financial guaranteed contracts, they are initially recognized at fair value plus any directly attributable transaction costs. After the initial recognition, the other financial liabilities are measured at the higher of the amount measured in accordance with “Accounting Standards for Business Enterprises No.13 – Contingency” and the amortized balance measured in accordance with “Accounting Standards for Business Enterprises No.14 – Revenue”.

2. Basis of recognition and accounting of finance asset transferring

Transferring of financial assets by the Company is including the following two cases:

- (1) Transfer the rights of collecting the cash flow attached to the financial asset to another party;
- (2) Transfer the financial asset to another party, but reserve the rights to collect cash flow related to such financial asset, and is responsible to pass the cash flow over to the final beneficiary, and satisfying all of the following conditions:

3. Termination of recognition of financial liabilities

As soon as partial or all of the current responsibilities attached to such financial liabilities, recognition of partial or all of the financial liabilities will be terminated. When recognition of financial liabilities are partially or wholly terminated, the balance between the book value and the price paid (including non-monetary asset transferred out or new financial liabilities undertaken) shall be accounted into current income account.

4. Recognition of financial instrument fair values

When there is an active market for the financial instrument, the value quoted at the active market is adopted by the Company as the fair value. When there isn't any active market, fair value will be recognized by evaluation techniques. Evaluation techniques include referencing to the prices adopted in latest voluntary transaction between parties with full understanding of the situation, referencing to the current fair value of other substantially similar financial instruments, discounted cash flow analysis. At using of evaluation techniques, market indices will be used to the greatest extent, while particular indices of the Company and the subsidiaries to the least.

5. Impairment testing on financial assets, providing of impairment provision

At balance sheet date, the Company performs testing on the book value of financial assets other than those measured by fair value and changes accounted into current income account.

(X) Account receivable

Accounts receivable (including account receivable and other account receivable) are initially accounted according to the contract amount or agreement amount. Accounts receivable that are unrecoverable due to bankruptcy of the debtor (still unrecoverable

through insolvency procedures); death of the debtor, and no inheritance or heir of liabilities available; or failure of clearing overdue liabilities by the debtor, will be accounted as bad debt losses through legal verification procedures.

1. Recognition and providing of bad debt provision on individual receivable account with large amount

The Company divides receivable accounts into project receivables and product receivables. Project receivables are those recognized at percentage according to the construction contract, product receivables are those formed in other ways. For the current year, the Company recognizes project receivables over RMB8 million (including) as “individual receivable with large amount”, while recognizes product receivables over RMB2 million (including) as “individual receivable with large amount”, and other receivables over RMB1 million as “individual receivable with large amount”.

Note: The Company made no difference between project receivables and product receivable in previous years, and recognize all receivable accounts over RMB8 million (including) individually as “individual receivable with large amount”.

On balance sheet day, the Company performs impairment examination individually on each large amount receivables, and recognizes impairment and provides bad debt provision when the impairment is recognized; those not impaired are accounted along with the minor amount receivables and recognized in risk groups.

2. Recognition and providing of bad debt provisions on minor amount receivables classified into a group with great risk

Minor amount receivables classified into a group with great risk are those project receivables below RMB8 million, product receivables below RMB2 million, and other receivables below RMB1 million, but due for over 3 years and with sufficient evidence showing that hard to be retrieved.

3. Dividing of risk groups

Dividing of risk groups are on account ages:

Categories	Risk features			
	within 1 year	1-2 yrs	2-3 yrs	Over 3 yrs
Receivable account within the consolidation range	0	0	0	0
Sales	3%	10%	30%	50%
Others	3%	10%	30%	50%

When the Company is raising finance from financial institutions such as banks against receivable credits by means of transferring, pledging, or discounting, according to the related contracts, when the debtor failed to repay the debt, if the Company was responsible to repay the amount, then the particular receivable credit will be treated as pledged loan; if the Company was not responsible to repay the amount,

then the receivable credit will be treated as transferred credit, and transferring gain/loss shall be recognized.

When the Company retrieves the receivables, the differences between the amount retrieved and book value of the receivable shall be accounted into current gain/loss account.

(XI) Inventories

1. Categorizing of inventories

Inventories are those under the Company's possession for the purpose of selling, in the process of production, or materials and goods used in production process or providing of services, including materials purchased, raw materials, low-value consumables, OEM materials, products in process, semi-finished goods, stock merchandises (finished goods), consigned goods, and construction in process.

2. Pricing of delivering inventory

Inventories are measured at cost when procured, including purchase cost, processing cost, and other costs. Actual costs are recognized at weight average when delivered. Transferring of construction materials are recognized individually.

3. 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 realisable value. At overall verification of inventories at the end of year, when the net realisable value is lower than the cost, provisions for impairment of inventories shall be drawn. Provisions for impairment of inventories shall be accounted according to the difference between the cost of individual inventory items and the net realisable value. Including: for inventories such as finished products or materials which will be directly sold, in the normal operation, the realizable net value will be the balance of estimated selling price less sales expenses and relative taxations; For those inventories need further processing, in the normal operation, the realizable net value will be the balance of estimated sales price less costs to make it finished, less estimated sales expenses, and less relative taxation. At the balance sheet day, inventories with contract prices will be determined for realizable value separately from those without contract prices.

4. Inventory system

The Company uses perpetual inventory system. Inventories are checked periodically and the gains and losses from inventory checking are accounted into current gain/loss account.

5. Amortizing of low-value consumables and packaging materials

Low-value consumables are amortized on on-off amortization basis at using. Other materials are amortized at 50-50 basis.

(XII) Long-term share equity investment

Long-term share equity investment of the Company includes the investment in subsidiaries, affiliates, and other long-term equities.

1. Recognition of initial investment costs

Investment of the Company in subsidiaries are valued at investment costs. For long-term share equity investment formed by shareholding and merger please see Note II(V). Retrospective or retrieved investment are adjusted to the cost of long term equity investment.

For long-term equity investment of the Company with or without common control or major influence on the investee, and there is no quotation in an active market, and the fair value is not reliably measured, values are on initial investment costs.

2. Subsequent measurement and recognition of gain/loss

The Company uses cost basis in subsequent measurement of investment in subsidiaries, and adjusted on equity basis when preparing the consolidated financial statement. Except for the announced cash dividend or profit included in the practical cost or price when the investment was made, the investment gains are recognized at the announced cash dividend or profit distribution.

Subsequent measurement of long-term equity investment in investees under common control or significant influence is on equity basis. When the initial investment cost is larger than the share of fair value of net asset, the initial cost of long-term equity investment shall not be adjusted. When the initial investment cost is lower than the share of fair value of net asset, the balance share be accounted into current gain/loss, and the long-term investment cost shall be adjusted meanwhile.

After obtaining of the long-term equity investment, the investment gain/loss is recognized according to the share of the net gain/loss realized by the invested company, and the book value of the long-term equity investment shall be adjusted accordingly. The share of profit distributions or cash dividends announced by the invested company is used to reduce the book value of the long-term equity investment.

If the Company has no common control or significant influence on the investee, and there is no quotation in an active market, the fair value of the long-term investment is not able to be reliably measured, the subsequent measurement shall on cost basis.

3. Basis of recognizing common control and significant influence

Common control is the mutual control of investors over an economic action basing on a contract, only effective when it is agreed by all of the investors who have the share of control on the financial and business control power. When the investors hold common control over the investee, the investee is regarded as their affiliate. Significant influences mean an entity has the power to participate in the decision making of another, but cannot dominate individually or jointly with other parties. When the investor may significantly influence the investee, the investee is regarded as the affiliate.

4. Impairment examination and providing of impairment provision

At the balance sheet day, if evidence showing that impairment occurred on the long-term equity investment, the recoverable amount shall be decided by the higher one of net amount of fair value less disposal fees and the current value of predicted future cash flow. When the recoverable amount of the long-term equity investment is lower than the book value, the book value will be reduced down to the recoverable amount, the reduced amount is recognized as asset impairment loss and counted into current

gain/loss account, asset impairment provision shall be provided accordingly. Once the long-term equity investment impairment loss is recognized, it will not be written back in following fiscal terms.

(XIII) Investment properties

Investment real estates are buildings rented out.

Investment real estate is measured according to the initial cost. Cost of real estate purchased from outside includes purchasing price, tax, and other expenses directly related to the real estate; cost of real estate constructed by the Company itself is constructed by the essential costs to make the real estate usable.

Accounting of investment real estates of the Company is on fair value basis when the following conditions are satisfied:

(1) There is an active real estate market where the investment real estate is located;

(2) Market price and other related information of similar real estates may be acquired from the market and used to make reasonable estimation on the fair value of the investment real estate.

At the balance sheet date, the Company uses fair value to measure the investment properties, no depreciation or amortizing is made on the investment properties, book value is adjusted on the base of fair value of the property at balance sheet date, and the differences between the fair value and the original book value are counted into current gain/loss account.

At disposal of investment properties, or retrieve from the property permanently and no further financial benefit is expected to obtain from the property, recognition of the investment property will be terminated. Balance of income from disposal, transferring, discarding, or clearing of investment properties less the book value and related taxes is counted into current gain/loss account.

(XIV) Fixed assets

1. Conditions for fixed asset recognition

Fixed assets is defined as the tangible assets which are held for the purpose of producing goods, providing services, lease or for operation & management, and have more than one year of service life.

2. Depreciation of fixed assets

Other than fixed assets which have already been provided depreciations in full but still in use, the Company provides depreciations upon all of the fixed assets. Straight age average basis is adopted in depreciation.

According to the property and usage of the fixed assets, the Company decides the service life and predicted net retained value. At end of each fiscal year, verification will be made on the useful life, predicted retained value, and depreciation basis, adjustment will be made if difference occurred to the original estimations.

Categories, useful life, predicted net retained value, and annual depreciation rate of fixed assets are as the followings:

Categories	Depreciation age (year)	Retain value rate	Annual depreciation ratio
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Categories	Depreciation age (year)	Retain value rate	Annual depreciation ratio
Houses & buildings	35-45	10%	2-2.57%
Equipment & machinery	10	10%	9%
Transportation facilities	5	10%	18%
Electronics and other devices	5	10%	18%

3. Impairment testing and impairment provisions

At the balance sheet day, fixed assets are accounted at the lower one of book value and retrievable value. If the retrievable value is lower than the book value, the book value will be deducted to the retrievable value, and the deducted amount will be recorded as asset impairment loss into current income account, and impairment provision shall be provided accordingly. Once the impairment loss was recognized, it will not be written back in coming fiscal terms.

4. Other statements

Fixed assets are initially measured at costs. Among them, cost of fixed assets purchased from outside include purchasing price, tariffs and other taxes, and other expenditures directly related to the asset before it reaches the useful status. Cost of self-build fixed assets is the necessary costs before it is made useful.

Fixed assets invested by investors are booked at the value according to the investment contract, whereas when the contract value is not fairly acceptable, it will be booked at the fair value. When a payment for purchasing of fixed asset is overdue and practically forms financing activity, the fixed asset is recognized at the current value of purchasing price.

When fixed asset is disposed, or made no financial benefit by using or disposing it, recognition is terminated. Income from disposal, transferring, discarding of fixed assets, less its book value and taxes, is accounted into current income account.

(XV) Construction in process

Construction in process conducted by the Company itself, its actual cost consists of essential costs of carrying on the construction till it reaches usable status.

Cost of fixed asset which has already become usable but not settled yet, is recognized according to estimated value, and depreciations share be provided. Upon completion of settlement, the original estimated value shall be adjusted according to the actual cost, but the depreciations made previously shall not be adjusted.

At the balance sheet day, fixed assets which are suspended for a long time and not possibly resumed in coming 3 years, or strong evidence of impairment exists, are accounted at the lower one of book value and retrievable value. If the retrievable value is lower than the book value, the book value will be deducted to the retrievable value, and the deducted amount will be recorded as asset impairment loss into current income account, and impairment provision shall be provided accordingly. Once the impairment loss was

recognized, it will not be written back in coming fiscal terms.

(XVI) 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. Other borrowing expenses are recognized as expenses according to the occurred amount, and accounted into gain/loss of current term. Assets satisfying the conditions of capitalization are referring to the fixed assets, investment properties, and inventories that need a long-term construction or production process to reach the usable or sellable status.

Borrowing expenses start to be capitalized when all of the followings are satisfied:

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

(2) The borrowing expense has already occurred.

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

In the period of capitalization, the capitalized amount of each fiscal period, if it is a special borrowing for construction or production of asset satisfying the capitalizing conditions, is the interest expenses actually occurred less the interest income from the unused part of borrowings or from temporary investment. If it used a common borrowing for construction or production of asset satisfying the capitalizing conditions, the capitalized interest amount will be decided by the weighted average of accumulative asset expenses over the capital expenses of the special borrowing multiply the capitalizing ratio of common borrowing. Capitalizing amount of the interests shall not more than the actual amount of interest actually occurred to the current relative borrowing.

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. Borrowing expenses occurred in the suspension period are recognized as expenses and recorded to current income account, until the construction or production is resumed. If the suspension is an essential process to make the asset usable or sellable, capitalizing of borrowing expenses shall be carried forward.

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

(XVII) Intangible assets and development expenses

Intangible assets are those recognizable non-monetary assets without physical shape under the Company's possess or control, including land using rights, patent, industry property, special technologies, and softwares.

Intangible assets are initially measured by their costs. Intangible assets purchased are booked at the actual cost to purchase and relative expenses. Intangible assets inputted by investors are booked at the contract or agreement price, but if the contract or agreement price is not fairly acceptable, it will be booked at

fair value.

The Company analyses and determine the usable life when intangible assets are obtained, and are classified into intangible assets with limited useful life, and uncertain useful life.

Intangible assets with limited useful life are amortized straightly to the useful life, the useful life and amortizing basis are reconsidered at the end of each year, when there is difference with the original estimation, adjustment shall be made. Intangible assets with limited useful life are amortized as followings:

Categories	Useful life	Basis of amortization	Remark
Land using right	50 yrs	Average age	
Patent	10 yrs	Average age	
Industrial property and special tech	10 yrs	Average age	Internal R&D
Software	5 yrs	Average age	
Other intangible assets	10 yrs or beneficial age	Average age	

Intangible assets without certain useful life are not amortized. They will be reconsidered in each accounting period, if strong evidence showing that the useful life became limited, then it will be estimated, and amortized on straight basis.

On the balance sheet date, the Company measures intangible assets according to the lower of book value and retrievable value, intangible asset impairment provisions shall be provided at the difference of retrievable value lower than the book value, and the corresponding impairment loss shall be recorded to current income account. Once intangible asset impairment losses are recognized, they will not be written back in successive fiscal periods.

(XVIII) Goodwill

Goodwill is the difference of merger costs of enterprises under same control over the share of recognizable net asset or fair value at the date of purchasing of the invested company.

Goodwill related to subsidiaries are presented individually in consolidated financial statements, goodwill related to affiliates are included in the book value of long-term equity investment.

Goodwill presented individually in financial statements are tested for impairment at leased once at end of each year. At impairment test, the book value of goodwill shall be shared by the benefited asset group according to the collaboration effects between the merger businesses.

(XIX) Expected liabilities

When responsibilities occurred in connection to contingent issues, and all of the following conditions are satisfied, they are recognized as expected 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.

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. When the periodic value of currency is with major influence, then the best estimation will be determined at the discount of future cash outflow. The book value of expected liability is revised at balance sheet day, and adjustment will be made to reflect current best estimation. Increasing of book value over time will be recognized as interest expenses.

(XX) Payment in shares and equity instruments

1. Categories of payment in shares

Share payment of the Company is divided into payment by shares and payment by cash.

2. Recognition of equity instrument fair value

For equity instruments such as share options with an active market, the fair value is decided by the quotation in the active market. For those without an active market, the fair values are decided by a pricing model, and the following factors shall be considered when deciding the pricing model:

- (1) Exercising price of the option;
- (2) Valid period of the option;
- (3) Current price of the target shares;
- (4) Predicted share price fluctuation rate;
- (5) Predicted dividend of the shares;
- (6) Interest rate without risks in the valid period.

3. Basis of deciding the best estimation of the exercisable equity instruments

At each balance sheet date during the waiting period, the best estimation shall be made according to the newest subsequent information such as the number of employees who have exercisable options, and amount of equity instrument shall be adjusted. At the exercisable date, the final estimated amount shall be the same with the practical amount of exercisable options.

4. Accounting treatment of implementing, amending, and terminating of share payment scheme

Share payment accounted on equity basis shall be measured at the fair value of the equity instruments given to the employees.

Share payment settled in cash are accounted at the fair value of the liabilities decided by the shares or

other equity instrument undertaken by the Company.

In case the equity instrument is canceled in the waiting period, the Company will accelerate the exercise of the equity instrument to be canceled. The Amount recognizable for the rest of waiting period shall be accounted into current gain/loss instantly, and recognized to capital reserves at meantime. When the employee or other beneficiary failed to satisfy the conditions to exercise the options in the waiting period, the Company will cancel the equity instrument.

(XXI) Turnover

1. Sales of goods

When all of the following conditions are satisfied, the sales of goods are recognized as sales income according to the contract amount received or receivable from the buyer:

(1) Main risks and rewards attached to the ownership of the goods have been transferred to the buyer;

(2) No succeeding power of administration or effective control is reserved which are usually attached to ownership;

(3) Amount received can be reliably measured;

(4) Related financial benefit may inflow to the Company;

(5) Relative costs, occurred or will occur, can be reliably measured.

When collection of contract payment is by differed way, and practically with financing characters, sales income shall be recognized at the fair value of the receivable contract amount.

2. Providing of labor service

Labor service started and completed in a same fiscal year is recognized as income at completion. If they are not in the same year, then use the estimation on percentage basis when it is possible.

When the partial of service is not able to be estimated, the labor service income is treated as the followings:

A. When the labor cost occurred is expectable to be covered, the labor service income is recognized at the cost already occurred, and recorded to labor cost as well.

B. When the labor cost occurred is not expectable to be covered, the cost will be recorded to current gain/loss account without recognizing as labor service income.

When a contract engaged with other company is including sales of goods and providing of labor services, if the goods and services can be measured separately, they will be treated separately. When they are not able to be distinguished, or not able to be measured separately, all of them will be treated as sales of goods.

3. Demising of asset using rights

Income is recognized when the financial benefit in connection with the demising of asset using right

was received and the amount can be reliably measured.

Interest income is recognized according to the applicable period of time and interest rate. Amount of application fee is recognized according to the period and calculation decided by the related contract.

4. Construction contracts

Metro screen door projects of the Company and Shenzhen Fangda Automatic System Co., Ltd. (Fangda Automatic System), and glass curtain wall project of Shenzhen Fangda Decoration Engineering Co., Ltd. (Fangda Decoration) are individual construction contracts, they are accounted by the following means:

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

Contract costs are direct and indirect expenses occurred since the date when the contract is engaged till the completion day.

Metro screen door projects under the Company and Fangda Automatic System are decided for their progress by finished workload on predicted total workload of the contract.

Curtain wall projects under Fangda Decoration are decided for their progress by costs practically occurred over the predicted total cost of the Contract.

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

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

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

(XXII) Government subsidy

Government subsidies are the monetary or non-monetary capital received from the government by free, but not include capital inputted by the government as investment of owners.

When a government subsidy is monetary capital, it is measured at the received or receivable amount. None monetary capital are measured at fair value; If no reliable fair value available, recognized at RMB1.

Government subsidies in connection with capital are recognized as differed income, and

amortized straight to its useful life, and accounted into current income account.

Government subsidies in connection with gains, which are used to cover future expenses or losses, are recognized as differed gains, and recorded to current income account to the period when the expenses are recognized.

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

(XXIII) Differed income tax assets/ differed income tax liabilities

Income taxes are accounted on liability basis in the balance sheet. When there is difference between the book value and taxable basis of asset or liability, differed income tax asset and differed income tax liability are recognized according to the regulations.

At the balance sheet day, the current income tax liabilities (or assets) formed in current term or previous term, are measured by the amount of income tax to be paid (or refunded) according to the taxation law; differed income tax assets and liabilities are measured at the applicable tax rate in the period when the asset is predicted to be retrieved or the liability is predicted to be cleared.

Recognition of differed income tax asset is limited to the provisional difference to be deducted, and deductible losses and taxable income amount. If the taxable income realized in the future period of transferring of provisional differences is not sufficient, which made the financial benefit related to the provisional difference unrealizable, no differed income tax asset is recognized.

Differed income tax liabilities generated by the taxable provisional difference related to fluctuation of fair value of investment in subsidiaries and affiliates are recognized, but those satisfying the recovering time of the taxable provisional difference are not recognized;

At the balance sheet day, the book values of differed income tax assets are revised. Those deductible provisional differences, which are neither enterprise merger, nor initial recognition of assets or liabilities are recognized as income tax expenses or income into current income account.

(XXIV) Leasing

Leasing is one of the business operations of the Company.

1. The Company is the lender

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

2. The Company as lessee

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

(XXV) Sellable assets in possession

Sellable assets in possession are assets satisfying all of the following conditions:

Resolutions have been made on disposal of these non-current asset;
Irrevocable agreement has been engaged with the buyer.
The possession will be transferred within one year.

(XXVI) Accounting of hedging instruments

Hedging instruments are financial instruments used by the Company to avoid price risks. The Company use Aluminum Future Contract to reduce risks in purchasing of aluminum materials. Hedging instruments are recognized as highly effective only when all of the following conditions are satisfied:

1. The hedging instrument can effectively neutralize the risks of the target goods caused by change of cash flow since it started and in the following period.
2. The actual effectiveness is between 80% and 125%.

Gains or losses attributable to the effective hedging instruments, are recognized as owners' equity directly and demonstrated individually.

(XXVII) Change of main accounting policies and estimations

1. Change of Accounting Policies

No change of accounting policies occurred in the year.

2. Change of accounting estimations

No change of accounting estimations occurred in the year.

(XXVIII) Correction of previous accounting faults

No correction of previous accounting faults occurred in the report term.

III. Taxation

Main tax items and rates applicable to the Company and subsidiaries:

1. Operation tax and surtaxes

Tax items	Tax basis	Rate	Notes
Business tax	income from curtain wall and metro screen door installation projects	3%	
	Property rental income	5%	
VAT	Sales income of curtain wall and aluminum materials	17%	Note (1)
	Sales income of screen door materials	17%	
	Sales income from LED products	17%	
City maintenance and construction	VAT payable + business tax	7% or 1%	Note (2)

Tax items	Tax basis	Rate	Notes
tax			
Education surtax	VAT payable + business tax	3%	

(1) According to document 深国税南减免[2004]0274 号 issued by Shenzhen Nanshan National Tax Bureau, and “Verification Notice” dated August 30, 2004, Shenzhen Fangda Yide New Material Co., Ltd. (Fangda Yide) – one of the subsidiaries of the Company was approved to enjoy half VAT on sales of new-type wall materials.

(2) The Company and its subsidiaries located in Shenzhen (except for projects located outside Shenzhen which are subject to city maintenance and construction tax at 7% of business tax payable) pay 1% of the VAT and business tax as city maintenance and construction tax. It is 7% of the same for subsidiaries located in other territories.

2. Enterprise income tax

Name of companies	Tax rate	Notes
The headquarter	20%	Note (1)
Fangda Decoration	15%	Note (1) ,Note (5)
Fangda Automatic	10%	Note (1) ,Note (2)
Fangda Yide Co.	20%	Note (1)
Fangda Guoke	15%	Note (1) ,Note (4)
Shenzhen Woke	15%	Note (1) ,Note (3)
Fangda New Materials (Jiangxi)	0%	Note (1) ,Note (6)
Fangda Aluminium	25%	Note (1)
Shenyang Fangda	25%	Note (1)

(1) The People’s Congress passed “The Income Tax Law of PRC” (the new Tax Law”) on March 16, 2007. The new Tax Law took effect on January 1, 2008. Corporation income tax was reduced from 33% to 25%. High-tech enterprises recognized by the national government are subject to 15% of corporation income tax. According to document 国发[2007]39 号文 issued by the national government, the Company and the subsidiaries enjoys preferable taxation policies as the followings:

① Since January 1, 2008, enterprises originally enjoy low tax rates will apply legal tax rates gradually in five years. Among them, enterprises originally subject to 15% of income tax will apply 18% in 2008, 20% in 2009, 22% in 2010, 24% in 2011, and 25% in 2012.

② Since January 1, 2008, enterprises originally subject to preferable tax policies including “2 free 3 half” and “5 free 5 half”, will still apply the original policies till expiration. But those didn’t enjoyed the policies will apply since 2008. The income tax rate applicable to the Company was adjusted from 20% to 22% since January 1, 2010.

(2) According to 深国税南减免[2004]0257 号 issued by Shenzhen Nanshan National Tax Bureau, Fangda Automatic enjoys “2 free 3 half” policy since the first profitable year. It start to pay half income

tax since 2008.

(3) According to document 深地税三函[2004]235 号 issued by Shenzhen Local Tax Bureau, Shenzhen Woke enjoys “2 free 3 half” policy since the first profitable year. The preferable period started from year 2008. On December 16, 2008, Shenzhen Woke was awarded “Certified High-tech Enterprises”, and will enjoy 15% of income tax rate in three years (including 2008).

(4) According to “Administrative Rules of Recognition of High and New Technology Enterprises”, and “Income Tax Law of PRC”, they are entitled to enjoy 15% of Corporation Tax for three years (including 2008) since the qualifications were awarded.

(5) According to “Recognition rules of high-tech enterprises” (国科发火[2008]172 号) and “Administrative guide for recognition of high-tech enterprises” (国科发火[2008]362 号), Fangda Decoration filed for recognition of high-tech enterprises. The company was included in the “2nd list of enterprises of Shenzhen to be recognized as high-tech enterprises in 2009” (深科工贸信产业字[2009]25 号) on October 29, 2009. Fangda Decoration was not officially recognized as high-tech enterprise yet until December 31, 2009. Thus the income tax of 2009 will be 15%.

(5) As approved by Nanchang High-tech Zone Tax Bureau with document 洪高国税发(2008)74 号, Fangda New Material enjoys “2 free 3 half” policy since 2008.

3. Property tax

Property tax rate applicable to the Company and subsidiaries is 1.2% basing on 70% of the original value of property in Shenzhen. Same for the properties of subsidiaries outside Shenzhen for self use. Leasing property is subject to 12% of tax on rental income.

4. Personal income tax

Individual income tax of the employees are paid by the Company on behalf.

IV. Merger of enterprises and consolidated financial statements

Profiles of the subsidiaries

5. Subsidiaries founded acquired from investment

Name of the subsidiaries	Ownership of the subsidiary	Reg. Add.	Ownership type	Registered capital (RMB0'000)	Legal representative
Fangda Decoration	Fully-owned subsidiary	Shenzhen	Ltd. liability	10,000.00	Xiong Jianwei
Fangda Automatic	Fully-owned subsidiary	Shenzhen	Ltd. liability	5,000.00	Wang Shengguo
Fangda Yide Co.	Fully-owned subsidiary	Shenzhen	Sino-foreign joint venture	USD320.00	Yang Xiaozhuan
Fangda Guoke	Subsidiary of controlled subsidiary	Shenzhen	Ltd. liability (Sole investment by legal person)	5,000.00	Yu Guoan
Fangda New Material	Fully-owned subsidiary	Nanchang	Ltd. liability (joint venture between companies from Taiwan, Hong Kong or Macau)	USD1,200.00	Yang Xiaozhuan

Fangda Aluminium	Fully-owned subsidiary	Nanchang	Ltd. liability (Joint venture with foreign invested company)	2,000.00	Yang Xiaozhuan
HK Junjia	Fully-owned subsidiary	HK	None	HKD1.00	
Shenyang Fangda	Controlled subsidiaries	Shenyang	Ltd. liability	20,000.00	Yu Guoan

Name of the subsidiaries	Share proportion (%)		Voting rights (%)	Actual investment at end of year (RMB0'000)	Balance of other items actually formed net investment in the subsidiaries	Consolidated?
	Direct	Indirect				
Fangda Decoration	100%		100%	10,000.00		Yes
Fangda Automatic	100%		100%	5,000.00		Yes
Fangda Yide Co.	100%		100%	USD320.00		Yes
Fangda Guoke	64.58%		64.58%	10,500.00		Yes
Fangda New Material	100%		100%	USD1,200.00		Yes
Fangda Aluminium	100%		100%	2,000.00		Yes
HK Junjia	100%		100%	HKD1.00		Yes
Shenyang Fangda	64.58%		64.58%	12,916.00		Yes

Name of the subsidiaries	Organization type	Organization code	Minor shareholders' equity	Amount for deducting minor shareholder's equity in the minor shareholder's equity
Fangda Decoration	Legal person	19244418-2		
Fangda Automatic	Legal person	75425429-3		
Fangda Yide Co.	Legal person	61929454-0		
Fangda Guoke	Legal person	72856199-4	See notes	See notes
Fangda New Material	Legal person	74852611-7		
Fangda Aluminium	Legal person	15830664-0		
HK Junjia	None	None		
Shenyang Fangda	Legal person	66254891-3	91,114,696.12	-7,115,599.33

Note: Fangda Guoke is a subsidiary directly controlled by Shenyang Fangda. The minority shareholders' equity of Shenyang Fangda is practically including the minority shareholders' equity of Fangda Guoke. Thus it is not displayed in the above table separately.

6. Subsidiaries procured from merger of companies under different control

Name of the subsidiaries	Ownership of the subsidiary	Reg. Add.	Ownership type	Registered capital (RMB0'000)	Legal representative	Business Scope
Shenzhen Woke	Subsidiary of controlled subsidiary	Shenzhen	Ltd. liability	1,000.00	Yu Guoan	R&D, designing, production, after service of LED products; installation of LED color display, city and road lighting system.
Name of the subsidiaries	Share proportion (%)		Voting rights (%)	Actual investment at end of year (RMB0'000)	Balance of other items actually formed net invest	Consolidated?
	Direct	Indirect				

				ment in the subsidiaries	
Shenzhen Woke	64.58%	64.58%	1,899.13		Yes
Name of the subsidiaries	Ownership type	Organization code	Minor shareholders' equity	Amount for deducting minor shareholder's equity in the minor shareholder's equity	
Shenzhen Woke	Legal person	72855858-4	See notes	See notes	

Note: Shenzhen Woke is a subsidiary directly controlled by Fangda Guoke, and Fangda Guoke is a subsidiary directly controlled by Sheyang Fangda. The minority shareholders' equity of Shenyang Fangda is practically including the minority shareholders' equity of Fangda Guoke and Shenzhen Woke. Thus it is not displayed in the above table separately.

V. Notes to the consolidated financial statements

(1) Monetary capital

Items	Book balance at end of year			Book balance at beginning of year		
	Original currency	Exchange rate	Translated to RMB	Original currency	Exchange rate	Translated to RMB
I. Cash						
RMB	14,468.44	1.00	14,468.44	55,621.26	1.00	55,621.26
USD						
HKD	9,703.81	0.88048	8,544.01	15,164.51	0.88189	13,373.43
Cash subtotal			23,012.45			68,994.69
II. Bank savings						
RMB	208,793,777.17	1.00	208,793,777.17	108,203,771.48	1.00	108,203,771.48
USD	280,987.77	6.8282	1,918,640.69	594,075.71	6.8346	4,060,269.85
HKD	100,067.66	0.88048	88,107.57	65.10	0.88189	57.41
Bank saving subtotal			210,800,525.43			112,264,098.74
III. Other monetary capital						
RMB	14,814,656.53	1.00	14,814,656.53	97,351,072.63	1.00	97,351,072.63
USD	99.54	6.8282	679.68	84,776.77	6.8346	579,415.31
HKD				1,559,000.00	0.88189	1,374,866.51
Subtotal of other monetary capital			14,815,336.21			99,305,354.45
Total			225,638,874.09			211,638,447.88

Note: RMB14,815,323.26 of balance of other monetary capital were mainly bank accepted draft and guarantee letter deposit. They are not treated as cash equivalents at preparing of cash flow statements.

(2) Notes receivable

(1) Category of notes receivable

Categories	Book balance at end of year	Book balance at beginning of year
Bank acceptance	620,000.00	10,777,997.56
Commercial acceptance		125,792.73
Total	620,000.00	10,903,790.29

Note: Note receivable decreased by 94.31% from the previous year, which was caused by decreasing of note clearance and discounting and endorsement of notes at end of year.

(2) Top 5 notes endorsed but not due yet are:

Issuer	Date of issue	Expired on	Amount	Note
Nanjing Xijiekou Department Store Co., Ltd.	2009-11-4	2010-5-4	1,000,000.00	Payment for goods
Zhonghang Sanxin Co., Ltd.	2009-10-30	2010-4-30	400,000.00	Payment for goods
Zhonghang Sanxin Co., Ltd.	2009-8-26	2010-2-26	350,000.00	Payment for goods
Zhonghang Sanxin Co., Ltd.	2009-8-26	2010-2-26	300,000.00	Payment for goods
Shenyang Yuanda Aluminum Engineering Co., Ltd.	2009-9-14	2010-3-14	300,000.00	Payment for goods
Total			2,350,000.00	

(3) Account receivable

(1) Account receivable is categorized as:

Categories	Book balance at end of year				Net amount
	Book value		Bad debt provision		
	Amount	Proportion %	Amount	Providing rate %	
Single receivable account with mass amount	214,719,343.84	47.39	25,873,083.80	12.05	188,846,260.04
No major amount individually but with great risk after combined with others with similar credit risk	155,514,020.19	34.33	84,891,532.03	54.59	70,622,488.16

Other non-material receivables	82,832,805.68	18.28	8,648,311.15	10.44	74,184,494.53
Total	453,066,169.71	100.00	119,412,926.98	26.36	333,653,242.73
Categories	Book balance at beginning of year				
	Book value		Bad debt provision		Net amount
	Amount	Proportion %	Amount	Providing rate %	
Single receivable account with mass amount	145,777,676.07	34.30	25,034,605.45	17.17	120,743,070.62
No major amount individually but with great risk after combined with others with similar credit risk	148,026,102.10	34.83	76,705,401.76	51.82	71,320,700.34
Other non-material receivables	131,181,723.36	30.87	13,277,700.97	10.12	117,904,022.39
Total	424,985,501.53	100.00	115,017,708.18	27.06	309,967,793.35

Note 1:

Project receivables are those recognized at percentage according to the construction contract, product receivables are those formed in other ways. For the current year, the Company recognizes project receivables over RMB8 million (including) as “individual receivable with large amount”, while recognizes product receivables over RMB2 million (including) as “individual receivable with large amount”

“Individual receivable with large amount” in the balance at beginning of year were receivables larger than RMB8 million.

Note 2: Foreign currencies are:

Items	Book balance at end of year			Book balance at beginning of year		
	Original currency	Exchange rate	Translated to RMB	Original currency	Exchange rate	Translated to RMB
USD	654,208.27	6.8282	4,467,064.91	4,228,657.74	6.8346	29,879,477.49
HKD	9,256,528.95	0.88048	8,150,188.61	6,135,556.07	0.88189	5,410,885.54
Total			12,617,253.52			35,290,363.03

(2) Receivable accounts on ages:

Age	Book balance at end of year			
	Amount	Proportion %	Bad debt provision	Net amount
within 1 year	170,586,591.80	37.65	5,117,597.75	165,468,994.05
1-2 yrs (included)	75,551,574.63	16.68	7,555,157.47	67,996,417.16
2-3 yrs (included)	19,237,383.66	4.25	5,760,340.01	13,477,043.65
Over 3 yrs	187,690,619.62	41.43	100,979,831.75	86,710,787.87

Total	453,066,169.71	100.00	119,412,926.98	333,653,242.73
Age	Book balance at beginning of year			
	Amount	Proportion %	Bad debt provision	Net amount
within 1 year	165,562,632.30	38.96	4,966,845.75	160,595,786.55
1-2 yrs (included)	37,237,611.40	8.76	3,722,493.99	33,515,117.41
2-3 yrs (included)	39,049,264.12	9.19	11,694,276.72	27,354,987.40
Over 3 yrs	183,135,993.71	43.09	94,634,091.72	88,501,901.99
Total	424,985,501.53	100.00	115,017,708.18	309,967,793.35

(3) Bad debt provisions on major receivables with large individual amount or minor amount but examined individually are:

Description of the receivable accounts	Book value at end of year	Bad debt provision	Rate	Reason
Curtain wall project receivable	803,340.45	803,340.45	100%	Aged over 5 years, not expectable to be retrieved
Trade receivable	660,625.41	660,625.41	100.00%	Aged over 5 years, not expectable to be retrieved
Trade receivable	648,100.95	648,100.95	100.00%	Aged over 5 years, not expectable to be retrieved
Curtain wall project receivable	433,868.60	433,868.60	100.00%	Aged over 5 years, not expectable to be retrieved
Trade receivable	430,629.58	430,629.58	100.00%	Aged over 5 years, not expectable to be retrieved
Total	2,976,546.99	2,976,546.99		

Note 1: Receivables been provided full bad debt provisions this year were totalled to RMB13,655,235.25

Note 2: Receivables with minor amount but with greater risks after combining in groups are:

Age	Book balance at end of year			
	Amount	Proportion %	Bad debt provision	Net amount
Over 3 yrs	155,514,020.19	100.00	84,891,532.03	70,622,488.16
Total	155,514,020.19	100.00	84,891,532.03	70,622,488.16
Age	Book balance at beginning of year			
	Amount	Proportion %	Bad debt provision	Net amount
Over 3 yrs	148,026,102.10	100.00	76,705,401.76	71,320,700.34
Total	148,026,102.10	100.00	76,705,401.76	71,320,700.34

(4) Receivables retrieved by way of debt reorganizing are demonstrated in Note X (I).

(5) Receivables neutralized this year are demonstrated in Note X (I).

(6) The top 5 debtors of receivables:

Name of the companies	Relation with the Company	Balance at end of year	Age	Portion in total receivables (%)
No.1	Curtain wall client	19,038,176.14	within 1 year	8.80
		20,830,196.74	1-2 yrs	
No.2	Curtain wall client	37,498,687.61	within 1 year	8.28
No.3	Curtain wall client	22,910,540.46	within 1 year	5.06
No.4	Curtain wall client	8,431,940.86	1-2 yrs	4.24
		10,762,724.74	2-3 yrs	
No.5	Screen door client	15,726,162.98	within 1 year	3.47
Total		135,198,429.53		27.89

(7) No receivables due from shareholders with 5% or above shares of the Company.

(4) Other account receivable

(1) Other account receivable classified as the following:

Categories	Book balance at end of year				
	Book value		Bad debt provision		Net amount
	Amount	Proportion %	Amount	Providing rate %	
Other receivable with major individual amount	9,888,976.45	21.31	1,775,193.60	17.95	8,113,782.85
No major amount individually but with great risk after combined with others with similar credit risk	12,224,133.32	26.35	7,216,811.58	59.04	5,007,321.74
Other minor other receivables	24,284,729.69	52.34	2,495,935.19	10.28	21,788,794.50
Total	46,397,839.46	100.00	11,487,940.37	24.76	34,909,899.09
Categories	Book balance at beginning of year				
	Book value		Bad debt provision		Net amount
	Amount	Proportion %	Amount	Providing rate %	
Other receivable with major individual amount					
No major amount individually but with great risk after combined with others with similar credit risk	9,044,248.21	18.25	4,548,647.12	50.29	4,495,601.09
Other minor other receivables	40,510,837.57	81.75	3,104,166.86	7.66	37,406,670.71
Total	49,555,085.78	100.00	7,652,813.98	15.44	41,902,271.80

Note 1. The Company recognizes other receivables over RMB1 million (including) as “individual receivable with large amount”; “Individual receivable with large amount” in the balance at beginning of

year were receivables larger than RMB8 million.

Note 2: Foreign currencies are:

Items	Book balance at end of year			Book balance at beginning of year		
	Original currency	Exchange rate	Translated to RMB	Original currency	Exchange rate	Translated to RMB
USD	142,418.00	6.8282	972,458.59	183,957.00	6.8346	1,257,272.51
Total	142,418.00	6.8282	972,458.59	183,957.00	6.8346	1,257,272.51

(2) Other receivable accounts demonstrated by ages:

Age	Book balance at end of year			
	Amount	Proportion %	Bad debt provision	Net amount
within 1 year	18,426,424.10	39.71	618,149.44	17,808,274.66
1-2 yrs (included)	9,407,764.76	20.28	892,240.53	8,515,524.23
2-3 yrs (included)	5,648,474.54	12.17	2,069,696.08	3,578,778.46
Over 3 yrs	12,915,176.06	27.84	7,907,854.32	5,007,321.74
Total	46,397,839.46	100.00	11,487,940.37	34,909,899.09

Age	Book balance at beginning of year			
	Amount	Proportion %	Bad debt provision	Net amount
within 1 year	27,360,529.45	55.21	806,800.58	26,553,728.87
1-2 yrs (included)	8,238,630.80	16.63	823,863.08	7,414,767.72
2-3 yrs (included)	4,911,677.32	9.91	1,473,503.20	3,438,174.12
Over 3 yrs	9,044,248.21	18.25	4,548,647.12	4,495,601.09
Total	49,555,085.78	100.00	7,652,813.98	41,902,271.80

(3) Bad debt provisions on other receivables with minor amount but examined individually are:

Description of other receivables	Book value at end of year	Bad debt provision	Rate	Reason
Contract security receivable	3,151,698.00	94,550.94	3.00%	Provided on age
Contract security receivable	2,711,671.00	271,167.10	10.00%	Provided on age
Contract security receivable	1,500,000.00	150,000.00	10.00%	Provided on age
Borrowed by employees	1,305,290.61	39,158.72	3.00%	Provided on age
Deposite receivable	1,220,316.84	1,220,316.84	100.00%	Aged over 5 years, not expectable to be retrieved
Deposite receivable	300,000.00	300,000.00	100.00%	Aged over 5 years, not expectable to be retrieved
Deposite receivable	159,800.00	159,800.00	100.00%	Aged over 5 years,

				not expectable to be retrieved
Total	10,348,776.45	2,234,993.60		

Note 1. Other receivable accounts being provided full bad debt provisions are totaled to RMB3,449,391.72.

Note 2. Other receivables with minor amount but with greater risks after combining in groups are:

Age	Book balance at end of year			
	Amount	Proportion %	Bad debt provision	Net amount
Over 3 yrs	12,915,176.06	100.00	7,907,854.32	5,007,321.74
Total	12,915,176.06	100.00	7,907,854.32	5,007,321.74
Age	Book balance at beginning of year			
	Amount	Proportion %	Bad debt provision	Net amount
Over 3 yrs	9,044,248.21	100.00	4,548,647.12	4,495,601.09
Total	9,044,248.21	100.00	4,548,647.12	4,495,601.09

(4) Other top 5 debtors of other receivables:

Name of the companies	Specification	Relation with the Company	Balance at end of year	Age	Portion in total other receivables (%)
China Merchants Future Brokerage Ltd.	Future contract deposit	Future company	3,151,698.00	within 1 year	6.79
Shenzhen Construction Trade Center	Contract security	Normal client	2,711,671.00	2-3 yrs	5.84
Xinba Construction Group Co., Ltd.	Contract security	Normal client	1,500,000.00	2-3 yrs	3.23
Xin Song	Employee's borrowing	Employee	1,305,290.61	within 1 year	2.81
Nanhai Huangqi Xinde Metal Co., Ltd.	Deposit	Normal client	1,220,316.84	Over 3 yrs	2.63
Total			9,888,976.45		21.31

(5) No other receivables due from shareholders with 5% or above shares of the Company.

(5) Prepayment

(1) Demonstrated by ages:

Age	Book balance at end of year			
	Amount	Proportion %	Bad debt provision	Net amount
within 1 year	13,004,308.18	85.83		13,004,308.18
1-2 yrs (included)	1,311,734.25	8.66	103,516.08	1,208,218.17

2-3 yrs (included)	788,529.49	5.21	182,074.55	606,454.94
Over 3 yrs	45,920.00	0.30	9,210.00	36,710.00
Total	15,150,491.92	100.00	294,800.63	14,855,691.29
Age	Book balance at beginning of year			
	Amount	Proportion %	Bad debt provision	Net amount
within 1 year	9,522,782.07	84.31		9,522,782.07
1-2 yrs (included)	1,705,722.85	15.10		1,705,722.85
2-3 yrs (included)	66,999.61	0.59		66,999.61
Over 3 yrs				
Total	11,295,504.53	100.00		11,295,504.53

Note: Book balance of prepayment has increased by 34.13% over the beginning of year, which was caused by prepayment made by Shenyang Fangda for construction project.

(4) Other top 5 debtors of prepayments:

Name of the companies	Relation with the Company	Book balance at end of year	Portion in total prepayment (%)	Date of prepayment	Reason of unsettled
Shenyang Municipal Engineering Material Co., Ltd.	Suppliers	2,250,000.00	14.85	2009	Not settled yet
Shenyang Power Supply Contracting Co.	Suppliers	2,143,907.76	14.15	2009	Not settled yet
Liaoning Jindi No.2 Construction Co., Ltd.	Suppliers	1,437,925.80	9.49	2009	Not settled yet
Shenzhen Kaisheng Energy Saving Tech Co., Ltd.	Suppliers	1,757,121.73	11.60	2009	Not settled yet
Qinghuangdao Wanxiang Aluminum Co., Ltd.	Suppliers	100,000.00	7.07	2009	Not settled yet
		970,751.02		Year 2008	
Total		8,659,706.31	57.16		

(3) No prepayment made to shareholders of the Company with 5% or above shares nor related parties.

(6) Inventories

(1) Details of inventories

Items	Book balance at end of year			Book balance at beginning of year		
	Amount	Impairment provision	Book value	Amount	Impairment provision	Book value
Raw materials	35,178,753.27	251,597.62	35,430,350.89	22,290,058.14	796,584.51	23,086,642.65
Product in process	27,736,524.94		27,736,524.94	30,227,023.31		30,227,023.31
Finished goods in stock	9,559,446.50	2,976,824.18	12,536,270.68	11,585,027.41	5,474,551.08	17,059,578.49

Items	Book balance at end of year			Book balance at beginning of year		
	Amount	Impairment provision	Book value	Amount	Impairment provision	Book value
Material in circulation				1,715.38		1,715.38
Asset formed by construction contract	124,248,114.46		124,248,114.46	80,491,156.81	84,279.62	80,575,436.43
Low price consumable	1,600,997.33	114,436.50	1,715,433.83	1,614,592.37	114,436.50	1,729,028.87
OEM materials	148,596.08		148,596.08	380.74		380.74
On-road goods	498,215.88		498,215.88			
Total	198,970,648.46	3,342,858.30	202,313,506.76	146,209,954.16	6,469,851.71	152,679,805.87

Note: Inventories have increased by 32.51% which was caused by business expanding and increasing of assets created by construction contracts.

(2) Change of inventory impairment provisions

Categories	Book balance at beginning of year	Provided in current year	Decreased this year		Book balance at end of year
			Written back	Transferred	
Raw materials	796,584.51			544,986.89	251,597.62
Products in stock	5,474,551.08	239,492.19	105,605.40	2,631,613.69	2,976,824.18
Asset formed by construction contract	84,279.62		84,279.62		
Low price consumable	114,436.50				114,436.50
Total	6,469,851.71	239,492.19	189,885.02	3,176,600.58	3,342,858.30

(3) Basis of providing impairment provision and situation of writing back

Categories	Basis of providing impairment provision	Reasons of inventory impairment provision written back	Portion of written back in balance at end of term
Products in stock	Realizable net value lower than realizable cost	Disposing of overstock goods	0.84%
Asset formed by construction contract	Predicted gross loss	compensated by the owner	0.07%

(7) Other current asset

Items	Book balance at end of year	Book balance at beginning of year
Change of fair value generated by future option contract (Note 1)	3,315,075.00	
Trust plan of Shengquotou Green City East Construction, Weilan Department project (Note 2)		5,000,000.00
Total	3,315,075.00	5,000,000.00

Note 1: Change of fair value generated by future option contract of RMB3,315,075.00 was caused by

change of fair value of hedge instruments held by Fangda Decoration and Fangda New Material.

Note 2: The 5 million trust plan originally subscribed by the Company regarding **Shengtuotou Green City East Construction, Weilan Department project, were due and retrieved in June.**

Note 3: Book value of other current assets has decreased by 3.70%, which was caused by retrieving of the trust plan of Weilan Department Project.

(8) Sellable financial asset

Disposable financial assets are categorized as the following:

Items	Fair value at end of year	Fair value at beginning of year
Sellable bonds		
Sellable equity instruments	7,520,445.42	14,068,500.00
Others		
Total	7,520,445.42	14,068,500.00
Less: impairment provision for disposable financial assets		
Net amount	7,520,445.42	14,068,500.00

Note 1: The sellable financial assets are 971,989 current shares of Jiangsu Sihuan Biological Co., Ltd. and 700,000 constrained legal person shares of Tianjin Global Magnetic Card Co., Ltd. held by Fangda Decoration. The constrained shares will be released on March 3, 2010.

Note 2. Balance of sellable financial assets has decreased by RMB6,548,054.58, which was caused by disposing of most of the sellable financial assets by Fangda Decoration.

(9) Long-term share equity investment

(1) Long-term equity investment in details:

Company invested in	Calculating basis	Initial costs	Book balance at beginning of year	Changed this year ("-" for less)	Book balance at end of year
Tianjin Global Magnetic Card Co., Ltd.	Cost basis	4,850,000.00	1,500,000.00	-1,500,000.00	
Chongqing Fangda New Construction Material Co., Ltd. (Chongqing Fangda)	Cost basis	2,310,645.90			
Nanchang Fangda Property Co., Ltd.	Equity basis	3,000,000.00	3,006,859.69	-9,643.24	2,997,216.45
Total			4,506,859.69	-1,509,643.24	2,997,216.45
Company invested in	Share proportion %	Voting power %	Impairment provision	Impairment provision provided this year	Cash dividend this year
Tianjin Global Magnetic Card Co., Ltd.	0.18	0.18	3,350,000.00	-3,350,000.00	
Chongqing Fangda	25.00	25.00	2,310,645.90	-2,310,645.90	
Nanchang Fangda Property Co., Ltd.	30.00	30.00			

Total			5,660,645.90	-5,660,645.90	
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(10) Investment properties

(1) Change of investment properties on fair value basis

Items	Fair value at beginning of year	Increased this year			Decreased this year		Fair value at end of year
		Purchased	For own use or transferred from inventory	Gain/loss from change of fair value	Disposed	Transferred for own use	
I. Total costs	199,167,695.03					6,973,140.76	192,194,554.27
1. Houses & buildings	199,167,695.03					6,973,140.76	192,194,554.27
2. Land using rights							
II. Total of fair value fluctuation	62,566,705.29			6,322,964.35		1,586,545.11	67,303,124.53
1. Houses & buildings	62,566,705.29			6,322,964.35		1,586,545.11	67,303,124.53
2. Land using rights							
III. Total of investment property book value	261,734,400.32			6,322,964.35		8,559,685.87	259,497,678.80
1. Houses & buildings	261,734,400.32			6,322,964.35		8,559,685.87	259,497,678.80
2. Land using rights							

(11) Fixed assets

(1) Change of fixed assets and accumulated depreciations:

Items	Book balance at beginning of year	Increased this year	Decreased this year	Book balance at end of year
I. Total value of original fixed assets	468,955,916.14	21,182,842.98	20,063,021.45	470,075,737.67
1. Houses & buildings	196,625,750.20	12,182,182.52	11,204,306.89	197,603,625.83
2. Machinery	226,987,525.11	7,020,648.84	3,429,154.36	230,579,019.59
3. Automobile	10,112,412.26	826,119.94	690,544.06	10,247,988.14
4. Electronics and other devices	35,230,228.57	1,153,891.68	4,739,016.14	31,645,104.11
II. Total of accumulative depreciation	193,622,877.59	22,897,022.99	7,268,838.11	209,251,062.47
1. Houses & buildings	26,257,386.44	5,240,273.66	1,383,342.20	30,114,317.90
2. Machinery	140,855,396.82	15,148,617.51	2,816,495.82	153,187,518.51
3. Automobile	6,565,585.24	439,383.09	457,874.40	6,547,093.03
4. Electronics and other devices	19,944,509.09	2,068,748.73	2,611,125.69	19,402,132.13
III. Total of fixed asset net value	275,333,038.55			260,824,675.20
1. Houses & buildings	170,368,363.76			167,489,307.93

Items	Book balance at beginning of year	Increased this year	Decreased this year	Book balance at end of year
2. Machinery	86,132,128.29			77,391,501.08
3. Automobile	3,546,827.02			3,700,894.21
4. Electronics and other devices	15,285,719.48			12,242,971.98
IV. Total of accumulative fixed assets impairment provision	1,576,660.08		2,036.20	1,574,623.88
1. Houses & buildings				
2. Machinery	1,576,660.08		2,036.20	1,574,623.88
3. Automobile				
4. Electronics and other devices				
V. Total of fixed asset book value	273,756,378.47			259,250,051.32
1. Houses & buildings	170,368,363.76			167,489,307.93
2. Machinery	84,555,468.21			75,816,877.20
3. Automobile	3,546,827.02			3,700,894.21
4. Electronics and other devices	15,285,719.48			12,242,971.98

(2) Property license not obtained yet:

Categories	Description of property	Original book value	Accumulated depreciation:	Net book value	Note
Houses buildings &	Office building	18,525,639.72	1,784,105.80	16,741,533.92	Used by Fangda New Materials, expected to be obtained in the first half of 2010
Houses buildings &	Employees' dinning hall	2,640,722.34	287,380.07	2,353,342.27	
Houses buildings &	dormitory	3,641,809.90	394,431.76	3,247,378.14	
Houses buildings &	Cleaning workshop	1,240,040.56	710,887.24	529,153.32	Used by Fangda Aluminum
Total		26,048,212.52	3,176,804.87	22,871,407.65	

(12) Construction in process

(1) Construction in process:

Items	Book balance at end of year			Book balance at beginning of year		
	Amount	Impairment provision	Net book value	Amount	Impairment provision	Net book value
Shenyang Fangda Extension Chip Workshop (Phase I)	9,496,386.82		9,496,386.82	5,136,190.88		5,136,190.88
Dinning hall and pulping house	1,747,637.25		1,747,637.25			
Heating pipe	1,713,004.80		1,713,004.80			
Dormitory and No.2 workshop	712,074.20		712,074.20			
Shenyang Fangda other construction c	4,138,314.14		4,138,314.14	2,582,933.58		2,582,933.58

ost					
Equipment to be installed	520,539.81		520,539.81	1,710,108.73	1,710,108.73
Total	18,327,957.02		18,327,957.02	9,429,233.19	9,429,233.19

Note: Book balance of construction in process at end of year increased by 94.37%, which was caused by increase of project cost by Shenyang Fangda.

(2) Profiles of main construction in process and changes:

Project	Budget	Fund recourse	Amount at the beginning of year		Increased this year	
			Amount	Incl. Interest capitalization	Amount	Incl. Interest capitalization
Fangda New Material Technologies Garden	100 mil	Independent			2,285,214.33	
Crystal machine and welding machine	1.61 mil	Independent	1,611,169.00		60.00	
Shenyang Fangda Extension Chip Workshop (Phase I)	17.5 mil	Independent	5,136,190.88		4,360,195.94	
Dinning hall and pulping house	3.68 mil	Independent			1,747,637.25	
Heating pipe	1.713 mil	Independent			1,713,004.80	
Dormitory and No.2 workshop	7.8 mil	Independent			712,074.20	
Total			6,747,359.88		10,818,186.52	

(Continue)

Project	Decreased this year		Balance at end of year		Progress (%)	Cost on budget (%)
	Amount	Incl. Transferred to fixed asset this year	Amount	Incl. Interest capitalization		
Fangda New Material Technologies Garden	2,285,214.33	2,285,214.33			100.00	
Crystal machine and welding machine	1,611,229.00	1,611,229.00			100.00	100.00
Shenyang Fangda Extension Chip Workshop (Phase I)			9,496,386.82		54.27	54.27
Dinning hall and pulping house			1,747,637.25		47.49	47.49
Heating pipe			1,713,004.80		100.00	100.00
Dormitory and No.2 workshop			712,074.20		9.13	9.13
Total	3,896,443.33	3,896,443.33	13,669,103.07			

(3) No impairment on construction in process till end of this year.

(13) Intangible assets and development expenses

(1) Profiles of intangible assets

Items	Book balance at beginning of year	Increased this year	Decreased this year	Book balance at end of year
I. Total of intangible asset initial value	76,605,643.67	21,958,103.82		98,563,747.49
Land using rights of Fangda Town (Phase I) (Note 2)	8,543,250.00			8,543,250.00
Land using rights of Fangda Town (Phase II) (Note 3)	4,783,050.00			4,783,050.00
Land using rights of Nanchang High Tech Zone (Note 4)	4,985,227.00			4,985,227.00
Land using rights of Fangda Tech Garden on Gaoxin Road Nanchang		11,064,548.41		11,064,548.41
Land using rights of Shenyang Fangda (Note 6)	42,038,791.23			42,038,791.23
Semi-conductor patent	9,000,000.00	9,241,179.14		18,241,179.14
Other non-patent tech	2,949,078.80	1,464,820.59		4,413,899.39
Other patents	1,194,060.00	110,295.00		1,304,355.00
Computer software	2,491,763.04	63,760.68		2,555,523.72
Others	620,423.60	13,500.00		633,923.60
II. Total of intangible asset amortization	15,771,065.90	4,323,367.67		20,094,433.57
Land using rights of Fangda Town (Phase I) (Note 2)	3,610,705.04	145,431.36		3,756,136.40
Land using rights of Fangda Town (Phase II) (Note 3)	1,139,960.25	95,661.00		1,235,621.25
Land using rights of Nanchang High Tech Zone (Note 4)	1,001,191.16	96,966.24		1,098,157.40
Land using rights of Fangda Tech Garden on Gaoxin Road Nanchang		965,931.56		965,931.56
Land using rights of Shenyang Fangda (Note 6)	903,842.70	840,835.80		1,744,678.50
Semi-conductor patent	6,133,334.65	1,608,366.24		7,741,700.89
Other non-patent tech	1,285,655.34	227,019.95		1,512,675.29
Other patents	346,798.13	74,181.58		420,979.71
Computer software	785,007.56	243,279.06		1,028,286.62
Others	564,571.07	25,694.88		590,265.95
III. Total of book net value of intangible assets	60,834,577.77			78,469,313.92
Land using rights of Fangda Town (Phase I) (Note 2)	4,932,544.96			4,787,113.60
Land using rights of Fangda Town (Phase II) (Note 3)	3,643,089.75			3,547,428.75
Land using rights of Nanchang High Tech Zone (Note 4)	3,984,035.84			3,887,069.60
Land using rights of Fangda Tech Garden on Gaoxin Road Nanchang				10,098,616.85
Land using rights of Shenyang Fangda (Note 6)	41,134,948.53			40,294,112.73
Semi-conductor patent	2,866,665.35			10,499,478.25
Other non-patent tech	1,663,423.46			2,901,224.10
Other patents	847,261.87			883,375.29
Computer software	1,706,755.48			1,527,237.10
Others	55,852.53			43,657.65

Items	Book balance at beginning of year	Increased this year	Decreased this year	Book balance at end of year
IV. Total of accumulated intangible asset impairment provisions				
Land using rights of Fangda Town (Phase I) (Note 2)				
Land using rights of Fangda Town (Phase II) (Note 3)				
Land using rights of Nanchang High Tech Zone (Note 4)				
Land using rights of Fangda Tech Garden on Gaoxin Road Nanchang				
Land using rights of Shenyang Fangda (Note 6)				
Semi-conductor patent				
Other non-patent tech				
Other patents				
Computer software				
Others				
V. Total of intangible asset book value	60,834,577.77			78,469,313.92
Land using rights of Fangda Town (Phase I) (Note 2)	4,932,544.96			4,787,113.60
Land using rights of Fangda Town (Phase II) (Note 3)	3,643,089.75			3,547,428.75
Land using rights of Nanchang High Tech Zone (Note 4)	3,984,035.84			3,887,069.60
Land using rights of Fangda Tech Garden on Gaoxin Road Nanchang				10,098,616.85
Land using rights of Shenyang Fangda (Note 6)	41,134,948.53			40,294,112.73
Semi-conductor patent	2,866,665.35			10,499,478.25
Other non-patent tech	1,663,423.46			2,901,224.10
Other patents	847,261.87			883,375.29
Computer software	1,706,755.48			1,527,237.10
Others	55,852.53			43,657.65

(2) R&D expenses

A. R&D expenses of the year:

Items	Total of R&D	In which:		
		Expenses in research stage	Expenses in developing stage	
			to current income	Capitalized expenses
Graphic grounding technologies	2,339,854.67			2,339,854.67
Guangzhou Metro demonstration project	192,129.75		192,129.75	
Sealing technical reforming project	540,422.51		540,422.51	
Solar-electric glass wall project	60,800.00			60,800.00
Screen door control system maintaining service	370,008.80	60,263.16		309,745.64
Screen door locker	503,589.95	78,216.29		425,373.66

Full height suspension screen door structure	518,193.04	78,216.29		439,976.75
Researching of cart door system	19,559.44	19,559.44		
Electric motor selection and new control system of screen door	286,226.16	60,263.16		225,963.00
Optical crystal manufacturing tech	474,495.73			474,495.73
Total	5,305,280.05	296,518.34	732,552.26	4,276,209.45

B. Change of R&D expenses this year:

Items	Book balance at beginning of year	Increased this year	Decreased this year		Book balance at end of year
			Transferred into intangible assets	Other decreases	
Graphic grounding technologies	4,963,360.42	2,339,854.67	7,303,215.09		
Guangzhou Metro demonstration project		192,129.75		192,129.75	
Sealing technical reforming project		540,422.51		540,422.51	
Solar-electric glass wall project	424,641.00	60,800.00			485,441.00
Screen door control system maintaining service	223,870.13	370,008.80	533,615.77	60,263.16	
Screen door locker		503,589.95	425,373.66	78,216.29	
Full height suspension screen door structure		518,193.04	439,976.75	78,216.29	
Researching of cart door system		19,559.44		19,559.44	
Electric motor selection and new control system of screen door		286,226.16		60,263.16	225,963.00
W series tube and control system product design and production	1,142,167.36		1,142,167.36		
Conventional LEDT8 product line	826,767.60		826,767.60		
Semi-height screen door system	202,371.22			202,371.22	
Optical crystal manufacturing tech		474,495.73			474,495.73
Total	7,783,177.73	5,305,280.05	10,671,116.23	1,231,441.82	1,185,899.73

(14) Goodwill

Name of the Companies	Book balance at beginning of year	Increased this year	Decreased this year	Book balance at end of year	Impairment provision at end of year
Shenzhen Woke	8,197,817.29			8,197,817.29	

Fangda Yide Co.				746,519.62
Total	8,197,817.29		8,197,817.29	746,519.62

(15)Differed income tax asset and differed income tax liabilities

(1) Differed income tax asset and differed income tax liabilities already recognized

Items	Book balance at end of year		Book balance at beginning of year	
	Deductible provisional differences	Differed income tax asset	Deductible provisional differences	Differed income tax asset
Asset impairment provision	146,723,770.88	24,653,606.05	88,742,277.68	17,685,283.48
Opening expenses				
Neutralizable losses	46,163,065.76	9,934,646.80	6,569,414.68	656,941.47
Total	192,886,836.64	34,588,252.85	95,311,692.36	18,342,224.95

Items	Book balance at end of year		Book balance at beginning of year	
	Taxable provisional difference	Differed income tax liability	Taxable provisional difference	Differed income tax liability
Adjustment of investment property fair value	96,269,231.58	20,996,296.96	2,125,410.87	425,082.17
Adjustment of sellable financial asset fair value	6,266,355.88	1,156,702.15	8,377,050.40	1,675,410.08
Change of fair value caused by share option contracts	3,315,075.00	469,908.25		
Total	105,850,662.46	22,622,907.36	10,502,461.27	2,100,492.25

(2) Particulars about neutralizable provisional difference or losses by non-recognized differed income tax assets

Items	End of Term	Beginning of Term
Asset impairment provision	26,140,605.99	78,784,509.61
Neutralizable losses	66,043,811.35	137,566,599.79
Total	92,184,417.34	216,351,109.40

(3) Neutralizable losses of non-recognized differed income tax assets will due in following years:

Year	End of Term
2010	7,800,161.45
2011	5,682,547.36
2012	13,910,672.17
2013	17,023,935.45
2014	21,626,494.92
Total	66,043,811.35

Note: No termination in advance considered in above chart.

(16)Asset impairment provision

Items	Book balance at b	Increased this y	Decreased this year	Book balance at e
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	eginning of year	ear	Written back	Transferred	nd of year
Bad debt provision	122,670,522.16	10,493,877.65	36,815.70	1,931,916.13	131,195,667.98
Inventory impairment provision	6,469,851.71	239,492.19	189,885.02	3,176,600.58	3,342,858.30
Sellable financial asset impairment provision					
Investment hold to expiration impairment provision					
Long-term equity investment impairment provision (Note)	5,660,645.90		3,350,000.00	2,310,645.90	
Investment property impairment provision					
Fixed asset impairment provision	1,576,660.08			2,036.20	1,574,623.88
Engineering goods impairment provision					
Construction in process impairment provision					
Production biological assets impairment provision					
Incl. Mature production biological material asset impairment provision					
Gas and oil asset impairment provision					
Impairment provision of intangible asset					
Goodwill impairment provision	746,519.62				746,519.62
Others					
Total	137,124,199.47	10,733,369.84	3,576,700.72	7,421,198.81	136,859,669.78

(17) Assets with constrained ownership

Assets with constrained ownership are:

Category of ass	Book balance at beg	Increased this ye	Decreased this	Book balance at en	Reason of li
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ets	inning of year	ar	year	d of year	mitation
Asset under guarantee					
Fangda Tech Building (The part for rent)	182,306,813.72	2,238,467.87	8,559,685.87	175,985,595.72	Loan pledge
Whole dormitory building	11,604,100.00	459,100.00		12,063,200.00	Loan pledge
Whole special workshop	28,888,300.00	1,798,500.00		30,686,800.00	Loan pledge
Fangda Tech Building (The part for own use)	5,104,880.93	8,559,685.87	114,768.84	13,549,797.96	Loan pledge
Fangda Town land using right (Phase I)	4,932,544.96		145,431.36	4,787,113.60	Loan pledge
Fangda Town land using right (Phase III)	3,643,089.75		95,661.00	3,547,428.75	Loan pledge
Total	236,479,729.36	13,055,753.74	8,915,547.07	240,619,936.03	

(18) Short-term loans

Short-term loans are:

Categories	Book balance at end of year	Book balance at beginning of year	Note
Borrowings with security and guarantee	210,000,000.00		Note 1
Guarantee loan	160,000,000.00	148,300,000.00	Note 2
Loan from discount of notes		81,082,471.49	
Total	370,000,000.00	229,382,471.49	

(19) Notes payable

Categories	Book balance at end of year	Book balance at beginning of year
Bank acceptance	24,166,495.62	56,653,018.90
Commercial acceptance		2,052,030.25
Total	24,166,495.62	58,705,049.15

(20) Account payable

(1) As of December 31, 2009, major payable accounts due over one year are:

Suppliers	Amount	Description	Reason of overdue
Fangda Building booked at estimated value	1,278,967.69	Trade	Not claimed by the creditor
Daewoo Group (Korea)	900,000.00	Trade	Not claimed by the creditor
Fujian Quanzhou Sansong Ceramic Development Co., Ltd.	880,000.00	Trade	Not claimed by the creditor
Total	3,058,967.69		

(2) No payables due to shareholders with 5% or above shares of the Company, nor any related parties.

(3) Payable account has increased by 49.69%, which was caused by outsourced engineering payments by Fangda Decoration.

(21) Prepayment received

(1) As of December 31, 2009, major prepaid accounts due over one year are:

Client	Amount	Description	Causation of not settled
Shenzhen Metro Co., Ltd.	50,398,817.96	Project payment	Service not provided yet
China Jiangxi International Economic & Technical Cooperation Co., Ltd.	5,000,000.00	Deposit for goods	Goods not delivered yet
Total	55,398,817.96		

(2) No prepayment received from shareholders with 5% or over shares of the Company, nor related parties.

(22) Employees' wage payable

Details of remunerations payable to the employees

Items	Book balance at beginning of year	Increased this year	Decreased this year	Book balance at end of year
Wage, bonus, allowance and subsidies	64,978.92	48,951,591.05	48,926,115.82	90,454.15
Employee welfare		772,887.96	772,887.96	
Social insurance		3,361,278.40	3,361,278.40	
Incl. Medical insurance		581,010.58	581,010.58	
Basic pension		2,699,101.59	2,699,101.59	
Unemployment insurance		39,462.18	39,462.18	
Labor injury insurance		15,451.32	15,451.32	
Breeding insurance		26,252.73	26,252.73	
Housing fund				
Dismissing policy				
Trade union and education allowance	4,609,617.75	196,202.80	312,348.77	4,493,471.78
Non-monetary welfare				
Compensations for disengagement other than dismissing policy				
Others		9,623.11	9,623.11	
Total	4,674,596.67	53,291,583.32	53,382,254.06	4,583,925.93

(23) Tax payable

Items	Book balance at end of year	Book balance at beginning of year
增值税 VAT	1,128,944.61	1,918,482.65
Business tax	16,061,526.33	19,828,983.75
Enterprise income tax	7,906,444.14	4,384,962.00

Personal income tax	347,197.18	587,013.01
City maintenance and construction tax	1,694,844.15	1,903,683.50
Land using tax	663,284.89	472,310.40
Property tax	1,233,880.55	1,129,953.62
Education surtax	875,283.92	915,290.88
Other taxes	115,369.86	105,032.40
Total	30,026,775.63	31,245,712.21

(24)Interest payable

Items	Book balance at end of year	Book balance at beginning of year
Short-term borrowing interests payable	557,551.25	590,697.62
Total	557,551.25	590,697.62

(25)Other account payable

(1) No other payables due to shareholders with 5% or above of shares of the Company, nor related parties.

(2) Other payables with large amount in detail:

Items	Book balance at end of year	Description
Jiangsu Tianyi Garment Co., Ltd.	2,000,000.00	Deposit
Ningbo Lilai Energy-saving Doors and Windows Co., Ltd.	2,060,000.00	Deposit
Nanchang Fangda Property Co., Ltd.	3,000,000.00	Trade between related parties
Shenzhen Yachang Color Printing Co., Ltd.	950,000.00	Deposit
Shanghai Xiaoxiang Decoration Designing Co., Ltd.	500,000.00	
Total	8,510,000.00	

(3) Large amount other payables aged over one year:

Items	Book balance at end of year	Description	Reason of overdue
Ningbo Lilai Energy-saving Doors and Windows Co., Ltd.	2,060,000.00	Project deposit	construction in process
Nanchang Fangda Property Co., Ltd.	3,000,000.00	Trade between related parties	Not claimed by the creditor
Total	5,060,000.00		

(4) Other payable account has increased by 38.94% over the beginning of year, which was caused by delay of payment by Fangda Automatic System has not paid the service charge of metro project yet.

(26)Other current liability

Items	Book balance at end of year	Book balance at beginning of year
High power GaN LED lighting, white		1,016,379.24

light source technologies fund		
Total		1,016,379.24

(27) Long-term borrowings

Long-term borrowings are:

Categories	Book balance at end of year	Book balance at beginning of year
Pledged loan		179,000,000.00
Total		179,000,000.00

(28) Other non-recurring liabilities

Items	Book balance at end of year	Book balance at beginning of year
Application and demonstration project of LED lighting tech (Note 1)	720,000.00	3,500,000.00
Optical crystal project (Note 2)	1,200,000.00	
Environmental protection and energy saving project (Note 3)	500,000.00	
Graphic grounding production and expanded chip production	500,000.00	
Purchasing of equipment for development of high-power chips	850,000.00	950,000.00
Fund for optical products	480,000.00	480,000.00
Total	4,250,000.00	4,930,000.00

(29) Share capital

Change of share capital this year:

Class of shareholding	Book balance at beginning of year		Changed in current term					Book balance at end of year	
	Amount of shares	Proportion	Issuing of new shares	Bonus shares	Transferred from reserves	Others	Sub-total	Amount of shares	Proportion
I. Shares with conditional subscription									
1. State-owned shares									
2. National legal person shares									
3. Other domestic shares	44,313,321	10.38%				-44,248,248	-44,248,248	65,073	0.02%
Incl. Non-government domestic legal person shares	44,248,248	10.37%				-44,248,248	-44,248,248		
Domestic natural person shares	65,073	0.02%						65,073	0.02%

Class of shareholding	Book balance at beginning of year		Changed in current term					Book balance at end of year	
	Amount of shares	Proportion	Issuing of new shares	Bonus shares	Transferred from reserves	Others	Sub-total	Amount of shares	Proportion
4. Overseas shareholding									
Incl. Shares held by foreign legal persons									
Foreign natural person shares									
Total of conditional shares	44,313,321	10.38%				-44,248,248	-44,248,248	65,073	0.02%
II. Shares with unconditional subscription									
1. Common shares in RMB	173,157,655	40.57%				44,248,248	44,248,248	217,405,903	50.94%
2. Foreign shares listed at home	209,315,383	49.04%						209,315,383	49.04%
3. Foreign shares placed abroad									
4. Others									
Total of unconditional shares	382,473,038	89.62%				44,248,248	44,248,248	426,721,286	99.98%
Total of capital shares	426,786,359	100.00%						426,786,359	100.00%

(30) Capital reserves

Change of capital reserves this year:

Items	Book balance at beginning of year	Increased this year	Decreased this year	Book balance at end of year
Share capital premium	31,774,896.75			31,774,896.75
Other capital reserves	29,320,411.76	23,534,367.30	4,007,187.14	48,847,591.92
Total	61,095,308.51	23,534,367.30	4,007,187.14	80,622,488.67

(31) Surplus reserves

Change of surplus reserves this year:

Items	Book balance at beginning of year	Increased this year	Decreased this year	Book balance at end of year
Statutory surplus reserves	6,388,697.44	6,971,483.40		13,360,180.84
Total	6,388,697.44	6,971,483.40		13,360,180.84

(32) Retained profit

Change of retained profit:

Items	Current Year	Previous Year
Retained at end of last year	65,445,537.00	42,184,655.09
Plus: Adjusted amount of retained profit at beginning of year (“-“ for less)		
Retained at beginning of this year	65,445,537.00	42,184,655.09
Plus: Net profit attributable to the owners of parent company	44,052,511.46	23,260,881.91
Attributable profit	109,498,048.46	65,445,537.00
Less: Statutory surplus reserves	6,971,483.40	
Optional surplus reserves		
Common risk provisions		
Common share dividend payable		
Common share dividend transferred to capital share		
Retained profit at end of year	102,526,565.06	65,445,537.00

(33)Operational turnover and costs

(1) Details of business turnover and costs:

Items	Occurred this term	Occurred last year
Turnover	912,979,118.31	784,720,562.64
Incl. Main business turnover	877,332,608.93	739,145,506.60
Other business income	35,646,509.38	45,575,056.04
Operation cost	749,102,723.26	645,609,306.60
Incl. Main business cost	735,149,696.03	628,865,064.85
Other business cost	13,953,027.23	16,744,241.75

(2) Main business turnover classified on industries:

Name of industry	Occurred this term		Occurred last year	
	Turnover	Operation cost	Turnover	Operation cost
Construction metal materials	795,880,897.83	656,454,405.86	650,707,707.08	546,917,855.54
Railroad industry	73,033,038.97	60,500,363.01	57,811,725.18	52,795,970.50
Lighting industry	8,418,672.13	18,194,927.16	30,626,074.34	29,151,238.81
Total	877,332,608.93	735,149,696.03	739,145,506.60	628,865,064.85

(3) Main business turnover distribution on products:

Products or services	Occurred this term		Occurred last year	
	Turnover	Operation cost	Turnover	Operation cost
Glass wall products	646,839,164.25	543,658,673.56	485,981,028.50	402,743,228.70
Aluminum products	149,041,733.58	112,795,732.30	164,726,678.58	144,174,626.84
Metro screen door products	73,033,038.97	60,500,363.01	57,811,725.18	52,795,970.50
LED products	8,418,672.13	18,194,927.16	30,626,074.34	29,151,238.81
Total	877,332,608.93	735,149,696.03	739,145,506.60	628,865,064.85

(3) Main business turnover distribution on districts:

Name of districts	Occurred this term	Occurred last year
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	Turnover	Operation cost	Turnover	Operation cost
Domestic	809,661,362.10	688,106,790.14	623,352,641.68	544,137,671.89
Overseas	67,671,246.83	47,042,905.89	115,792,864.92	84,727,392.96
Total	877,332,608.93	735,149,696.03	739,145,506.60	628,865,064.85

(5) Turnover from top five clients

Name of clients	Occurred this term	Portion in total turnover
No.1	112,280,793.63	12.30%
No.2	80,510,310.80	8.82%
No.3	64,053,384.49	7.02%
No.4	62,978,520.27	6.90%
No.5	33,973,902.33	3.72%
Total	353,796,911.52	38.75%

(34) Contract project turnover

Contract projects take over 10% of the annual turnover are:

Project	Total amount	Accumulated costs occurred	Accumulated gross profit recognized ("-" for loss)	Amount settled	Predicted loss	Cause for predicted loss
Hangzhou City Xinyu	174,286,387.00	134,610,371.07	10,847,193.99	101,820,295.54		
Total	174,286,387.00	134,610,371.07	10,847,193.99	101,820,295.54		

(35) Business tax and surcharge

Type of taxes	Occurred this term	Occurred last year	Rate
Business tax	17,341,641.37	15,826,199.11	See Note III - 1
City maintenance and construction tax	1,148,586.07	1,127,028.26	See Note III - 1
Property tax	1,601,389.12	1,601,389.12	See Note III-3
Land using tax	181,796.43	204,311.75	
Education surtax	721,570.92	591,462.72	See Note III - 1
Others	2,062,206.33	871,744.09	
Total	23,057,190.24	20,222,135.05	

(36) Financial expenses

Items	Occurred this term	Occurred last year
Interest expenses	21,086,476.18	27,792,420.24
Less: Interest income	4,594,961.42	2,257,690.09
Plus: Exchange losses	379,520.78	2,095,751.59
Less: Exchange gains	67,471.93	794,532.09

Filing fees and other	1,210,364.48	1,348,249.77
Total	18,013,928.09	28,184,199.42

(37) Income from change of fair value

Source of income from fluctuation of fair value	Occurred this term	Occurred last year
Investment property measured at fair value	6,322,964.35	-4,935,520.24
Total	6,322,964.35	-4,935,520.24

(38) Investment income

(1) Investment income by resources:

Sources of investment gains	Occurred this term	Occurred last year
Gains from long-term equity investment		664,589.33
Long-term equity investment gains on equity basis	-9,643.24	6,859.69
Investment gains from disposal of transactional financial assets		320,869.49
Investment gains from disposal of disposable financial assets	16,614,079.31	31,843,034.44
Other investment income	308,534.09	76,838.79
Total	16,912,970.16	32,912,191.74

(2) Long-term equity investment income on equity basis:

Name of the Companies	Occurred this term	Occurred last year	Cause of change over last year
Nanchang Fangda Property Co., Ltd.	-9,643.24	6,859.69	By change of gain/loss of the company
Total	-9,643.24	6,859.69	

(39) Asset impairment loss

Items	Occurred this term	Occurred last year
Bad debt losses	10,457,061.95	8,565,255.55
Inventory impairment losses	49,607.17	2,271,336.99
Total	10,506,669.12	10,836,592.54

(40) Non-operational income

Items	Occurred this term	Occurred last year
Total of gains from disposal of non-current assets	3,424.39	418,025.55
Incl. Gains from disposal of fixed assets	3,424.39	418,025.55

Items	Occurred this term	Occurred last year
Gains from debt reorganization		31,657.09
Gains from governmental subsidy (Note 1)	5,359,369.24	3,417,346.29
Penalty income	550,943.75	109,983.91
VAT offset and transferred in	67,819.85	24,612.93
Income from penalties	133,837.58	190,131.66
Payable account not able to be paid	888,604.108	305,573.08
Other (Note 2)	1,177,499.86	635,495.58
Total	8,181,048.77	5,132,826.09

Note 1: Details of gains from government subsidies:

Items	Occurred this term	Occurred last year
Economic development special subsidy	1,256,000.00	
Lighting demonstrative project	398,303.18	
Sealing technical reforming project	747,000.00	
Guangzhou Metro demonstration project	1,230,196.82	
Tube light controlling system designing and manufacturing technologies	100,000.00	
863 projects	1,015,379.24	
Subsidies for exported technologies	200,000.00	
VAT returned		192,038.00
Interest subsidies		2,142,800.00
Others	412,490.00	1,082,508.29
Total	5,359,369.24	3,417,346.29

(41)Non-operational expenditure

Items	Occurred this term	Occurred last year
Total of loss from disposal of non-current assets	773,922.72	337,589.95
Incl. Loss from disposal of fixed assets	773,922.72	337,589.95
Loss from debt reorganizing (Note 1)	1,835,416.43	3,404,481.61
Donations	1,000.00	1,293,000.00
Penalties paid	156,057.74	624,429.13
Penalties for breach of faith		733,610.83
VAT income transferred out	1,743.59	29,649.03
Other (Note 2)	3,494,131.60	1,860,599.17
Total	6,262,272.08	8,283,359.72

Note 1: For details about debt reorganizing please see Note X (I).

Note 2: Other details are mainly losses of RMB3,061,210.46 from clearing of receivable accounts.

(42)Income tax expenses

Composition of income tax expenses this year:

Items	Occurred this term	Occurred last year
Income tax calculated according to the law and regulations of current term	3,846,203.27	4,909,789.00
Adjustment of differed income tax	4,325,186.89	-7,820,224.24
Total	8,171,390.16	-2,910,435.24

(43)Calculation formula of basic earnings per share and diluted earnings per share

According to “Information Disclosure Rules No.9 – Calculation and disclosure of net earnings on asset and earnings per share” (中国证券监督管理委员会公告 [2010]2 号) and “Explanation Announcement of Information Disclosure No. 1 – Non-recurring gain/loss” (中国证券监督管理委员会公告[2008]43 号), the earnings per share is calculated as the following:

7. Calculation outcome

Profit of the report period	Current Year		Previous Year	
	Basic earnings per share	Diluted gains per share	Basic earnings per share	Diluted gains per share
Net profit attributable to common share holders of the Company (I)	0.10	0.10	0.05	0.05
Net profit attributable to common share holders of the Company after deducting of non-recurring gain/loss (II)	0.05	0.05	0.01	0.01

8. Formula of earnings per share

Items	No.	Current Year	Previous Year
Net profit attributable to common shareholders of the Company	1	44,052,511.46	23,260,881.91
Non-recurring gain/loss attributable to the net profit of common shareholders of the parent company after deducting of income tax influences	2	22,747,595.38	20,869,854.10
Net profit attributable to common shareholders of the Company after deducting of non-recurring gain/loss	3=1-2	21,304,916.08	2,391,027.81
Total of shares at beginning of year	4	426,786,359	387,987,600
Amount of shares increased by capitalizing of common reserves or share dividend	5		38,798,759
Amount of shares increased by issuing of new shares or transforming of debt to shares	6		

Items	No.	Current Year	Previous Year
	6		
Number of months from the next month of new share issuing or converting of debt to shares to the end of report term	7		
	7		
	7		
Amount of shares decreased by repurchasing of shares in the report term	8		
Number of months from the next month of share decreasing to the end of report term	9		
Amount of shares reduced	10		
Number of months in the report term	11	12	12
Weighted average of common shares issued outside (I)	$12=4+5+6 \times 7 \div 11-8 \times 9 \div 11-10$	426,786,359	426,786,359
Weighted average of common shares issued outside adjusted for merger under common control (II)	13	426,786,359	426,786,359
Basic earning per share (I)	$14=1 \div 12$	0.10	0.05
Basic earning per share (II)	$15=3 \div 13$	0.05	0.01
Diluting potential common share interests recognized as expenses	16		
Income tax rate	17	20%	18%
Transformation fees	18		
Amount of shares increased by transforming or exercising of company bond, subscription certificate, or share option	19		
Diluted earning per share (I)	$120=[1+(16-18) \times (1-17)] \div (12+19)$	0.10	0.05
Diluted earning per share (II)	$21=[3+(16-18) \times (1-17)] \div (13+19)$	0.05	0.01

9. None of the amounts of common shares issued outside or potential common shares has greatly changed during the balance sheet date to this report is approved, no potential common shares with potential dilution.

(44) Other misc incomes

Items	Occurred this term	Occurred last year
1. Gains (losses) from sellable financial assets	3,911,229.29	-24,014,500.00
Less: Income tax influence of sellable financial assets	905,676.83	-5,468,093.91
Net amount written into other gains and transferred into gain/loss in previous terms	5,697,539.05	28,735,125.72
Sub-total	-2,691,986.59	-47,281,531.81
2. Shares in other gains of investees on equity basis		
Less: Income tax influence of shares in other gains of investees on equity basis		
Net amount written into other gains and transferred into gain/loss in previous terms		
Sub-total	-	
3. Amount of gains (or losses) from cash flow hedge instrument	3,315,075.00	
Less: Income tax influence of cash flow hedge instruments	469,908.25	
Net amount written into other gains and transferred into gain/loss in previous terms		
Adjusted amount transferred to initial amount of the target project		
Subtotal	2,845,166.75	
4. Difference from translating of foreign currency financial statements		
Less: Net amount of disposing overseas business and transferred to current gain/loss		
Sub-total		
5. Others		1,108,815.63
Less: Income tax influence by other accounted into other misc. incomes		
Net amount accounted into other misc. income and transferred into current gain/loss in previous terms		
Sub-total	0.00	1,108,815.63
Total	153,180.16	-46,172,716.18

(45)Notes to the Cash Flow Statement**1. Other cash inflow related to operation**

Other cash received related to business operation was RMB57,852,314.68, in details:

Items	Amount of current year	Amount of Last Year
Interest income	4,234,428.78	2,257,690.09
Allowance income	4,815,490.00	8,437,346.29
Net amount of bank draft deposit retrieved	19,425,465.80	8,866,825.72
Bidding deposit retrieved	8,548,513.09	
Net amount of operational trade retrieved	11,654,335.35	14,175,656.89
Total	48,678,240.66	33,737,518.99

2. Other cash paid related to operation

Other cash paid related to business operation was RMB100,313,427.03, in details:

Items	Amount of current year	Amount of Last Year
Net amount of power and water supply fee	14,766,545.14	
Sales expense	17,038,393.80	17,524,185.63
Administrative expense	32,966,218.86	29,230,467.14
Bidding deposit paid	9,438,849.81	10,984,145.71
Total	74,210,007.61	57,738,798.48

3. Other cash received related to financing

Cash received in relation with financing activities was RMB66,867,872.77, in details:

Items	Amount of current year	Amount of Last Year
Due of notes of related parties, net amount of deposit retrieved	66,867,872.77	
Government subsidies in relation with assets received		500,000.00
Total	66,867,872.77	500,000.00

4. Other cash paid in relation to financing activities in details:

Other cash paid in relation with financing activities was RMB987,419.79, in details:

Items	Amount of current year	Amount of Last Year
Payment of share placing fee	987,419.79	
Net amount of deposit for related notes paid		53,040,138.67
Total	987,419.79	53,040,138.67

(46) Appendix of Cash Flow Statement

1. Net profit adjusted to cash flow of business operation

Supplementary Info.	Amount of current year	Amount of Last Year
1. Net profit adjusted to cash flow of operation:		
Net profit	36,936,912.13	19,222,508.50
Plus: Asset impairment provision	10,506,669.12	10,836,592.54
Fixed asset depreciation, gas and petrol depreciation, production goods depreciation	19,991,862.49	23,822,691.18
Amortizing of intangible assets	3,376,819.25	2,550,891.47
Amortizing of long-term expenses	-	-
Loss from disposal of fixed assets, intangible assets, and other long-term assets ("-" for gains)	608,551.54	-266,818.42
Loss from fixed asset discard ("-" for gains)	161,946.79	186,382.82
Loss from fluctuation of fair value ("-" for gains)	-6,322,964.35	4,935,520.24
Financial expenses ("-" for gains)	21,415,812.21	29,093,639.74
Investment loss ("-" for gains)	-16,912,970.16	-32,912,191.74

Supplementary Info.	Amount of current year	Amount of Last Year
Decrease of deferred income tax asset (“-“ for increase)	-16,246,027.90	-7,986,680.91
Increase deferred income tax asset (“-“ for decrease)	19,765,983.95	-10,008,097.86
Decrease of inventory (“-“ for increase)	-49,633,700.89	-52,681,776.26
Decrease of operational receivable items (“-“ for increase)	-4,313,241.81	28,242,689.49
Increase of operational payable items (“-“ for decrease)	9,741,131.03	-808,441.33
Others	17,622,132.52	8,866,825.72
Cash flow generated by business operation, net	46,698,915.92	23,093,735.18
2. Major investment and financing activities not involving in cash flow		
Liabilities converted to capital		
Convertible bond expire in 1 year		
Fixed assets leased through financing		
3. Change of cash and cash equivalents		
Balance of cash at end of year	210,823,550.83	112,333,106.38
Less: Balance of cash at beginning of year	112,333,106.38	116,475,712.69
Plus: Balance of cash equivalents at end of term		
Less: Balance of cash equivalents at beginning of term		
Net increasing of cash and cash equivalents	98,490,444.45	-4,142,606.31

(2) Cash and cash equivalents

Items	Amount of current year	Amount of Last Year
I. Cash	210,823,550.83	112,333,106.38
Incl: Cash in stock	23,012.45	68,994.69
Bank savings could be used at any time	210,800,525.43	112,264,098.74
Other monetary capital could be used at any time	12.95	12.95
Usable money in Central Bank		
Money saved in associated financial bodies		
Money from associated financial bodies		
II. Cash equivalents		
Incl. Bond investment due in 3 months		
III. Balance of cash and cash equivalents at end of year	210,823,550.83	112,333,106.38
IV. Cash and cash equivalents of subsidiaries within the parent company or group under constrains		

VI. Related parties and transactions

(XXIX) Relationship**(一) Main related parties of the Company**

Name of the parties	Ownership type	Reg. Add.	Legal representative	Business property	Registered capital	Organization code	Shares of the Company held by parent company	Voting rights of the parent company
Shenzhen Banglin Technologies Development Co., Ltd.	Private limited company	Shenzhen	Chen Jinwu	Industrial investment	3,000.00	72984005-5	10.04%	10.04%
Shenzhen Shilihe Investment Co., Ltd.	Ltd. liability	Shenzhen	Wang Shengguo	Industrial investment	1,978.0992	72984450-7	4.43%	4.43%
Hong Kong Onforce International Co., Ltd.		HK		Industrial investment	N/A		3.75%	3.75%

(二) Particulars of the subsidiaries

Please see Note IV.

(三) Affiliates

Name of the parties	Relation with the Company	Organization code
Nanchang Fangda Property Co., Ltd.	Affiliate of the fully-owned subsidiary	66203343-4

(XXX) Related party transactions

Guarantees among the related parties

Guarantee provider	Guarantee receiver	Amount guaranteed	Start date	Due date	Completed or not
Fangda Decoration, Fangda Automatic, Fangda New Material	The Company	210,000,000.00	April 1, 2009	March 31, 2010	No
The Company	Fangda New Material	40,000,000.00	September 28, 2009	September 27, 2010	No
		10,000,000.00	January 9, 2009	January 8, 2010	No
		50,000,000.00	Jun 30, 2009	July 29, 2010	No
		30,000,000.00	July 17, 2009	August 3, 2010	No
The Company	Fangda Decoration	30,000,000.00	February 13, 2009	February 13, 2010	No

(XXXI) Balance of trade with related parties

Name of the parties	Subject	Book balance at end of year		Book balance at beginning of year	
		Amount	Proportion	Amount	Proportion
Nanchang Fangda Property Co., Ltd.	Other account payable	3,000,000.00	10.32%	3,000,000.00	14.33%

VII. Contingent issues

1. Major unsettled lawsuits

Plaintiff	The defender	Case description	The court	Target amount	Progress
Fangda Guoke	Hainan Tianyi International Building Co., Ltd.	project payment lawsuit	Haikou Longhua People's Court	RMB2,450,811.54 and interest	Under trial

On December 17, 2009, Fangda Guoke appealed to Haikou Longhua People's Court against Hainan Tianyi International Building Co., Ltd. for the overdue payment of LED system of Hainan Tianyi International Building. The claim was RMB2,450,811.54 of overdue payment and relative interests. The case was under trial up to December 31, 2009.

2. Major lawsuits settled but not executed completely

(1) On January 13, 2002, Shenzhen Fangda Decoration Engineering Co., Ltd. (Fangda Decoration) appealed to Dalian Arbitration Committee against Dalian Hongjin World Trade Center for the outstanding payment of RMB22,112,004.30 and interests.

On July 28, 2008, Dalian Arbitration Committee judged with [2002]大仲字第 228 号 that Dalian Hongjin World Trade Center Co., Ltd. shall pay RMB19,194,665.60 and interest to Fangda Decoration in 10 days. (In which interest of RMB17,414,863.00 will be charged since December 1, 2001; interest of RMB1,779,802.60 will be charged since December 1, 2002.)

As of December 31, 2009, the Company has not received any payment from Dalian Hongjin World Trade Center Co., Ltd. Fangda Decoration has filed to the court for enforcement. The court has frozen the property under its possession with value of RMB25 million.

(2) On November 24, 2004, Shanxi Taiyuan Middle Court issued the Civil Judgment (2004) 并民初字第 322 号 that Shanxi No.2 Construction Co., Ltd. and Shanxi Taiyuan Police Station should make the payment of RMB11,506,930.98 to Fangda Decoration in two disbursement.

As of December 31, 2009, Fangda Decoration has received RMB5,272,450.00, but the rest has not been received yet.

(3) On May 10, 2002, Shenzhen Middle Court issued the Civil Settlement Letter (2002) 深中法经一初字第 170 号 by which required Shenzhen Department Store Co., Ltd. to pay RMB7,866,847.00 to Fangda Decoration before April 30, 2003. If the payment was paid on time and in full amount, Fangda

Decoration will waive the right to claim for the interest, otherwise Fangda Decoration will claim for the interests related to the above overdue payment.

As of December 31, 2009, Fangda Decoration has retrieved RMB4,675,769.64 (including RMB3,853,158.00 compensated by Room 517 and 518 of Shenzhen Department Store Building, but the property has not officially transferred yet.), the rest payment has not been received yet.

(4) On January 2, 2003, Guangzhou Middle Court issued the Civil Settlement Letter (2002)穗中法民三初字第 00596 号 requiring Guangzhou Yi'an Plaza Property Development Co., Ltd. to pay RMB5,621,329.63 to Fangda Decoration in 15 days. As of December 31, 2009, Fangda Decoration has received RMB1,950,000.00, and the rest of payment has not been received yet.

(5) On March 25, 2002, Guangdong Zhongshan Middle Court issued the Civil Judgment (2001)中经初字第 140 号 requiring Zhongshan Jianlian Property Co., Ltd. to pay RMB5,569,420.54 of principal and RMB220,000.00 of interest to Fangda Decoration. As of December 31, 2009, Fangda Decoration has received RMB3,717,577.00, and the rest of payment has not been received yet.

3. Contingent liabilities formed by providing of guarantee to other parties and financial influences

As of December 31, 2009, all of the external guarantees were provided to subsidiaries. For details please see Note VI (II).

As of December 31, 2009, no other major contingent issues other than the above to be disclosed.

4. Issuing of guarantee letters and L/Cs

Provider of the guarantees	Unsettled guarantee letter amount	Unsettled L/C amount (USD)
The Company	10,209,628.10	
Fangda Decoration	43,152,521.40	
Fangda Automatic	135,470,990.74	372,136.00
Fangda Guoke	200,000.00	
Fangda Yide Co.	750,000.00	
Fangda New Material	124,051.49	
Total	189,907,191.73	372,136.00

As of December 31, 2009, no other major contingent issues other than the above to be disclosed.

VIII. Significant commitments

(XXXII) Significant commitments

1. Pledging of the Company's own property for bank loans are demonstrated in Note V.
2. Details of guarantees provided between the Company and its subsidiaries for bank credits are:

(1) As of December 31, 2009, the guarantees provided by the Company to the subsidiaries for bank credits:

Name of companies	Amount	Note
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Fangda New Material	150,000,000.00	Practical situations are demonstrated in Note VI (II)
Fangda Decoration	290,000,000.00	
Fangda Automatic	60,000,000.00	
Total	500,000,000.00	

(2) As of December 31, 2009, the guarantees provided by the subsidiaries to the Company for bank credits:

Name of companies	Amount	Note
Fangda Decoration, Fangda Automatic, Fangda New Material	212,300,000.00	Practical situations are demonstrated in Note VI (II)
Total	212,300,000.00	

(XXXIII) Fulfilling of commitments made in previous terms

Commitments made by the Company in previous terms were exercised normally along with repaying of loans by the receiver of guarantees.

As of December 31, 2009, no other major commitment issues other than the above to be disclosed.

IX. Post-balance-sheet issues

Statement on post-balance-sheet issues

1. Fangda Aluminum Co. – the subsidiary of the Company, entered the “Agreement on land using right retrieving from Jiangxi Fangda New Type Aluminum Material Co., Ltd.” with Nanchang High-tech Zone Administrative Committee on January 18, 2010. According to the agreement, Nanchang High-tech Zone Administrative Committee will retrieve the using right of land located to the north of Huoju Street and east of Jianchang Industrial Garden in Nanchang City. The land was 26.14 mu which was planned for industrial use. The land was changed for commercial use and open for bidding by Nanchang High-tech Zone Administrative Committee according to the law. As decided by both of the parties, the compensation will be RMB30.6043 million including land compensation of rMB7.5515 million and moving compensation of RMB23.0528 million.

2. According to the “Resolution on shutting down Jiangxi Fangda New Type Aluminum Co., Ltd.” adopted at the 13th meeting of the 5th term of Board held on January 19, 2010. The Company has decided to shut down the company to further concentrate on core businesses.

Statement on profit distribution in post-balance-sheet day

The 15th meeting of the 5th term of Board was held on February 25, 2010. The proposal of profit distribution and capitalization of common reserves of year 2009 was approved at the meeting. According to the resolutions of the 15th meeting of the 5th term of Board, the Company has realized net profit attributable to the owners of the parent company of RMB44,052,511.46 in year 2009. As of the end of report term, the consolidated retained profit attributable to the parent company was RMB102,526,565.06. The parent company has realized the net profit of RMB69,714,834.00, surplus reserves was provided at

RMB6,971,483.40, and the retained profit at the end of report term was RMB130,233,472.40. No profit distribution will be carried out for 2009 and all of the profits will be reserved for business expanding in 2010.

The Company plans to capitalize the capital common reserves to the whole shareholders, 0.7 new share will be added upon each 10 shares. The capital shares of the Company will become 456,661,404 after the capitalization.

Statement on other post-balance-sheet date issues

No other post-balance-sheet issues other than the above to be disclosed up to February 10, 2010.

X. Other significant issues

(XXXIV) Debt reorganizing

On October 9, 2009, Fangda Decoration entered the “Memorandum of Tiandi Shareholding Construction Project” with Beijing Jiakuan Property Development Co., Ltd. According to the memorandum, Beijing Jiakuan will pay RMB1,327,049.97 of security deposit to Fangda Decoration before October 9, 2012.

Except for the above security deposit, both of the party will waive the rights to claim for any debts or credits regarding Tiandi Shareholding construction project. According to the memorandum, the total receivable account of RMB4,997,882.83 (bad debt provision of RMB2,498,941.42 has been provided) will be reduced to RMB1,327,049.97. The total loss from the debt reorganizing was RMB3,670,832.86, the bad debt provision written back was RMB1,835,416.43, and the difference of RMB1,835,416.43 was accounted into “non-business expenditures – debt reorganizing loss”.

(XXXV) Leases

Information about leases up to December 31, 2009:

Category of property for rent	Book balance at end of year	Book balance at beginning of year
Investment properties	259,497,678.80	261,734,400.32
Total	259,497,678.80	261,734,400.32

(XXXVI) Assets accounted at fair value

Items	Fair value at beginning of year	Change of fair value in the year	Accumulative change in fair value accounted into equities	Impairment provision provided this year	Fair value at end of year
I. Financial assets	14,068,500.00	16,614,079.31	9,581,430.88	-	10,835,520.42
1. Financial assets on fair value and changes accounted					

d into current gain/loss (Derivate financial assets excluded)					
2. Derivate financial assets			3,315,075.00		3,315,075.00
3. Sellable financial assets	14,068,500.00	16,614,079.31	6,266,355.88		7,520,445.42
II. Investment property	261,734,400.32	6,322,964.35	1,108,815.63		259,497,678.80
III. Production biological assets					
IV. Others					
Total of assets	275,802,900.32	22,937,043.66	10,690,246.51		270,333,199.22

XI. Notes to the main items of the financial statements of the parent company

(I) Account receivable

(1) Account receivable is categorized as:

Categories	Book balance at end of year				
	Book value		Bad debt provision		Net amount
	Amount	Ratio (%)	Amount	Providing rate (%)	
Single receivable account with mass amount	10,117,310.57	88.67	1,011,731.06	10.00	9,105,579.51
No major amount individually but with great risk after combined with others with similar credit risk					
Other non-material receivables	1,293,252.64	11.33	38,797.58	3.00	1,254,455.06
Total	11,410,563.21	100.00	1,050,528.64	9.21	10,360,034.57
Categories	Book balance at beginning of year				
	Book value		Bad debt provision		Net amount
	Amount	Ratio (%)	Amount	Providing rate (%)	
Single receivable account with mass amount	14,701,775.02	70.31	441,053.25	3.00	14,260,721.77
No major amount individually but with great risk after combined with others with similar credit risk	5,460.38	0.03	2,730.19	50.00	2,730.19
Other non-material receivables	6,201,840.57	29.66	331,947.32	5.35	5,869,893.25
Total	20,909,075.97	100.00	775,730.76	3.71	20,133,345.21

Note: Receivable accounts have decreased by 45.43% which was caused by retrieving of payment from metro company.

(2) Receivable accounts on ages:

Age	Book balance at end of year			
	Amount	Ratio (%)	Bad debt provision	Net amount
within 1 year	1,293,252.64	11.33	38,797.58	1,254,455.06
1-2 yrs (included)	10,117,310.57	88.67	1,011,731.06	9,105,579.51
2-3 yrs (included)				
Over 3 yrs				
Total	11,410,563.21	100.00	1,050,528.64	10,360,034.57
Age	Book balance at beginning of year			
	Amount	Ratio (%)	Bad debt provision	Net amount
within 1 year	18,819,442.69	90.00	564,583.28	18,254,859.41
1-2 yrs (included)	2,084,172.90	9.97	208,417.29	1,875,755.61
2-3 yrs (included)				
Over 3 yrs	5,460.38	0.03	2,730.19	2,730.19
Total	20,909,075.97	100.00	775,730.76	20,133,345.21

(3) Bad debt provisions on receivables with minor amount but examined individually

Description of the receivable accounts	Book value at end of year	Bad debt provision	Rate	Reason
Guangzhou Metro Company	10,117,310.57	1,011,731.06	10.00%	provided according to ages
Total	10,117,310.57	1,011,731.06	10.00%	

(4) Large amount receivables at end of year:

Name of the companies	Relation with the Company	Balance at end of year	Age	Percentage in total receivables
Guangzhou Metro Company	Normal client	10,117,310.57	1-2 yrs	88.67%
Beijing Rail Transportation Construction & Administration Co., Ltd.	Normal client	158,000.00	within 1 year	1.38%
Total		10,275,310.57		90.05%

(5) As of December 31, 2009, no receivables due from shareholders with 5% or above shares of the Company.

(II) Other account receivable

(1) Other account receivable classified as the following:

Categories	Book balance at end of year				Net amount
	Book value		Bad debt provision		
	Amount	Ratio (%)	Amount	Providing rate (%)	

Other receivable with major individual amount	245,226,562.75	96.23			245,226,562.75
No major amount individually but with great risk after combined with others with similar credit risk	1,087,421.00	0.43	570,233.51	52.44	517,187.49
Other minor other receivables	8,509,385.81	3.34	51,475.33	0.60	8,457,910.48
Total	254,823,369.56	100.00	621,708.84	0.24	254,201,660.72
Categories	Book balance at beginning of year				
	Book value		Bad debt provision		Net amount
	Amount	Ratio (%)	Amount	Providing rate (%)	
Other receivable with major individual amount	194,968,762.40	97.15			194,968,762.40
No major amount individually but with great risk after combined with others with similar credit risk	1,085,421.00	0.54	569,233.50	52.44	516,187.50
Other minor other receivables	4,624,837.74	2.31	28,251.11	0.01	4,596,586.63
Total	200,679,021.14	100.00	597,484.61	0.30	200,081,536.53

(2) Other receivable accounts demonstrated by ages:

Age	Book balance at end of year			
	Amount	Ratio (%)	Bad debt provision	Net amount
within 1 year	219,689,235.09	86.21	49,463.05	219,639,772.04
1-2 yrs (included)	34,040,005.86	13.36		34,040,005.86
2-3 yrs (included)	6,707.61	0.00	2,012.28	4,695.33
Over 3 yrs	1,087,421.00	0.43	570,233.51	517,187.49
Total	254,823,369.56	100.00	621,708.84	254,201,660.72
Age	Book balance at beginning of year			
	Amount	Ratio (%)	Bad debt provision	Net amount
within 1 year	139,129,359.92	69.33	21,133.99	139,108,225.93
1-2 yrs (included)	60,462,240.22	30.13	6,517.12	60,455,723.10
2-3 yrs (included)	2,000.00	0.00	600.00	1,400.00
Over 3 yrs	1,085,421.00	0.54	569,233.50	516,187.50
Total	200,679,021.14	100.00	597,484.61	200,081,536.53

(3) Top 5 other receivable accounts at end of year:

Name of the companies	Specification	Relation with the Company	Book value at end of year	Age	Portion in total other receivable accounts (%)
Fangda Decoration	Trade subsidiary	with Controlled subsidiaries	112,683,224.59	within 1 year	44.22
Fangda Material	New Trade subsidiary	with Controlled subsidiaries	102,217,492.73	within 1 year	40.10

HK Junjia	Trade subsidiary with	Controlled subsidiaries	30,311,876.29	within 1 year	11.90
Fangda Guoke	Trade subsidiary with	Controlled subsidiaries	2,625,780.30	within 1 year	2.40
			3,484,947.27	1-2 yrs	
Shenzhen Changshou Pharmacy Co., Ltd.	Compensation for building	Trading company	984,375.00	Over 3 yrs	0.39
Total			252,307,696.18		99.01

(4) Receivable accounts due from related parties

Name of the companies	Relation with the Company	Book value at end of year	Portion in total other receivable accounts (%)
Fangda Decoration	Fully-owned subsidiary	112,683,224.59	44.22
Fangda New Material	Fully-owned	102,217,492.73	40.10
HK Junjia	Fully-owned	30,311,876.29	11.90
Fangda Guoke	Subsidiary of controlled subsidiary	6,110,727.57	2.40
Shenyang Fangda	Controlled subsidiaries	243,182.30	0.10
Total		251,566,503.48	98.72

(III) Long-term share equity investment

Long-term equity investment:

Company invested in	Calculating basis	Initial costs	Book balance at beginning of year	Changed this year ("-" for less)	Book balance at end of year
Fangda Decoration	Cost basis	95,000,000.00	95,000,000.00		95,000,000.00
Fangda Aluminium	Cost basis	19,800,000.00	9,675,176.75	-5,901,897.58	3,773,279.17
Fangda Yide Co.	Cost basis	19,907,760.00			
HK Junjia	Cost basis	10,600.00			
Fangda Automatic	Cost basis	45,000,000.00	45,000,000.00		45,000,000.00
Fangda New Material	Cost basis	74,496,600.00	74,496,600.00		74,496,600.00
Shenyang Fangda	Cost basis	109,560,000.00	108,852,073.85		108,852,073.85
Chongqing Fangda	Cost basis	2,310,645.90			
Tianjin Global Magnetic Card Co., Ltd.	Cost basis		400,000.00	-400,000.00	
Total		366,085,605.90	333,423,850.60	-6,301,897.58	327,121,953.02
Company invested in	Share proportion (%)	Voting rights (%)	Impairment provision	Impairment provision provided this year	Cash dividend this year
Fangda Decoration	95.00	95.00			60,800,000.00
Fangda Aluminium	99.00	99.00	16,026,720.83	5,901,897.58	
Fangda Yide Co.	75.00	75.00	19,907,760.00		
HK Junjia	100.00	100.00	10,600.00		
Fangda Automatic	90.00	90.00			

Fangda New Material	75.00	75.00			7,500,000.00
Shenyang Fangda	64.58	64.58			
Chongqing Fangda	25.00	25.00		-2,310,645.90	
Tianjin Global Magnetic Card Co., Ltd.					
Total			35,945,080.83	3,591,251.68	68,300,000.00

(IV) Operational turnover and costs

(1) Details of business turnover and costs:

Items	Occurred this term	Occurred last year
Turnover	37,582,118.68	89,911,233.96
Incl. Main business turnover	473,602.57	39,359,752.88
Other business income	37,108,516.11	50,551,481.08
Operation cost	10,017,888.78	50,661,721.06
Incl. Main business cost	310,399.18	41,505,057.73
Other business cost	9,707,489.60	9,156,663.33

(2) Main business turnover distribution on products:

Products or services	Occurred this term		Occurred last year	
	Turnover	Operation cost	Turnover	Operation cost
Metro screen door products	473,602.57	310,399.18	39,359,752.88	41,505,057.73
Rental	37,108,516.11	9,707,489.60	38,330,131.08	9,156,663.33
Others			12,221,350.00	
Total	37,582,118.68	10,017,888.78	89,911,233.96	50,661,721.06

(5) Turnover from top 5 clients:

Name of clients	Occurred this term	Portion in total turnover (%)
No.1	6,233,198.16	16.59
No.2	3,801,720.00	10.12
No.3	1,207,702.08	3.21
No.4	1,176,744.48	3.13
No.5	1,162,140.00	3.09
Total	13,581,504.72	36.14

(V) Investment income

(1) Investment income by resources:

Sources of investment gains	Occurred this term	Occurred last year
Long-term equity investment gains on cost basis	68,300,000.00	
Investment gains from disposal of long-term equity investment		664,589.33

Sources of investment gains	Occurred this term	Occurred last year
Other investment income		27,945.21
Total	68,300,000.00	692,534.54

(2) Long-term equity investment gains on cost basis:

Name of the Companies	Occurred this term	Occurred last year	Cause of change over last year
Fangda Decoration	60,800,000.00		Dividend of the year decided by the Board
Fangda New Material	7,500,000.00		Dividend of the year decided by the Board
Total	68,300,000.00		

(VI) Appendix of Cash Flow Statement

Supplementary Info.	Amount of current year	Amount of Last Year
1. Net profit adjusted to cash flow of operation:		
Net profit	69,714,834.00	-22,030,367.36
Plus: Asset impairment provision	6,200,919.69	29,709,897.90
Fixed asset depreciation, gas and petrol depreciation, production goods depreciation	1,821,119.35	1,814,694.18
Amortizing of intangible assets	546,417.74	544,118.71
Amortizing of long-term expenses		
Loss from disposal of fixed assets, intangible assets, and other long-term assets (“-“ for gains)	9,804.60	14,427.01
Loss from fixed asset discard (“-“ for gains)		46,582.87
Loss from fluctuation of fair value (“-“ for gains)	-6,011,864.35	5,270,459.24
Financial expenses (“-“ for gains)	6,355,757.16	4,927,185.02
Investment loss (“-“ for gains)	-68,300,000.00	-692,534.54
Decrease of deferred income tax asset (“-“ for increase)	-18,497,571.25	
Increase deferred income tax asset (“-“ for decrease)	20,604,295.57	
Decrease of inventory (“-“ for increase)		2,833,466.97
Decrease of operational receivable items (“-“ for increase)	3,670,654.65	45,182,655.90
Increase of operational payable items (“-“ for decrease)	15,077,269.69	-31,891,119.47
Others		161,824.97
Cash flow generated by business operation, net	31,191,636.85	35,891,291.40
2. Major investment and financing activities not involving in cash flow		
Liabilities converted to capital		
Convertible bond expire in 1 year		

Supplementary Info.	Amount of current year	Amount of Last Year
Fixed assets leased through financing		
3. Change of cash and cash equivalents		
Balance of cash at end of year	42,024,488.50	3,452,206.23
Less: Balance of cash at beginning of year	3,452,206.23	2,196,496.58
Plus: Balance of cash equivalents at end of term		
Less: Balance of cash equivalents at beginning of term		
Net increasing of cash and cash equivalents	38,572,282.27	1,255,709.65

XII. Supplementary Info.

(XXXVII) Details of non-recurring gain/loss of current term

According to document 公告[2008]43 号 issued by China Securities Regulatory Commission, the non-recurring gain/loss are as the followings:

Items	Occurred this term	Note
Gain/loss from disposal of non-working capital, including the neutralized part of the impairment provision provided already	-770,498.33	
Refunding and exemption of taxes in excess of authority or without official approval documents		
Government subsidies accounted into current income account (except for those government subsidies closely related to the Company's business, and received at national statutory standard and amount)	5,359,369.24	
Capital adoption fee collected from non-financial organizations and accounted into current gain/loss		
Gain/loss from differences between the cost of enterprise merger and the fair value of recognizable net asset of the invested entities		
Gain/loss from non-monetary assets		
Gain/loss from commissioned investment or assets		
Asset impairment provisions provided for force-majeur		
Gain/loss from debt reorganization	-1,835,416.43	
Enterprise reorganizing expenses, such as employee placement fee and integration fee		
Gain/loss from trade departing from fair value		
Current net gain/loss of subsidiaries under same control from beginning of term till date of consolidation		
Gain/loss generated by contingent liabilities without connection with main businesses		
Gain/loss from change of fair value of transactional 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	16,614,079.31	Investment gains from disposal of sellable financial assets

Items	Occurred this term	Note
Restoring of receivable account impairment provision tested individually		
Gain/loss from commissioned loans	308,534.09	Due gains from purchased bank investment instruments
Gain/loss from change of fair value of investment property measured at fair value in follow-up measurement	6,322,964.35	
Influence of one-time adjustment made on current gain/loss account according to the laws and regulations regarding tax and accounting		
Consigning fee received for consigned operation		
Other non-business income and expenditures other than the above	-834,677.79	
Other gain/loss items satisfying the definition of non-recurring gain/loss account		
Total of non-recurring gain/loss (influence on gross profit)	25,164,354.44	
Less: Influenced amount of income tax	1,389,222.90	
Net non-recurring gain/loss (influence on net profit)	23,775,131.54	
Less: Influenced amount of minor shareholders' equity	1,027,536.16	
Non-recurring gain/loss attributable to net profit of common shareholders of the parent company	22,747,595.38	
Net profit attributable to common share holders of the Company after deducting of non-recurring gain/loss	21,304,916.08	

(XXXVIII) Net income on asset and earnings per share

According to “Information Disclosure Rules No.9 – Calculation and disclosure of net earnings on asset and earnings per share” (中国证券监督管理委员会公告[2010]2号) and “Explanation Announcement of Information Disclosure No. 1 – Non-recurring gain/loss” (中国证券监督管理委员会公告[2008]43号), the earnings per share is calculated as the following:

Profit of the report period	Current Year		
	Net income on asset, weighted	Earnings per share	
		Basic earnings per share	Diluted gains per share
Net profit attributable to common shareholders of the Company	7.43%	0.10	0.10
Net profit attributable to the common owners of the PLC after deducting of non-recurring gains/losses	3.60%	0.05	0.05

Profit of the report period	Previous Year		
	Net income on asset, weighted	Earnings per share	
		Basic earnings per share	Diluted gains per share

Net profit attributable to common shareholders of the Company	4.12%	0.05	0.05
Net profit attributable to the common owners of the PLC after deducting of non-recurring gains/losses	0.42%	0.01	0.01

XIII. Approval of the financial statements

This financial statement is approved by the Board on February 25, 2010

According to the Articles of Association, this Financial Statement is subject to the examination at the Shareholders' Meeting.

China Fangda Group Co., Ltd.

February 25, 2010