



**China Fangda Group Co., Ltd.**

**2013 Interim Report**

**Jul. 2013**

## I Important Statement, Table of Contents and Definitions

**The members of the Board and the Company guarantee that the interim report is free from any false information, misleading statement or material omission and are jointly and severally liable for the information's truthfulness, accuracy and integrity.**

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

**No cash or share dividend will be distributed, nor will any reserve capitalized by the Company.**

**Mr. Xiong Jianming, the Chairman of Board, Mr. Lin Kebin, the Chief Financial Officer, and Mr. Chen Yonggang, the manager of accounting department declare: the financial report carried in this report is authentic and completed.**

**Forward-looking statements involved in this report including future plans do not make any material promise to investors. Investors should pay attention to investment risks.**

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## Definitions

Terms	Defined as	Description
Fangda Group, company, the Company	Defined as	China Fangda Group Co., Ltd.
Articles of Association	Defined as	Articles of Association of China Fangda Group Co., Ltd.
Meeting of shareholders	Defined as	Meetings of shareholders of China Fangda Group Co., Ltd.
Board of Directors	Defined as	Board of Directors of China Fangda Group Co., Ltd.
Supervisory Committee	Defined as	Supervisory Committee of China Fangda Group Co., Ltd.
Banglin Co.	Defined as	Shenzhen Banglin Technologies Development Co., Ltd.
Shilihe Co.	Defined as	Shenzhen Shilihe Investment Co., Ltd.
Shengjiu Co.	Defined as	Shengjiu Investment Ltd.
Fangda Decoration	Defined as	Shenzhen Fangda Decoration Engineering Co., Ltd.
Fangda Automatic	Defined as	Shenzhen Fangda Automatic System Co., Ltd.
Jiangxi New Material	Defined as	Fangda New Materials (Jiangxi) Co., Ltd.
Shenyang Fangda	Defined as	Shenyang Fangda Semi-conductor Lighting Co., Ltd.
Fangda Guoke	Defined as	Shenzhen Fangda Guoke Optical & Electronics Co., Ltd.
Shenzhen Woke	Defined as	Shenzhen Woke Semi-conductor Lighting Co., Ltd.
Hong Kong Junjia	Defined as	Hong Kong Junjia Group Co., Ltd.
Fangda Aluminium	Defined as	Jiangxi Fangda New Type Aluminum Co., Ltd.

	defined as	
Fangda Yide Co.	Defined as	Shenzhen Fangda Yide New Material Co., Ltd.
Dongguan New Material	Defined as	Dongguan Fangda New Material Co., Ltd.
Kexunda Co.	Defined as	Shenzhen Kexunda Software Co., Ltd.
Fangda Property	Defined as	Shenzhen Fangda Property Development Co., Ltd.
Chengdu New Material	Defined as	Chengdu Fangda New Material Co., Ltd.
Shenyang Decoration	Defined as	Fangda Decoration Engineering (Shenyang) Co., Ltd.
CSRC	Defined as	China Securities Regulatory Commission
SZSE	Defined as	Shenzhen Stock Exchange
Sponsor, Zhongshan Securities	Defined as	Zhongshan Securities Co., Ltd.

## II Company Profile

### 1. Company Profile

Stock ID	Fangda Group, Fangda B	Stock code	000055, 200055
Modified stock ID (if any)	None		
Stock Exchange	Shenzhen Stock Exchange		
Chinese name	China Fangda Group Co., Ltd.		
Chinese abbreviation (if any)	Fangda Group		
English name (if any)	CHINA FANGDA GROUP CO., LTD.		
English abbreviation (if any)	CFGC		
Legal representative	Xiong Jianming		

### 2. Contacts and liaisons

	Secretary of the Board	Representative of Stock Affairs
Name	Zhou Zhigang	Guo Lingchen
Address	Fangda Town, Xili Longjing, Nanshan District, Shenzhen, PRC	Fangda Town, Xili Longjing, Nanshan District, Shenzhen, PRC
Tel.	86(755)26788571 ext. 6622	86(755)26788571 ext. 6622
Fax	86(755)26788353	86(755)26788353
Email	zqb@fangda.com	zqb@fangda.com

### 3. Other information

#### 1. Contact information

Whether the Company's registered address, office address and postal code, website or email has been changed during the report period

Applicable  Inapplicable

The Company's registered address, office address and postal code, website or email has remained unchanged during the report period. For details, please refer to the 2012 Annual Report.

#### 2. Information disclosure and inquiring

Whether the information disclosure and inquiry address has been changed during the report period

Applicable  Inapplicable

Please refer to the 2012 annual report for the newspapers and websites where the Company's information is

disclosed. The inquiry address of the interim report has remained unchanged during the report period.

### 3. Registration changes

Whether the registration has changed during the report period

Applicable  Inapplicable

Please refer to 2012 annual report for the Company's registration date and address, business license No., tax registration No. and organization registration code, which have remained unchanged during the report period.

### 4. Other information

Whether other information is changed during the report period

Applicable  Inapplicable

## III Financial Highlight

### 1. Financial Highlight

The Company retroactively adjusts or restates financial statistics of the previous years because of changes in account policies and correction of accounting errors.

Yes  No

	This report period	Same period last year	Year-on-year change (%)
Turnover (yuan)	736,828,039.88	529,289,597.80	39.21%
Net profit attributable to shareholders of the listed company (yuan)	39,361,593.42	12,643,297.40	211.32%
Net profit attributable to the shareholders of the listed company and after deducting of non-recurring gain/loss (RMB)	37,591,750.20	5,980,785.25	528.54%
Net cash flow generated by business operation (RMB)	1,089,862.59	-68,069,752.93	
Basic earnings per share (yuan/share)	0.05	0.02	150%
Diluted Earnings per share (yuan/share)	0.05	0.02	150%
Weighted average net income/asset ratio (%)	3.54%	1.17%	2.37%
	End of this report period	End of the same period last year	Year-on-year change (%)
Total asset (RMB)	2,482,878,735.44	2,327,802,889.51	6.66%
Net profit attributable to the shareholders of the listed company (RMB)	1,115,433,276.12	1,098,612,195.57	1.53%

## 2. Differences in accounting data under domestic and foreign accounting standards

### 1. Differences in net profits and assets in financial statements disclosed according to the international and Chinese account standards

In RMB

	Net profit attributable to the shareholders of the listed company		Net profit attributable to the shareholders of the listed company	
	Current period	Previous period	Closing amount	Opening amount
On Chinese accounting standards	39,361,593.42	12,643,297.40	1,115,433,276.12	1,098,612,195.57
Items and amounts adjusted according International Accounting Standards				
Capitalization of borrowing expenses	0.00	0.00	4,763,398.24	4,763,398.24
On international accounting standards	39,361,593.42	12,643,297.40	1,120,196,674.36	1,103,375,593.81

### 2. Differences in net profits and assets in financial statements disclosed according to the overseas and Chinese account standards

In RMB

	Net profit attributable to the shareholders of the listed company		Net profit attributable to the shareholders of the listed company	
	Current period	Previous period	Closing amount	Opening amount
On Chinese accounting standards	39,361,593.42	12,643,297.40	1,115,433,276.12	1,098,612,195.57
Items and amounts adjusted according to overseas accounting standards				

### 3. Explanation of the differences in accounting data under domestic and foreign accounting standards

Net assets attributable to the listed company's shareholders calculated according to the IAS is RMB4,763,398.24 higher than that calculated according to the domestic accounting standards, mainly attributable to the capitalization of borrow expenses before the domestic Enterprise Accounting Standard was implemented on January 1, 2007.

### 3. Accidental gain/loss item and amount

In RMB

Items	Amount	Notes
Non-current asset disposal gain/loss (including the write-off part for which assets impairment provision is made)	-25,647.65	



Subsidies accounted into the current income account (except the government subsidy closely related to the enterprise's business and based on unified national standard quota)	50,000.00	
Write-back of impairment provision of receivables for which impairment test is performed individually	250,000.00	
Other non-business income and expenditures other than the above	1,808,050.23	
Less: influenced amount of income tax	354,213.16	
Influenced amount of minority shareholders' equity (after-tax)	-41,653.80	
Total	1,769,843.22	--

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

Applicable  Inapplicable

## IV Board of Directors' Report

### 1. Summary

During the report period, the Chinese economic slowdown continues and the pressure on the economy is likely to increase. Subdued by the tightened money supply, the Company has adhered to its main business including the curtain wall and screen door based on independent innovation and has increased the market share thanks to its outstanding brand equity, technology and services. Increases in orders, projects, sales revenue and profit margin reflect the Company's strong growth in various areas. During the report period, the Company secured orders worth RMB1.578 billion, yielding operating revenue of RMB736,828,000, up 210% and 39.21% year-on-year respectively. The net profit attributable to owners of the parent soared 211.32% to RMB39,361,600 and the net profit after deducting of non-recurring gain/loss grew 528.54%, showing strong growth of the profitability of main businesses. By the end of the report period, the order reserve totals RMB2.048 billion, which accounts for 277.95% of the operating revenue of the first half of the year, bolstering the full year's business operating.

#### **1. Explosive increase in curtain wall system and material orders**

During the report period, the curtain wall system and material business, as main contributors of sales revenue and profits of the Company, have maintained strong growth momentum, with an explosive increase in orders from across the country. The Company has won bids in high-end low-carbon curtain wall projects including SOHO China Shanghai Bund project, Beijing Yanxi Lake International Club (Core Island) villa, landscape tower and hotel, Hebei Langfang Sheraton Hotel, Hebei Sanheyanjiao Seoul Town · Sweet Home Phase I, Nanjing Heixi General Hospital (Heixi Children Hospital), Fuzhou Rongqiao Riverbank Plaza, Fuzhou Huaban Building, Xiamen Anmei Optical-Electric R&D Building, Chengdu Huazhi Plaza residential buildings, Nanjing Jiangsu Bank Building, Guangzhou G.T. Land Holdings Zhujiang New Town D3-2 District, Shenzhen Electronics Group Hitachi Industry Zone Renovation project, Shenzhen Rainbow Headquarters Building, Shenzhen CITIC Bank Building, Shenzhen Vanke One City 1<sup>st</sup> District, Wuhan Wanda Central Cultural Zone J1 Hanxiu Theatre. In the first half of the year, new orders of the curtain wall system and materials totaled RMB1.488 billion, generating sales revenue of RMB671,324,100, up 176% and 42.24% year on year respectively.

Thanks to the outstanding technology, brand equity and services, Fangda curtain wall systems and material products have emerged as the leading high-end products in China, boosting the market demand. To meeting the expanding market demand, the Company has continued to improve the hardware facilities and boost the output capacity. During the report period, the Dongguan Songshanhu Production Base was put into operation. The curtain wall system and material business landscape has taken shape with Shenzhen as the headquarters, Dongguan Songshanhu as the production base in the south, Beijing in the north, Chengdu in the southwest, and Shanghai and Nanchang in the east. The production bases in Dongguan and Nanchang are the largest and most modern ones in China and the world. Currently, all the five production bases have been put into operation, boosting the Company's output capability and paving the way to increase the market share and elevate competitiveness. Given the Company's leading position in the curtain wall system and material industry, the curtain wall system and material business is likely to maintain the fast growth over the past few years.

During the report period, Fangda Decoration, a wholly-owned subsidiary specialized in curtain wall design and engineering, won the 2012 Guangdong Construction Engineering High Quality Prize and the title of

Guangdong Nationwide Well-known Brand. Jiangxi New Material, a wholly-owned subsidiary specialized in curtain wall material production, won the title of 2012 Leader Manufacturer and its product Fangda single aluminum plate 2.0/2.5/3.0 won the title of Jiangxi Well-Known Products.

## **2. Rail transport equipment business grasps opportunities to increase market shares**

As China's urbanization accelerates, the urban rail transport construction embraces a gold development opportunity. Riding the tide of massive rail transport construction, the Company has made remarkable headway in market development, further increasing its market shares. Thanks to the leading performance, stable quality, high reliability and pleasant outer appearance, the Company's products have gained wide favor from customers. This year, the Company's wholly-owned subsidiary Fangda Automation won bids in a serious screen door projects including Xi'an railway line No.3, Fuzhou railway line No.1, Nanchang railway line No.1, Shenzhen railway Longhua line (screen door renovation) and Hubei inter-city railway (Wuhan high-speed railway) project. Projects won by the subsidiary accounted for 60% of all the screen door projects in China, reflecting the Company's strong market position, brand equity and leading position in the domestic screen door industry. During the report period, revenue from sales of screen doors has grown 33.72% year on year. After more than a decade's innovation and development, screen doors developed by the Company with intellectual property rights have been widely used in more than 10 domestic cities including Beijing, Shenyang, Dalian, Tianjin, Shanghai, Nanjing, Fuzhou, Xi'an, Wuhan, Nanchang, Guangzhou, Dongguan and Shenzhen as well as developed cities in the Asia-Pacific region including Singapore, Hong Kong and Taipei. Currently, about 60% of metro cities have adopted Fangda's railway screen doors, which have grasped the largest share in the domestic screen door market. As the Chinese economy continues to grow and urbanization gathers steam, the country will further step up railway construction. Therefore, the growth momentum for the domestic railway screen door industry will remain strong and bolster the Company's screen door business.

## **3. Vigorously pace up the Fangda Town Renovation Project**

The Company's Fangda Town project lying in Shenzhen Nanshan Xili Longjing has been fitted into *2012 Shenzhen Urban Renewal Plan The First Projects* by Shenzhen Planning and Land Resources Committee and has been ratified by Shenzhen City Government. Currently, the plan has been reviewed on the 2013 10<sup>th</sup> technical session of the Shenzhen Urban Planning and Resources Commission and will be disclosed between June 25, 2013 and July 24, 2013. If the plan can be approved, the Company will implement it immediately, which will boost the company's value and bolster the Company's long-term development.

## **4. Play an active role in social charitable activities**

As an industry leader, the Company has continued playing an active role in social charitable activities and seeing donations as part of its social responsibilities. After the earthquake in Ya'an on April 20, the Company called on the staff to donate money for victims in the first place to help relieve the disaster. Employees of the Company in cities across China including Beijing, Shanghai, Chengdu, Shenyang, Nanchang and Dongguan donated nearly RMB270,000. In addition, the Company donated another RMB50,000 to the Jiangxi Anle Hope Primary School and RMB60,000 to Shenzhen Polytechnic to support students from poor families. The Company has also received titles including Active Company in Social Charity and Charitable Enterprise.

## **2. Main business analysis**

### Overview

During the report period, the operating revenue totals RMB737 million, up 39.21% year on year. The gross margin has remained on the same level as the previous year. Due to an increase in R&D investment, costs

climbed during the report period. Net cash flow from operating activities increases substantially from the previous year.

#### Year-on-year changes in major financial statistics

In RMB

	This report period	Same period last year	YOY change (%)	Cause of change
Turnover	736,828,039.88	529,289,597.80	39.21%	Large increase in orders
Operation cost	584,493,820.44	418,086,030.44	39.8%	Same growth with the revenue
Sales expense	17,614,987.09	15,164,029.76	16.16%	
Administrative expense	57,347,495.40	55,896,227.34	2.6%	
Financial expenses	12,213,522.40	11,361,459.25	7.5%	
Income tax expenses	7,795,908.42	7,907,457.04	-1.41%	
R&D investment	50,595,655.72	26,214,516.32	93.01%	Increased investment in research and development
Cash flow generated by business operation, net	1,089,862.59	-68,069,752.93		Increased effects paid to collect receivables
Cash flow generated by investment activities, net	-55,371,598.84	-45,288,558.55		
Net cash flow generated by financing	61,738,199.71	98,954,951.32	-37.61%	Cash dividends distributed during the report period
Net increasing of cash and cash equivalents	7,456,427.28	-14,395,656.89		Increase in net cash flow generated by business operation

#### Major changes in profit composition or sources during the report period

Applicable  Inapplicable

The profit composition or sources of the Company have remained largely unchanged during the report period.

Delay of future development and plan disclosed in the Company's IPO prospectus, fund raising prospectus and capital reorganization report into this report period

Applicable  Inapplicable

No future development and plan disclosed in the Company's IPO prospectus, fund raising prospectus and capital reorganization report is delayed into this report period.

#### Implementation of business plans disclosed in previous periods in this period

Based on the plan of becoming a leader in the curtain wall system and material industry, the Company has made remarkable headway in terms of sales turnover and order number. In this report period, new orders of the curtain wall system and materials totaled RMB1.488 billion, generating sales revenue of RMB671,324,100, up 176% and 42.24% year on year respectively. Projects won by the subsidiary accounted for 60% of all the subway screen door projects in China, reflecting the Company's strong market position, brand equity and leading position

in the domestic screen door industry. During the report period, the Dongguan Songshanhu Production Base was put into operation. The curtain wall system and material business landscape has taken shape with Shenzhen as the headquarters, Dongguan Songshanhu as the production base in the south, Beijing in the north, Chengdu in the southwest, and Shanghai and Nanchang in the east. The production bases in Dongguan and Nanchang are the largest and most modern ones in China and the world. Currently, all the five production bases have been put into operation, boosting the Company's output capability and paving the way to increase the market share and elevate competitiveness. During the report period, the plan has been reviewed on the 2013 10<sup>th</sup> technical session of the Shenzhen Urban Planning and Resources Commission and will be disclosed between June 25, 2013 and July 24, 2013. Currently, the Fangda Town Renovation Project has been implemented as planned.

### 3. Business composition

In RMB

	Turnover	Operation cost	Annual interest rate (%)	Year-on-year change in operating revenue (%)	Year-on-year change in operating costs (%)	Year-on-year change in gross profit rate (%)
<b>Industry</b>						
Metal production	671,324,125.17	549,199,043.56	18.19%	42.24%	44.57%	-1.32%
Railroad industry	45,126,972.67	29,541,447.74	34.54%	33.72%	10.51%	13.75%
<b>Product</b>						
Curtain wall system and materials	671,324,125.17	549,199,043.56	18.19%	42.24%	44.57%	-1.32%
Metro screen door	45,126,972.67	29,541,447.74	34.54%	33.72%	10.51%	13.75%
<b>District</b>						
Domestic sales	696,184,686.27	566,604,060.60	18.61%	41.19%	41.93%	-0.42%
Export revenue	20,281,451.94	12,160,812.70	40.04%	40.85%	15.37%	13.24%

## 5 Core Competitiveness Analysis

### (1) Curtain wall system and material

#### 1. Expertise and brand competitiveness

In response to the national call for energy saving and emission reduction, the Company has aggressively develop solar electric and optimal and energy-saving curtain walls, developing a series of domestic and global leading solar and energy-saving curtain wall products. The Company owns 314 curtain wall and material patents (including 20 invention patents) and one software copyright, ranking top among domestic peers. It has achieved many firsts in the industry and created incomparable brand equity, making it an optimal choice in the domestic high-end curtain wall and material market. Jiangxi New Material, a wholly-owned subsidiary specialized in curtain wall material production, and Fangda Decoration, a wholly-owned subsidiary specialized in engineering,

are both national hi-tech companies.

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

Amid the fierce market competition, the Company has focused on the high-end energy-saving curtain wall market and technical integration to improve high-end project quality. Moreover, it has focused resources on high-end curtain wall engineering and won several Luban awards, Zhan Tianyou Civil Engineering awards and Classic Construction for the 50<sup>th</sup> Anniversary of the Foundation of the People's Republic of China, High-Quality Construction, White Magnolia Prize and Customer Satisfactory Engineering and the title of "Top 50 Competitive Chinese Curtain Wall Provider". The Company has built a leading brand and created a clear edge in the high-end curtain wall market.

## **3. Well-developed industry base landscape**

Thanks to continued investment in facilities, the Company has established a national business landscape with Shenzhen as the headquarters, Dongguan Songshanhu as the base in the south, Beijing in the north, Chengdu in the southwest and Shanghai and Nanchang in the east. The Dongguan Songshanhu and Nanchang bases are the largest and most advanced curtain wall system and material production bases in China and across the world, fueling the Company to increase its market share and competitiveness.

### **(2) Rail transport equipment business**

#### **1. Technical advantage**

Through continued independent innovation, the Company has developed the global leading metro screen door system with full intellectual property right and broken the monopoly of overseas competitors. The Company has also compiled the *Rail Transport Station Screen Door Standard*, which is the first of its kind in China. The standard was approved in April 2006 and was implemented on March 1, 2007. As the first standard in the industry in China, the standard has played a key role in guiding the development of China's rail transport screen door industry and enabled the Company a dominant lead in the industry. Currently, the Company has 193 metro screen door patents, including 29 invention patents. The Company also has four computer software copyrights. Wholly-owned subsidiary Fangda Automation, which is specialized in screen door production, is a national hi-tech company.

#### **2. Brand equity and market share**

After more than a decade's innovation and development, screen doors developed by the Company have been widely used in more than 10 domestic cities including Beijing, Shenyang, Dalian, Tianjin, Shanghai, Nanjing, Fuzhou, Xi'an, Wuhan, Nanchang, Guangzhou, Dongguan and Shenzhen as well as developed cities in the Asia-Pacific region including Singapore, Hong Kong and Taipei. Currently, about 60% of metro cities have adopted Fangda's railway screen doors, which have grasped the largest share in the domestic screen door market, making the Company has the industry leader in terms of the market share, brand visibility, patent number, standard and maintenance services.

## V. Investment

### 1. External equity investment

(1) The Company has no external investment in the report period.

(2) The Company does not hold shares in financial enterprises in the report period.

(3) The Company does not invest in securities or hold any shares in other listed companies during the report period.

### 2. Trust wealth management, investment in derivatives and entrustment loan

#### (1) Trust wealth management

In RMB10,000

Trustee	Relationship	Related transaction	Product type	Amount	Start date	End date	Commission confirmation mode	Principal recovered during the period	Impairment provision (if any)	Estimated profit	Actual gain/loss during the period
Pingan Bank	Non-affiliated party	No	Breakeven and flexible return	2,000.00	June 27, 2013	August 27, 2013	Confirmed by investment return on assets after deducting costs	0	0	23	0
Total				2000,00	--	--	--	0	0	23	0
Source of trust wealth management capital				Self-capital							
Unrecovered overdue principal and return, accumulative				0							
Lawsuit (if applicable)				Inapplicable							

(2) The Company has no investment in derivatives in the report period.

(3) The Company has no entrustment loan in the report period.

### 3. Use of raised capital

#### (1) Overview

In RMB10,000

Total amount of the raised capital	33,658.69
Total raised capital invested in the report period	2,650.36
Total accumulative raised capital invested	29,705.72
Amount of adjusted raised capital	0
Accumulative amount of adjusted raised capital	6,000
Proportion of accumulative adjusted raised capital (%)	17.83%
Notes to use of raised capital	
By the end of the report period, the Company has strictly comply with the Instruction on Standard Operation of PLCs on the Main Board of Shenzhen Stock Exchange and provisions for use and management of raised capital of the Company to deposit and use the raised capital. Accumulate adjusted raised capital: the RMB60 million previously for the metro screen door production expansion project was transferred into the energy-saving curtain wall and optical-electric curtain wall production expansion project.	

## (2) Promised raised-capital-based projects

In RMB10,000

Project promised to be invested with the raised capital and investment of the excessive raised capital	If investment project is changed (including partial change)	Promised total investment of the raised capital	Adjusted total investment (1)	Investment in the report period	Accumulative investment by the end of the period (2)	Investment progress by the end of the period(%) (3)=(2)/(1)	Date when the project become useable as proposed	Profit realized in the period	Whether the estimate profit is realized	Any major change in the feasibility
Promised investment projects										
Energy-saving and PV curtain wall production expansion project	Yes	21,000	27,000	2,416.48	23,882.31	88.45%	June 30, 2013			No
2. PSD production expansion project	Yes	12,658.69	6,658.69	233.88	5,823.41	87.46%	December 31, 2012			No
Subtotal of promised investment projects	--	33,658.69	33,658.69	2,650.36	29,705.72	--	--		--	--
Investment of excessive raised capital										
Total	--	33,658.69	33,658.69	2,650.36	29,705.72	--	--	0	--	--
Reason or situation that not on schedule (on specific project)	The construction completion of the Dongguan Technology Zone is later than planned.									
Notes to major changes in project feasibility	None									



Amount, purpose and use of excessive raised capital	Inapplicable
Changes in implementation place of investment funded by raised capital	Applicable
	Occurred in previous years
	To improve the Company's industry landscape, simplify the Company's management and reduce management costs, the 24 <sup>th</sup> meeting of the 5 <sup>th</sup> term of the Board of the Company approved the proposal of changing the implementation place of the energy-saving and photo-electric curtain wall production expansion project and increasing the implementation entities and changed the implementation place to Dongguan, Guangdong.
Adjustment of the implementation way of investment funded by raised capital	Applicable
	Occurred in previous years
	On March 9, 2012, the 1 <sup>st</sup> provisional shareholders' meeting of the Company approved the adjustment proposal to put the RMB60 million for the metro screen door production expansion to the energy-saving and photo-electric curtain wall production expansion project.
Initial use of raised fund in projects and replacement	Applicable
	On September 30, 2010, it was decided to use the raised capital of RMB4,347,753.09 to replace the investment made previously by Fangda Automatic RMB1,403,503.00 and Fangda Decoration RMB2,944,250.09. This has been verified by CPA with the report Ascenda CPA (2010) Doc. No.020722.
Idle raised capital used as working capital	Applicable
	On March 28, 2011, payment of RMB20 million was made from idle proceeds to Fangda Decoration; and RMB10 million was made to Fangda Automatic. On August 19, 2011, the returned idle capital RMB30 million was transferred to raised capital account. On August 23, 2011, payment of RMB20 million was made from idle raised capital to Fangda Decoration; and RMB10 million was made to Fangda Automatic. On February 16, 2012, the returned idle capital RMB30 million into the raised capital account. On 22.02.12, payment of RMB20 million was made from idle proceeds to Fangda Decoration; and RMB10 million was made to Fangda Automatic. On 15.08.12, the returned idle capital RMB30 million was transferred to raised capital account. On August 17, 2012, payment of RMB20 million was made from idle raised capital to Fangda Decoration; and RMB10 million was made to Fangda Automatic. On February 4, 2013, the returned self-owned capital RMB30 million into the raised capital account. On February 25, 2013, payment of RMB22 million was made from idle raised capital to Fangda Decoration; and RMB8 million was made to Fangda Automatic. On July 15, 2013, the returned self-owned capital RMB30 million into the raised capital account.
Surplus of investment and cause	Applicable
	The project funded by the raised capital has completed with a raised fund balance of RMB27,437,151.69, including the interest of RMB8,740,707.32 on the raised fund. The balance is due to following reasons: 1. The Company has strictly implemented the multi-supplier purchase mode and project tendering mode, which helped effectively control the costs of construction and equipment purchase. 2. During the construction process, while ensuring the engineering quality, the Company has adhered to the principle of reducing unnecessary costs to enhance engineering cost control, monitoring and management, thus

	trimming off the total engineering costs. 3. Based on the leading technology and rich experience, existing production lines and equipment and resources, the Company continues to optimize the production process and save project investment.
Use plan of retained fund from financing	The balance of RMB27,437,151.69 is planned to be supplement to the working capital permanently except for the final installment of the construction fee and deposit.
Problem or situation in using of raised capital and disclosing	None

## (3) Altering of projects financed by raised capital

In RMB10,000

Altered project	Corresponding promised project	Total investment of raised capital in the altered project (1)	Actual investment in the report period	Accumulative actual investment by the end of the period (2)	Investment progress by the end of the period(%)=(2)/(1)	Date when the project become useable as proposed	Profit realized in the period	Whether the estimate profit is realized	Any major change in the feasibility after the alteration
Energy-saving and PV curtain wall production expansion project	Energy-saving and PV curtain wall production expansion project	27,000	2,416.48	23,882.31	88.45%	June 30, 2013			No
2. PSD production expansion project	2. PSD production expansion project	6,658.69	233.88	5,823.41	87.46%	December 31, 2012			No
Total	--	33,658.69	2,650.36	29,705.72	--	--	0	--	--
Alteration reason, decision-making process and information disclosure (by project)	The screen door project in Nanchang aimed to use a plant in Jiangxi new material industry zone as the production base. This can reduce the investment of RMB60 million for new plant, office and facilities. According to the resolution of the 24 <sup>th</sup> meeting of the 5 <sup>th</sup> term of the Board, the proposal of changing the implementation place of the energy-saving and photo-electric curtain wall production expansion project and increasing the implementation entities was approved to change the implementation place to Dongguan, Guangdong. As a new factory and part of the office and facilities must be built in Dongguan, the investment is forecast to increase to RMB75 million. Given the alteration of the two projects, the capital RMB 60 million for the screen door project will be transferred to the curtain wall project, while the insufficient part made up by the self-owned capital.								
Reason or situation that not on schedule (on specific project)	The construction completion of the Dongguan Technology Zone is later than planned.								

Notes to major changes in project feasibility after the alteration	None
--	------

#### 4. Analysis of major subsidiaries and joint-stock companies

Major subsidiaries and joint-stock companies

In RMB

Company	Type	Industry	Main products or services	Registered capital	Total assets	Net assets	Turnover	Operation profit	Net profit
Fangda Decoration	Subsidiary	Decorati on	Curtain wall system	310,000,000.00	1,631,892,426.53	459,921,126.12	602,023,979.65	30,994,648.92	27,153,675.62
Fangda Automatic	Subsidiary	Railroad industry	Metro screen door	105,000,000.00	270,569,657.32	195,446,590.20	47,738,105.01	6,096,576.06	5,053,069.94

5. The Company has no major project financed not by raised capital in the report period.

#### VI Performance Forecast for January to September 2013

Alert of loss or significant change in net profit from the beginning of year to the end of next report period or comparing with the same period of last year, and statement of causations.

Applicable  Inapplicable

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

Inapplicable

#### VIII Statement of the Board on Non-Standard Auditors’ Report” Issued in the Previous Year

Inapplicable

#### IX Implementation of Profit Distribution of the Company in the Report Period

Profit distribution plans implemented during the report period, especially cash dividend and reserve capitalization plans

Applicable  Inapplicable

The 2012 Profit Distribution Proposal was approved on the 19<sup>th</sup> meeting of the 6<sup>th</sup> session of the Board of Director held on March 21, 2013 and will be confirmed after being reviewed at the 2012 General Shareholders' Meeting held on April 18, 2013. A cash dividend of RMB0.30 (tax inclusive) will be paid on each ten shares to all shareholders on the basis of 756,909,905 shares with a total amount of RMB22,540,512.87. The planning, review and implementation procedure of the profit distribution complies with related laws and regulations and the

Company's Articles of Association. The profit distribution plan was implemented on June 13, 2013 (see the Announcement on Implementation of the 2012 Equity Distribution Plan 2012-13).

#### X The Company Has No Profit Distribution or Reserve Capitalization Plan in the Report Period

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

Time/date	Place	Way	Visitor	Visitor	Main content involved and materials provided
Between Jan. 1, 2013 and June 30, 2013	Off site reception	Telephone communication	Individual	Public investor	Business and future development

## V Significant Events

### I. General Information

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: 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, Rules of Bidding Invitation, Investor Reception and Promotion, New Subscription Internal Control, Hedge Operation Internal Control, CPA Selection and Employing, Accounting of Fair Value, Information Insider Registration, External Information User Administration, Finance and Accounting Responsibility Management, Rules of Related Transaction, External Investment Administration, and Internet Information Disclosure. 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.

By the end of the reporting period, the corporate governance complies with the Chinese laws and requirements regarding corporate governance of listed companies issued by CSRC.

The Company's corporate governance complies with the Company Law and related requirements of CSRC

II The Company has no major lawsuit or arbitration in the report period.

III The Company faces no public media questioning event during the report period.

IV The Company has no bankruptcy or reorganization event during the report period.

V The Company has no assets acquisition, sales or merger during the reporting period.

VI The Company has no incentive option scheme in the report period.

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

### VIII. Significant contracts and performance

#### 1. Asset entrusting, leasing, contracting

(1) No asset entrusting in the report period

(2) No contracting in the report period

(3) Leasing

#### Leasing

The Company leases investment real estates and obtained a lease income of RMB1,4213,900 million in the report period.

Projects that create gains accounting for over 10% of the Company's total profit in the report period

Applicable  Inapplicable

#### 2. Guarantee

In RMB10,000

External guarantees made by the Company (exclude those made for subsidiaries)								
Guarantee provided to	Date of disclosure	Guarantee amount	Actual date of occurring (signing date of agreements)	Actual amount of guarantee	Type of guarantee	Term	Completed or not	Related party or not
Total of external guarantee approved in the report term (A1)				Total of external guarantee actually occurred in the report term (A2)				0
Total of external guarantee approved as of end of report term (A3)				Total of external guarantee actually occurred as of end of report term (A4)				0
Guarantee provided to subsidiaries								

Guarantee provided to	Date of disclosure	Guarantee amount	Actual date of occurring (signing date of agreements)	Actual amount of guarantee	Type of guarantee	Term	Completed or not	Related party or not
Fangda Decoration	July 5, 2012	45,244.08	June 29, 2012	45,244.08	Joint liability	since engagement of contract to 2 years upon due of debt	No	No
Fangda Decoration	February 21, 2012	1,590.32	May 24, 2012	1,590.32	Joint liability	since engagement of contract to 2 years upon due of debt	No	No
Fangda Automatic	February 21, 2012	3,632.74	July 27, 2012	3,632.74	Joint liability	since engagement of contract to 2 years upon due of debt	No	No
Fangda Automatic	August 19, 2010	550.62	September 29, 2010	550.62	Joint liability	since engagement of contract to 2 years upon due of debt	No	No
Jiangxi New Material	March 23, 2013	7,080	April 10, 2013	1,897.77	Joint liability	since engagement of contract to 2 years upon due of debt	No	No
Jiangxi New Material	February 21, 2012	5,000	July 17, 2012	1,304	Joint liability			
Total of guarantee to subsidiaries approved in the report term (B1)			7,080	Total of guarantee to subsidiaries actually occurred in the report term (B2)				38,071.51
Total of guarantee to subsidiaries approved as of the report term (B3)			63,097.76	Total of balance of guarantee actually provided to the subsidiaries as of end of report term (B4)				54,219.54
Total of guarantee provided by the Company (total of the above two)								
Total of guarantee approved in the report term (A1+B1)			7,080	Total of guarantee occurred in the report term (A2+B2)				38,071.51

Total of guarantee approved as of end of report term (A3+B3)	63,097.76	Total of guarantee occurred as of the end of report term (A4+B4)	54,219.54
Percentage of the total guarantee occurred (A4+B4) on net asset of the Company (%)			48.61%
Including:			

The Company made no composite guarantee during the report period.

3. No other significant contract

4. No other significant transaction

IX Commitments of shareholders with over 5% of shares made in the report period or carried over from previous periods

X Engaging and dismissing of CPA

Whether the interim financial report is audited

Yes  No

XI The Company faces no penalty or correction notice during the report period

XII Other material events

(1) On June 1, 2013, the Company published the 2012 Equity Distribution Plan on *China Securities Journal*, *Shanghai Securities Daily*, *Securities Times* and *HKCD*.

(2) On June 25, 2013, the Company published the Announcement on the Latest Progress of the Fangda Town Renovation Project on *China Securities Journal*, *Shanghai Securities Daily*, *Securities Times* and *HKCD*.

## VI Changes in Share Capital and Shareholders

### 1. Changes in shares

	Before the change		Change (+,-)					After the change	
	Amount	Proportion (%)	Issued new shares	Bonus shares	Transferred from reserves	Others	Subtotal	Amount	Proportion (%)
I. Shares with trade restriction conditions	104,442	0.01%						104,442	0.01%
1. Management shares	104,442	0.01%						104,442	0.01%

II. Shares without trading limited conditions	756,805,463	99.99%						756,805,463	99.99%
1. Common shares in RMB	420,854,275	55.6%						420,854,275	55.6%
2. Foreign shares in domestic market	335,951,188	44.39%						335,951,188	44.39%
III. Total of capital shares	756,909,905	100%						756,909,905	100%

## Reasons for changes

Applicable  Inapplicable

## Approval of share changes

Applicable  Inapplicable

## Transfer of changed shares

Applicable  Inapplicable

Impacts of share changes on financial data including basic and diluted earning per share and net assets per share attributable to common shareholders in the recent year and period

Applicable  Inapplicable

Information the Company deems necessary or required by the security regulator to be disclosed

Applicable  Inapplicable

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

Applicable  Inapplicable

## 2. Shareholders and shareholding

In share

Number of shareholders by the end of the report period									62,994
Top 10 Shareholders									
Name of the shareholder	Properties of shareholder	Shareholding	Number of shares held at the end of the reporting period	Change in the reporting period	Conditional shares	Amount of shares without sales restriction	Pledging or freezing		
							Share status	Amount	
Shenzhen Banglin Technologies Development Co., Ltd.	Domestic non-state legal person	9.09%	68,774,273	No	0	68,774,273			
Liaoning Fangda Group Industry Co., Ltd.	Domestic non-state legal person	4.06%	30,765,226	No	0	30,765,226			



Shengjiu Investment Ltd.	Foreign legal person	2.82%	21,339,867	No	0	21,339,867		
Huang Jupei	Domestic natural person	2.64%	20,012,177	Increase	0	20,012,177		
Shenzhen Shilihe Investment Co., Ltd.	Domestic non-state legal person	2.36%	17,860,992	No	0	17,860,992		
Huatai Securities Co., Ltd.'s agreed repurchase account	Others	2.22%	16,800,000	No	0	16,800,000		
Everbright Securities Customer Credit Transaction Guarantee Securities Account	Domestic non-state legal person	1.71%	12,956,515	Increase	0	12,956,515		
He Yansong	Domestic natural person	0.64%	4,851,228	Increase	0	4,851,228		
Zhao Zuwen	Domestic natural person	0.59%	4,502,213	Increase	0	4,502,213		
Cao Yifan	Domestic natural person	0.41%	3,136,865	Decrease	0	3,136,865		
A strategic investor or ordinary legal person becomes the Top10 shareholder due a stock issue (See Note 3).	None							
Notes to top ten shareholder relationship or "action in concert"	Among the above-mentioned shareholders, Shenzhen Banglin Technology Development Co., Ltd. and Shengjiu Investment Co., Ltd. are parties action-in-concert. Shenzhen Banglin Technology Development Co., Ltd. and Shenzhen Shilihe Investment Co., Ltd. are related parties. The Company is not notified of other action-in-concert or related parties among the other holders of current shares.							
Top 10 holders of unconditional shares								
Name of the shareholder	Amount of shares without sales restriction at the end of the report period	Category of shares						
		Category of shares	Amount					
Shenzhen Banglin Technologies Development Co., Ltd.	68,774,273	RMB common shares	68,774,273					
Liaoning Fangda Group Industry Co., Ltd.	30,765,226	RMB common shares	30,765,226					
Shengjiu Investment Ltd.	21,339,867	Foreign shares listed in domestic exchanges	21,339,867					
Huang Jupei	20,012,177	RMB common shares	20,012,177					

Shenzhen Shilihe Investment Co., Ltd.	17,860,992	RMB common shares	17,860,992
Huatai Securities Co., Ltd.'s agreed repurchase account	16,800,000	RMB common shares	16,800,000
Everbright Securities Customer Credit Transaction Guarantee Securities Account	12,956,515	RMB common shares	12,956,515
He Yansong	4,851,228	RMB common shares	4,851,228
Zhao Zuwen	4,502,213	RMB common shares	4,502,213
Cao Yifan	3,136,865	Foreign shares listed in domestic exchanges	3,136,865
No action-in-concert or related parties among the top10 unconditional shareholders and between the top10 unconditional shareholders and the top10 shareholders	Among the top 10 shareholders, Shenzhen Banglin Technology Development Co., Ltd. and Shengjiu Investment Co., Ltd. are parties action-in-concert. Shenzhen Banglin Technology Development Co., Ltd. and Shenzhen Shilihe Investment Co., Ltd. are related parties. The Company is not notified of other action-in-concert or related parties among the other holders of current shares.		
Statement of shareholders participating in margin trade (if any) (See Note 4)	None		

Whether shareholders of the Company have conducted agreed repurchase transactions during the report period

Yes  No

At the end of the report period, Huatai Securities Co., Ltd.'s agreed repurchase account among the top 10 shareholders of the Company performed agreed repurchase initial transaction for shareholder Wang Shaolin, which involved 16,800,000 shares, accounting for 2.22% of all shares of the Company.

## 2. Change in controlling shareholder or substantial controller

Change in the controlling shareholder in the report period

Applicable  Inapplicable

Change in the substantial controller in the report period

Applicable  Inapplicable

## VII Particulars about the Directors, Supervisors and Senior Management

### 1. Changes in shareholding of Directors, Supervisors and Senior Management

Applicable  Inapplicable

The Company's Directors, supervisors and senior management shareholding has remained unchanged during the report period. For details, please refer to the 2012 annual report.

### 2. No Directors, supervisors or senior executives resigned or were dismissed during the report period

## VIII Financial Statements

### 1. Auditor's report

Audit of the interim report

Yes  No

The interim financial statements have not been audited.

### 2. Financial statements

Unit for statements in notes to financial statements: RMB yuan

#### 1. Consolidated Balance Sheet

Prepared by: China Fangda Group Co., Ltd.

In RMB

Items	Beginning balance	Ending balance
Current asset:		
Monetary capital	314,735,102.36	278,283,968.61
Settlement provision		
Outgoing call loan		
Transactional financial assets		
Notes receivable	5,976,417.51	7,638,780.88
Account receivable	870,702,460.22	774,890,805.30
Prepayment	25,525,968.19	22,006,159.22
Insurance receivable		
Reinsurance receivable		
Provisions of Reinsurance contracts receivable		
Interest receivable	20,583.33	72,833.33
Dividend receivable		
Other receivables	68,222,461.81	57,339,556.28
Repurchasing of financial assets		
Inventory	278,018,154.56	269,120,191.36
Non-current asset due in 1 year		
Other current asset		

Total of current asset	1,563,201,147.98	1,409,352,294.98
Non-current assets:		
Disburse of consigned loans		
Sellable financial assets		
Investment held until mature		
Long-term receivable		
Long-term share equity investment		
Investment real estate	258,348,280.65	258,405,762.09
Fixed assets	514,373,558.80	341,555,810.21
Construction in process	3,633,490.64	175,138,694.28
Engineering materials		
Disposal of fixed assets	1,676.00	
Productive biological assets		
Gas & petrol		
Intangible assets	100,643,079.78	102,380,382.21
R&D expense	159,850.00	67,700.00
Goodwill		
Long-term amortizable expenses	4,651,377.80	4,710,860.65
Deferred income tax assets	37,866,273.79	36,191,385.09
Other non-current assets		
Total of non-current assets	919,677,587.46	918,450,594.53
Total of assets	2,482,878,735.44	2,327,802,889.51
Current liabilities		
Short-term loans	271,970,000.00	181,970,000.00
Loans from Central Bank		
Deposit received and held for others		
Call loan received		
Transactional financial liabilities		
Notes payable	185,053,083.05	160,779,777.03
Account payable	389,426,010.42	411,846,031.72
Prepayment received	129,213,367.61	77,741,903.02
Selling of repurchased financial assets		
Fees and commissions payable		

Employees' wage payable	13,236,365.66	23,945,272.55
Taxes payable	33,693,825.27	33,686,577.98
Interest payable	8,523,431.51	1,954,557.27
Dividend payable		
Other payables	39,791,678.84	41,340,056.86
Reinsurance fee payable		
Insurance contract provision		
Entrusted trading of securities		
Entrusted selling of securities		
Non-current liabilities due in 1 year		
Other current liabilities	200,000,000.00	200,000,000.00
Total of current liabilities	1,270,907,762.36	1,133,264,176.43
Non-current liabilities:		
Long-term loans		
Bond payable		
Long-term payable	2,100.00	7,700.00
Special payables		
Anticipated liabilities		
Deferred income tax liabilities	36,652,619.76	36,210,286.40
Other non-current liabilities	2,000,000.00	
Total of non-current liabilities	38,654,719.76	36,217,986.40
Total liabilities	1,309,562,482.12	1,169,482,162.83
Owners' equity (or shareholders' equity)		
Capital paid in (or share capital)	756,909,905.00	756,909,905.00
Capital reserves	80,299,867.64	80,299,867.64
Less: Shares in stock		
Special reserves		
Surplus reserves	30,494,542.94	30,494,542.94
Common risk provisions		
Retained profit	247,728,960.54	230,907,879.99
Difference caused by translation of foreign currency statements		
Total of owner's equity belong to the	1,115,433,276.12	1,098,612,195.57

parent company		
Minor shareholders' equity	57,882,977.20	59,708,531.11
Total of owners' equity (or shareholders' equity)	1,173,316,253.32	1,158,320,726.68
Total of liability and owners' equity (or shareholders' equity)	2,482,878,735.44	2,327,802,889.51

Legal representative: Xiong Jianming CFO: Lin Kebing Accounting Manager: Chen Yonggang

## 2. Balance Sheet of the Parent Company

Prepared by: China Fangda Group Co., Ltd.

In RMB

Items	Beginning balance	Ending balance
<b>Current asset:</b>		
Monetary capital	97,846,203.00	25,790,604.84
Transactional financial assets		
Notes receivable		
Account receivable	5,157,141.38	5,157,141.38
Prepayment		20,271.85
Interest receivable		
Dividend receivable	39,356,000.00	39,356,000.00
Other receivables	379,204,083.28	512,298,790.52
Inventory		
Non-current asset due in 1 year		
Other current asset		
<b>Total of current asset</b>	<b>521,563,427.66</b>	<b>582,622,808.59</b>
<b>Non-current assets:</b>		
Sellable financial assets		
Investment held until mature		
Long-term receivable		
Long-term share equity investment	709,733,745.58	669,733,745.58
Investment real estate	254,766,256.33	254,766,256.33
Fixed assets	85,958,453.34	87,649,932.55
Construction in process	1,701,315.00	1,701,315.00
Engineering materials		

Disposal of fixed assets		
Productive biological assets		
Gas & petrol		
Intangible assets	9,066,594.42	9,352,376.54
R&D expense		
Goodwill		
Long-term amortizable expenses	62,893.07	75,471.70
Deferred income tax assets	11,781,107.49	12,333,214.12
Other non-current assets		
Total of non-current assets	1,073,070,365.23	1,035,612,311.82
Total of assets	1,594,633,792.89	1,618,235,120.41
Current liabilities		
Short-term loans	200,000,000.00	180,000,000.00
Transactional financial liabilities		
Notes payable		
Account payable	1,849,090.36	1,849,090.36
Prepayment received	693,045.60	753,108.70
Employees' wage payable	658,893.41	1,479,449.88
Taxes payable	1,773,217.39	826,456.83
Interest payable	8,406,764.84	1,954,557.27
Dividend payable		
Other payables	51,311,664.08	83,515,779.52
Non-current liabilities due in 1 year		
Other current liabilities	200,000,000.00	200,000,000.00
Total of current liabilities	464,692,675.68	470,378,442.56
Non-current liabilities:		
Long-term loans		
Bond payable		
Long-term payable		
Special payables		
Anticipated liabilities		
Deferred income tax liabilities	36,652,619.76	36,210,286.40
Other non-current liabilities		



Total of non-current liabilities	36,652,619.76	36,210,286.40
Total liabilities	501,345,295.44	506,588,728.96
Owners' equity (or shareholders' equity)		
Capital paid in (or share capital)	756,909,905.00	756,909,905.00
Capital reserves	39,799,212.26	39,799,212.26
Less: Shares in stock		
Special reserves		
Surplus reserves	30,494,542.94	30,494,542.94
Common risk provisions		
Retained profit	266,084,837.25	284,442,731.25
Difference caused by translation of foreign currency statements		
Total of owners' equity (or shareholders' equity)	1,093,288,497.45	1,111,646,391.45
Total of liability and owners' equity (or shareholders' equity)	1,594,633,792.89	1,618,235,120.41

Legal representative: Xiong Jianming    CFO: Lin Keping    Accounting Manager: Chen Yonggang

### 3. Consolidated Income Statement

Prepared by: China Fangda Group Co., Ltd.

In RMB

Items	Amount of the Current Term	Amount of the Previous Term
1. Total revenue	736,828,039.88	529,289,597.80
Incl. Business income	736,828,039.88	529,289,597.80
Interest income		
Insurance fee earned		
Fee and commission received		
2. Total business cost	693,328,494.53	528,136,264.96
Incl. Business cost	584,493,820.44	418,086,030.44
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	13,633,238.09	9,750,997.72
Sales expense	17,614,987.09	15,164,029.76
Administrative expense	57,347,495.40	55,896,227.34
Financial expenses	12,213,522.40	11,361,459.25
Asset impairment loss	8,025,431.11	17,877,520.45
Plus: gains from change of fair value ("-" for loss)		5,936,670.15
Investment gains ("-" for loss)		
Incl. Investment gains from affiliates and joint ventures		
Exchange gains ("-" for loss)		
3. Operational profit ("-" for loss)	43,499,545.35	7,090,002.99
Plus: non-operational income	2,504,701.74	3,154,994.50
Less: non-operational expenditure	672,299.16	420,305.21
Incl. Loss from disposal of non-current assets	169,723.53	134,421.19
4. Gross profit ("-" for loss)	45,331,947.93	9,824,692.28
Less: Income tax expenses	7,795,908.42	7,907,457.04
5. Net profit ("-" for net loss)	37,536,039.51	1,917,235.24
Including: Net profit realized by the entity taken over before the takeover		
Net profit attributable to the owners of parent company	39,361,593.42	12,643,297.40
Minor shareholders' equity	-1,825,553.91	-10,726,062.16
6. Earnings per share:	--	--
(1) Basic earnings per share	0.05	0.02
(2) Diluted earnings per share	0.05	0.02
7. Other misc. incomes		-2,668.37

8. Total of misc. incomes	37,536,039.51	1,914,566.87
Total of misc. incomes attributable to the owners of the parent company	39,361,593.42	12,640,629.03
Total misc gains attributable to the minor shareholders	-1,825,553.91	-10,726,062.16

Legal representative: Xiong Jianming CFO: Lin Keping Accounting Manager: Chen Yonggang

#### 4. Income Statement of the Parent Company

Prepared by: China Fangda Group Co., Ltd.

In RMB

Items	Amount of the Current Term	Amount of the Previous Term
1. Turnover	23,580,401.58	22,293,459.72
Less: Operation cost	4,742,190.07	4,730,478.42
Business tax and surcharge	1,829,817.82	1,801,110.33
Sales expense		-15,831.98
Administrative expense	10,381,634.49	9,113,577.56
Financial expenses	2,086,644.86	3,474,277.89
Asset impairment loss	14,817.75	122,857.23
Plus: gains from change of fair value ("-" for loss)		5,609,909.15
Investment gains ("-" for loss)		
Incl. Investment gains from affiliates and joint ventures		
2. Operational profit ("-" for loss)	4,525,296.59	8,676,899.42
Plus: non-operational income	1,025,011.10	910,170.78
Less: non-operational expenditure	373,248.83	56,676.64
Incl. Loss from disposal of non-current assets	34,285.02	56,676.64
3. Gross profit ("-" for loss)	5,177,058.86	9,530,393.56
Less: Income tax expenses	994,439.99	2,549,551.46
4. Net profit ("-" for net loss)	4,182,618.87	6,980,842.10
5. Earnings per share:	--	--
(1) Basic earnings per share		
(2) Diluted earnings per share		

6. Other misc. incomes	0.00	-2,668.37
7. Total of misc. incomes	4,182,618.87	6,978,173.73

Legal representative: Xiong Jianming CFO: Lin Keping Accounting Manager: Chen Yonggang

## 5. Consolidated Cash Flow Statement

Prepared by: China Fangda Group Co., Ltd.

In RMB

Items	Amount of the Current Term	Amount of the Previous Term
1. Cash flow from business operation		
Cash received from sales of products and providing of services	746,305,400.55	488,949,208.73
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	1,402,420.40	1,171,203.29
Other cash received from business operation	24,853,131.88	31,104,199.38
Sub-total of cash inflow from business activities	772,560,952.83	521,224,611.40
Cash paid for purchasing of	596,363,985.36	415,468,117.93

merchandise and services		
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	80,075,568.67	59,680,101.99
Taxes paid	39,998,936.89	43,842,326.44
Other cash paid for business activities	55,032,599.32	70,303,817.97
Sub-total of cash outflow from business activities	771,471,090.24	589,294,364.33
Cash flow generated by business operation, net	1,089,862.59	-68,069,752.93
2. Cash flow generated by investment:		
Cash received from investment recovery		
Cash received as investment profit		
Net cash retrieved from disposal of fixed assets, intangible assets, and other long-term assets	230,729.00	1,098,900.00
Net cash received from disposal of subsidiaries or other operational units		
Other investment-related cash received	371,500.00	2,180,644.64
Sub-total of cash inflow due to investment activities	602,229.00	3,279,544.64
Cash paid for construction of fixed assets, intangible assets and other long-term assets	35,013,827.84	47,681,003.19
Cash paid as investment	20,000,000.00	
Net increase of loan against pledge		
Net cash received from		

subsidiaries and other operational units		
Other cash paid for investment activities	960,000.00	887,100.00
Subtotal of investment activity cash outflows	55,973,827.84	48,568,103.19
Cash flow generated by investment activities, net	-55,371,598.84	-45,288,558.55
3. Cash flow generated by financing:		
Cash received from investment		
Incl. Cash received as investment from minor shareholders		
Cash received as loans	160,000,000.00	359,500,000.00
Cash received from bond placing		
Other financing-related cash received		
Subtotal of cash inflow from financing activities	160,000,000.00	359,500,000.00
Cash to repay debts	70,000,000.00	231,000,000.00
Cash paid as dividend, profit, or interests	28,180,178.76	14,395,048.68
Incl. Dividend and profit paid by subsidiaries to minor shareholders		
Other cash paid for financing activities	81,621.53	15,150,000.00
Subtotal of cash outflow due to financing activities	98,261,800.29	260,545,048.68
Net cash flow generated by financing	61,738,199.71	98,954,951.32
4. Influence of exchange rate alternation on cash and cash equivalents	-36.18	7,703.27
5. Net increase of cash and cash equivalents	7,456,427.28	-14,395,656.89
Plus: Balance of cash and cash equivalents at the beginning of term	240,167,372.86	300,177,008.78
6. Balance of cash and cash equivalents at the end of term	247,623,800.14	285,781,351.89

Legal representative: Xiong Jianming CFO: Lin Keping Accounting Manager: Chen Yonggang

## 6. Cash Flow Statement of the Parent Company

Prepared by: China Fangda Group Co., Ltd.

In RMB

Items	Amount of the Current Term	Amount of the Previous Term
1. Cash flow from business operation		
Cash received from sales of products and providing of services	17,270,087.97	17,684,620.78
Tax returned		
Other cash received from business operation	297,539,451.29	94,772,888.12
Sub-total of cash inflow from business activities	314,809,539.26	112,457,508.90
Cash paid for purchasing of merchandise and services	5,883,177.71	5,635,577.54
Cash paid to staffs or paid for staffs	5,654,402.78	4,570,911.79
Taxes paid	2,290,978.47	2,169,865.52
Other cash paid for business activities	181,902,222.11	95,725,694.39
Sub-total of cash outflow from business activities	195,730,781.07	108,102,049.24
Cash flow generated by business operation, net	119,078,758.19	4,355,459.66
2. Cash flow generated by investment:		
Cash received from investment recovery		
Cash received as investment profit		
Net cash retrieved from disposal of fixed assets, intangible assets, and other long-term assets	729.00	900.00
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	729.00	900.00
Cash paid for construction of fixed	73,788.50	3,037,035.00

assets, intangible assets and other long-term assets		
Cash paid as investment	40,000,000.00	
Net cash received from subsidiaries and other operational units		
Other cash paid for investment activities		
Subtotal of investment activity cash outflows	40,073,788.50	3,037,035.00
Cash flow generated by investment activities, net	-40,073,059.50	-3,036,135.00
3. Cash flow generated by financing:		
Cash received from investment		
Cash received as loans	90,000,000.00	
Cash received from bond placing		
Other financing-related cash received		
Subtotal of cash inflow from financing activities	90,000,000.00	
Cash to repay debts	70,000,000.00	
Cash paid as dividend, profit, or interests	26,856,728.43	7,352,940.00
Other cash paid for financing activities	81,621.53	
Subtotal of cash outflow due to financing activities	96,938,349.96	7,352,940.00
Net cash flow generated by financing	-6,938,349.96	-7,352,940.00
4. Influence of exchange rate alternation on cash and cash equivalents		
5. Net increase of cash and cash equivalents	72,067,348.73	-6,033,615.34
Plus: Balance of cash and cash equivalents at the beginning of term	25,540,604.84	24,337,261.80
6. Balance of cash and cash equivalents at the end of term	97,607,953.57	18,303,646.46

Legal representative: Xiong Jianming    CFO: Lin Keping    Accounting Manager: Chen Yonggang



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

Prepared by: China Fangda Group Co., Ltd.

Amount of the Current Term

In RMB

Items	Amount of the Current Term									
	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 provisions	Retained profit	Others		
1. Balance at the end of last year	756,909,905.00	80,299,867.64			30,494,542.94		230,907,879.99		59,708,531.11	1,158,320,726.68
Plus: Change of accounting policy										
Correcting of previous errors										
Others										
2. Balance at the beginning of current year	756,909,905.00	80,299,867.64			30,494,542.94		230,907,879.99		59,708,531.11	1,158,320,726.68
3. Amount of change in current term ("-" for decrease)							16,821,080.55		-1,825,553.91	14,995,526.64
(1) Net profit							39,361,593.42		-1,825,553.91	37,536,039.51
(2) Other misc. income										
Total of (1) and (2)							39,361,593.42		-1,825,553.91	37,536,039.51
(3) Investment or decreasing of capital by owners										
1. Capital input by owners										
2. Amount of shares paid and accounted as owners' equity										
3. Others										
(4) Profit allotment							-22,540,512.87			-22,540,512.87
1. Providing of surplus reserves										
2. Common risk provision										

3. Allotment to the owners (or shareholders)							-22,540,512.87			-22,540,512.87
4. Others										
(5) Internal transferring of owners' equity										
1. Capitalizing of capital reserves (or to capital shares)										
2. Capitalizing of surplus reserves (or to capital shares)										
3. Making up losses by surplus reserves										
4. Others										
(6) Special reserves										
1. Provided this year										
2. Used this term										
(7) Others										
4. Balance at the end of this term	756,909,905.00	80,299,867.64			30,494,542.94		247,728,960.54		57,882,977.20	1,173,316,253.32

Amount of Last Year

In RMB

Items	Amount of Last Year										
	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 provisions	Retained profit	Others			
1. Balance at the end of last year	756,909,905.00	80,479,493.92			24,676,077.16		211,777,968.57		78,213,665.93	1,152,057,110.58	
Plus: Retrospective adjustment caused by merger of entities under common control											
Plus: Change of accounting policy											
Correcting of previous errors											
Others											
2. Balance at the beginning of	756,909,905.00	80,479,493.92			24,676,077.16		211,777,968.57		78,213,665.93	1,152,057,110.58	

current year	,905.00	93.92			077.16		968.57		5.93	110.58
3. Amount of change in current term (“-“ for decrease)		-179,62 6.28			5,818,4 65.78		19,129,9 11.42		-18,505,1 34.82	6,263,616. 10
(1) Net profit							24,948,3 77.20		-18,505,1 34.82	6,443,242. 38
(2) Other misc. income		-179,62 6.28								-179,626.2 8
Total of (1) and (2)		-179,62 6.28					24,948,3 77.20		-18,505,1 34.82	6,263,616. 10
(3) Investment or decreasing of capital by owners										
1. Capital input by owners										
2. Amount of shares paid and accounted as owners’ equity										
3. Others										
(4) Profit allotment					5,818,4 65.78		-5,818,4 65.78			
1. Providing of surplus reserves					5,818,4 65.78		-5,818,4 65.78			
2. Common risk provision										
3. Allotment to the owners (or shareholders)										
4. Others										
(5) Internal transferring of owners’ equity										
1. Capitalizing of capital reserves (or to capital shares)										
2. Capitalizing of surplus reserves (or to capital shares)										
3. Making up losses by surplus reserves										
4. Others										
(6) Special reserves										
1. Provided this year										
2. Used this term										
(7) Others										
4. Balance at the end of this	756,909	80,299,8			30,494,		230,907,		59,708,53	1,158,320,

term	,905.00	67.64			542.94		879.99		1.11	726.68
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Legal representative: Xiong Jianming CFO: Lin Keping Accounting Manager: Chen Yonggang

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

Prepared by: China Fangda Group Co., Ltd.

Amount of the Current Term

In RMB

Items	Amount of the Current Term							
	Capital paid in (or share capital)	Capital reserves	Less: Shares in stock	Special reserves	Surplus reserves	Common risk provisions	Retained profit	Total of owners' equity
1. Balance at the end of last year	756,909,905.00	39,799,212.26			30,494,542.94		284,442,731.25	1,111,646,391.45
Plus: Change of accounting policy								
Correcting of previous errors								
Others								
2. Balance at the beginning of current year	756,909,905.00	39,799,212.26			30,494,542.94		284,442,731.25	1,111,646,391.45
3. Amount of change in current term ("-" for decrease)							-18,357,894.00	-18,357,894.00
(1) Net profit							4,182,618.87	4,182,618.87
(2) Other misc. income								
Total of (1) and (2)							4,182,618.87	4,182,618.87
(3) Investment or decreasing of capital by owners								
1. Capital input by owners								
2. Amount of shares paid and accounted as owners' equity								
3. Others								
(4) Profit allotment							-22,540,512.87	-22,540,512.87
1. Providing of surplus reserves								

2. Common risk provision								
3. Allotment to the owners (or shareholders)							-22,540,512.87	-22,540,512.87
4. Others								
(5) Internal transferring of owners' equity								
1. Capitalizing of capital reserves (or to capital shares)								
2. Capitalizing of surplus reserves (or to capital shares)								
3. Making up losses by surplus reserves								
4. Others								
(6) Special reserves								
1. Provided this year								
2. Used this term								
(7) Others								
4. Balance at the end of this term	756,909,905.00	39,799,212.26				30,494,542.94	266,084,837.25	1,093,288,497.45

Amount of Last Year

In RMB

Items	Amount of Last Year							
	Capital paid in (or share capital)	Capital reserves	Less: Shares in stock	Special reserves	Surplus reserves	Common risk provisions	Retained profit	Total of owners' equity
1. Balance at the end of last year	756,909,905.00	41,078,838.54			24,676,077.16		232,076,539.24	1,054,741,359.94
Plus: Change of accounting policy								
Correcting of previous errors								
Others								
2. Balance at the beginning of current year	756,909,905.00	41,078,838.54			24,676,077.16		232,076,539.24	1,054,741,359.94
3. Amount of change in current term ("-" for decrease)		-1,279,626.28			5,818,465.78		52,366,192.01	56,905,031.51

(1) Net profit							58,184,657.79	58,184,657.79
(2) Other misc. income		-1,279,626.28						-1,279,626.28
Total of (1) and (2)		-1,279,626.28					58,184,657.79	56,905,031.51
(3) Investment or decreasing of capital by owners								
1. Capital input by owners								
2. Amount of shares paid and accounted as owners' equity								
3. Others								
(4) Profit allotment					5,818,465.78		-5,818,465.78	
1. Providing of surplus reserves					5,818,465.78		-5,818,465.78	
2. Common risk provision								
3. Allotment to the owners (or shareholders)								
4. Others								
(5) Internal transferring of owners' equity								
1. Capitalizing of capital reserves (or to capital shares)								
2. Capitalizing of surplus reserves (or to capital shares)								
3. Making up losses by surplus reserves								
4. Others								
(6) Special reserves								
1. Provided this year								
2. Used this term								
(7) Others								
4. Balance at the end of this term	756,909,905.00	39,799,212.26			30,494,542.94		284,442,731.25	1,111,646,391.45

Legal representative: Xiong Jianming CFO: Lin Keping Accounting Manager: Chen Yonggang

### III. General Information

China Fangda Group Co., Ltd. (the “Company” or the “Group”) is a joint stock company registered in Shenzhen, Guangdong and was approved by the Government of Shenzhen with Document Gov. Office Doc. (1995) No.194, and was founded, on the basis of Shenzhen Fangda Construction Material Co., Ltd., by way of share issuing in October 1995. The Registration No. of the Company’s business license is: 440301501124785; registered address: Fangda Building, Kejinan Road 12, High-tech Zone, Shenzhen. Mr. Xiong Jianming is the legal representative.

The Company issued foreign currency shares (B shares) and local currency shares (A shares) and listed in November 1995 and April 1996 respectively in Shenzhen Stock Exchange. On June 12, 1997, as approved by Shenzhen Bureau of Commerce with Document Shenzhen Business Introduction [1997] No.0192, 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.

The “profit distribution and capitalizing plan 2010” was adopted on the Shareholders’ Annual Meeting 2010. Which was: basing on the total capital shares of 504,606,604 shares, 5 bonus share was added to each 10 shares to all shareholders, totally 252,303,301 shares was capitalized with face value of RMB1. In May 2011, the Company’s registered capital was changed to RMB756,909,905.

The Company has established a corporate governance structure that comprises shareholders’ meeting, board of directors and supervisory committee. Currently, the Company sets up the President Office, Administrative Department, HR Department, Enterprise Management Department, Financial Department, Audit and Supervisory Department, Securities Department, Technology Department and IT Department and has established subsidiaries including Fangda Decoration, Fangda Automatic, Jiangxi New Material, Shenyang Fangda and Fangda Property.

The business scope includes 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.

### IV. Main Accounting Policies, Estimations and Retrospection of Previous Accounting Errors

#### (I) Basis for the preparation of financial statements

The financial statements have been prepared in accordance with the Enterprise Accounting Standard – Basic Standards and 38 specific accounting principles issued in February 2006 by the Ministry of Finance and its application guide, interpretation and other related provision (collectively “Enterprise Accounting Standards”). The Company has also disclosed related financial information according to the requirement of the Regulations of Information Disclosure No.15 – General Provisions for Financial Statements (Revised in 2010) issued by the CSRC.

Except for subsidiaries that have stopped operating, the financial statements are prepared on the basis of continuous operation. The financial statements for subsidiaries that have stopped operating (Shenyang Fangda,

Fangda Aluminium and Fang Yide) are prepared on the basis of non-continuous operation.

The Company's audit is based on the accrual basis. Except for some financial instruments and property held for investment, which will be further measured based on the fair value mode, the financial statements are prepared based on historical costs. In case of any asset impairment, the impairment provision will be made as required.

## (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 as of 30.06.13, and business performance and cash flow situation in the first half of year 2013 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). Bookkeeping standard money

The Company takes RMB as the standard currency for bookkeeping.

## (V). Accounting treatment of the entities under common and different control

### (1) Consolidation of entities under common control

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

The direct expenses arising from the merger are included in profits and losses in the current period.

### (2) Consolidation of entities under different control

For merger of entities under different control, the merger cost is the fair value of the asset paid, liability undertaken, and equity securities issued for exchanging of control power over the entities at the day of acquisition. On the acquisition day, the assets and liabilities (if any) acquired by the Company from the acquired party are recognized on the fair value.

Agency expenses and other administrative expenses such as auditing, legal consulting, or appraisal services occurred relating to the merger of entities are accounted into current income account when occurred. The transaction fees of equity certificates or liability certificates issued by the purchaser for payment for the acquisition are accounted at the initial amount of the certificates.

If the merger costs exceed the fair value of the recognizable net assets of the acquired party in the merger, it is recognized as goodwill and measured based the costs after the accumulative impairment provision is deducted; if the fair value exceeds the costs, it is included in the income statement for the period after being re-examined.



## (VI). Preparation of Consolidated Financial Statements

### (1). Preparation of Consolidated Financial Statements

The consolidation scope for the consolidated financial statements includes the Company and all subsidiaries.

The consolidated financial statements are prepared by the Company based on financial statements of the Company and subsidiaries and according to other related information and adjusted as long-term equity investment of subsidiaries through the equity method. During preparation of consolidated financial statements, the accounting policies and period of the Company and subsidiaries must be the same. Major transactions and balances between companies are offset.

The part of the shareholders' equity in subsidiaries not owned the Company are separately listed under the shareholders' equity as minority shareholders' equity in the consolidated balance sheet. The part of the subsidiaries' net profits and losses for the current period that belongs to minority shareholders is listed as minority shareholders' profits and losses under net profit in the consolidated income statement. If the losses of subsidiaries shared by the minority shareholders exceed the part of the owners' equity of the subsidiaries at the beginning of the period, the excessive part will offset the minority shareholders' equity.

### (2) Accounting methods for the share equity of the same subsidiary purchased and sold in two consecutive accounting years

## (VII) Recognition of cash and cash equivalents

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

## (VIII) Foreign exchange business and foreign exchange statement translation

### (VIII) Foreign currencies

Trades of the Company made in foreign currencies are translated into RMB basing on the spot exchange rate on the date when the trade is conducted.

At the balance sheet date, foreign currency items are translated on the spot exchange rate of the balance sheet date. The exchange differences caused by the difference in exchange rates on the balance sheet date and initial recognizing date or previous balance sheet date is included in the current profits and losses. Non-monetary items accounted in foreign currency and on historical costs are exchanged with the spot exchange rate on the transaction date.

### (2) Translation of foreign exchange statement

## (IX) Financial instrument

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

### (1) Classification of financial instruments

Financial assets are categorized as: financial assets measured at fair value with variations accounted into current income account, loans, account receivables and disposable financial assets.

#### Receivables

Receivables refer to non-derivative financial assets without quotations but with fixed recoverable amount or can be confirmed, including receivable accounts and other receivables. Receivables adopt the effective interest method and are further measured by amortized cost. Gain/loss generated at final recognition, impairment or amortization is accounted into the current gain/loss account.

#### Sellable financial assets

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

The Company's financial liabilities are mainly other financial liabilities. Other financial liabilities adopt the effective interest method and are further measured by amortized cost. Gain/loss generated at final recognition or amortization is accounted into the current gain/loss account.

### (2) Recognition and measurement of financial instruments

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

Financial asset is derecognized when:

- (1) The contractual right to receive the cash flows of the financial assets is terminated;
- (2) The financial asset is transferred and meets the following derecognition condition.

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

### (3) Recognition and measurement of financial assets transfer

The transfer of financial assets refers to transferring or delivering the financial assets to another party (receiver) other than the issuing party of the financial assets.

Recognition of the financial asset is terminated as soon as all of the risks and rewards attached to the financial asset have been transferred to the receiver. Whereas if all of the risks and rewards attached to the financial assets are reserved, recognition of the financial asset shall not be terminated.

When the Company neither transfers nor reserve almost all risks and rewards attached to the financial assets, it will be handled as: When the controlling power over the financial asset is given up, the financial assets will be derecognized and the generated assets and liabilities will be recognized; when the controlling power is not given up, financial asset and related liability shall be recognized according to the extent the Company is involving in the financial asset.

#### (4) De-recognition conditions of financial liabilities

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

#### (5) Recognition of fair value of financial assets and liabilities

For financial assets in an active market, the Company uses the prevailing quotations or asking prices to determine the fair value.

If there is no active market, the Company uses evaluation techniques to determine the fair value. The results derived from the adoption of valuation technologies reflect the trading prices that may be adopted in arm's length basis transactions on the valuation date. Valuation techniques include using recent arm's length market transactions between knowledgeable, willing parties, if available, reference to the current fair value of another instrument that is substantially the same, a discounted cash flow analysis and option pricing models.

The Company has adopted valuation techniques that have been widely accepted by market participants and proven reliable by previous effective transaction prices. When using valuation techniques to determine financial instruments' fair value, the Company has managed to use all market parameters that market participants would consider during financial instrument pricing and transaction prices observable in the current market for same financial instruments to examine the effectiveness of the valuation techniques.

#### (6) Impairment test and provision of financial assets (excluding receivables)

The Company checks the book value of financial assets on the balance sheet date. Impairment provision will be made in case of objective evidence proving impairment to the financial assets. Objective evidence proving impairment to the financial assets refers to events actually occur after the initial recognition of financial assets, with influence on the estimated future cash flows of the financial assets and can be reliably measured by the Company.

#### Financial assets measured at amortized cost

If there is objective evidence proving impairment to the financial assets, the book value of the financial assets will be written down to the present value of the estimated future cash flow (excluding undiscovered future credit loss). The write-down amount is accounted into the current gain/loss account. The present value of the estimated future cash flow is determined by the original effective discount rate with the value of the guarantee considered.

Conduct impairment test separately for major financial assets. If there is objective evidence suggesting impairment, determine the impairment loss and account it into the current gain/loss account. Conduct impairment test for other financial assets including financial assets combination with similar credit risk features. Test financial assets without impairment separately (including major and minor financial assets) and conduct impairment test in the financial assets combination with similar credit risk features. Conduct impairment test for financial assets separately recognized as impaired excluding financial assets combination with similar credit risk features.

After the Company recognizes impair loss to financial assets measured by amortized cost, if there is object evidence suggesting that the value of the financial assets is restored objectively due to an event after the loss, the

recognized impairment loss can be reversed and accounted into the current gain/loss account. The book value after the reversal must not exceed the amortized cost of the financial assets on the reversal date assuming that no impairment provision was made.

#### Sellable financial assets

If there is objective evidence suggesting impairment to the financial assets, the accumulative loss generated by the decrease in the fair value that has been directed accounted into capital reserve should be transferred out and accounted into the current gain/loss account. The transferred accumulative loss is the balance of the initial acquisition cost of the sellable financial assets after the recovered principal and amortized amount, current fair value and impair loss that has been accounted into the gain/loss account are deducted.

For the sellable debt instruments recognized as impaired, if the fair value increases in the following accounting period objectively due to an event after the original impair loss is recognized, the impairment loss will be reversed and accounted into the current gain/loss account. Impairment loss incurred in investment of sellable equity instrument is not reversed through the gain/loss account.

#### Financial assets measured at cost

If there is no quotation in an active market and its fair value cannot be measured reliably or the derivative financial assets that linked to the equity instrument and can only settled by delivering the equity instrument is impaired, the difference between the book value of the financial assets and the current value recognized by discounting the future cash flow against the market yield of similar financial assets in the current market is recognized as the impairment loss and accounted into the current gain/loss account. The impairment loss cannot be reversed after being recognized.

(7) The basis of reclassifying the immature investment held until maturity as sellable financial assets, indicating changes in the intention or capability of holding the investment

#### 10. Recognition standard and provision method for receivable bad debt provision

Receivables include receivable accounts, other receivables and prepayment.

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.

##### (1) Receivables with major individual amount and bad debt provision provided individually

Judging basis or standard of major individual amount	For the current year, the Company recognizes project receivables over RMB8 million (inclusive) as “individual receivable with large amount” while recognizes product receivables over RMB2 million (included) as “individual receivable with large amount” and other receivables over RMB1 million (included) as “individual receivable with large
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	amount".
Provision method for account receivable with major individual amount and bad debt provision provided individually	The Company performs impairment examination individually on each large amount receivables, and recognizes impairment and provides bad debt provision when the impairment is recognized based on objective evidence. Those not impaired are accounted along with the minor amount receivables and recognized in risk groups.

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

Group	Providing method	Grouping basis
Account age	Aging method	Account age
Receivable accounts consolidated	Other method	Consolidation scope

Receivables adopting the aging method in the group

√ Applicable  Inapplicable

Age	Providing rate for receivable account %	Providing rate for other receivables %
Within 1 year (inclusive)	3%	3%
1-2 years	10%	10%
2-3 years	30%	30%
Over 3 years	50%	50%
3-4 years	50%	50%
4-5 years	50%	50%
Over 5 years	50%	50%

Receivables adopting the balance percentage method in the group

 Applicable √ Inapplicable

Receivables adopting other methods in the group

√ Applicable  Inapplicable

Group	Method
Receivable accounts consolidated	Individual recognition method

## (3) Account receivable with minor individual amount and bad debt provision provided individually

Reasons for separate bad debt provision	Long account age or deterioration of customer creditability
Method of bad debt provision	According to the difference between the present value of future cash flow and the book value

## 11. Inventories

### (1) Classification of inventories

The Company's inventories include purchased materials, raw materials, low-value consumables, OEM materials, products in process, semi-finished goods, finished goods, agency goods, and construction in process.

### (2) Pricing of delivering inventory

#### Weighted average method

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

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

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

### (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 realizable value. If the cost is higher than the net realizable value, the impairment provision will be made.

At overall verification of inventories at the end of year, when the net realizable 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 realizable value.

The Company generally made inventory impairment provision individually or by categories. 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. Inventories with similar purpose or final use, produced and to be sold in the same district and cannot be separated for valuation will be provided together; inventory of a large quantity and with low prices are provided by categories. On the balance sheet day, if the influence of the inventory value write-down has disappeared, the impairment provision will be reversed within the provided amount.

### (4) Inventory system

The Company uses perpetual inventory system.

The Company uses perpetual inventory system.

(5) Amortizing of low-value consumables and packaging materials

Low price consumable

On-off amortization basis

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

Package

On-off amortization basis

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

12. Long-term share equity investment

(1) Recognition of initial investment costs

All the long-term share equity investments of the Company are the investment in subsidiaries: Investment of the Company in subsidiaries is valued at investment costs. For long-term share equity investment formed by shareholding and merger. Retrospective or retrieved investment is adjusted to the cost of long term equity investment.

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. For the long-term equity investment measured on the cost basis, except for the announced cash dividend or profit included in the practical cost or price when the investment was made, the cash dividends or profit distributed by the invested entity are recognized as investment gains in the current gain/loss account.

(3) Basis for recognition of common control and major influence on invested entities

(4) Impairment examination and providing of impairment provision

The Company judges whether there is a sign of impairment to assets on the balance sheet day. If such sign exists, the Company estimates the recoverable amount and conducts the impairment test. Impairment test is conducted annually for goodwill generated by mergers and intangible assets that have not reached the useful condition no matter whether the impairment sign exists. The recoverable amount is determined by the higher of the net of fair value minus disposal expense and the present value of the predicted future cash flow. The Company estimates the recoverable amount on the individual asset item basis; whether it is hard to estimate the recoverable amount on the individual asset item basis, determine the recoverable amount based on the asset group that the assets belong to. The assets group is determined by whether the main cash flow generated by the group is independent from those generated by other assets or assets groups. When the recoverable amount of the assets or assets group is lower than its book value, the Company writes down the book value to the recoverable amount, the write-down amount is accounted into the current income account and the assets impairment provision is made. For goodwill impairment test, the book value of goodwill generated by mergers is amortized through reasonable measures since the purchase day to related asset groups; those cannot be amortized to related assets groups are amortized to related combination of asset groups. The related asset groups or combination of asset groups refer to those that can

benefit from the synergistic effect of mergers and must not exceed to the reporting range determined by the Company. When the impairment test is conducted, if there is sign of impairment to the asset group or combination of asset groups related to goodwill, first perform impairment test for asset group or combination of asset groups without goodwill and calculate the recoverable amount and recognize the related impairment loss. Then conduct impairment test on those with goodwill, compare the book value with recoverable amount. If the recoverable amount is lower than the book value, recognize the impairment loss of the goodwill. Once recognized, the asset impairment loss cannot be written back in subsequent accounting period.

### 13. Investment real estates

Investment real estates are held for rent or capital appreciation, or both. The Company's investment real estates include land use right, land use right held for appreciation and transfer and leased buildings.

For investment real estates with an active real estate transaction market and the Company can obtain market price and other information of same or similar real estates to reasonably estimate the investment real estates' fair value, the Company will use the fair value mode to measure the investment real estates subsequently. Variations in fair value are accounted into the current gain/loss account.

The fair value of investment real estates is determined with reference to the current market prices of same or similar real estates in active markets; when no such price is available, with reference to the recent transaction prices and consideration of factors including transaction background, date and district to reasonably estimate the fair value; or based on the estimated lease gains and present value of related cash flows.

For an investment real estate whose fair value is proven unable to be obtained continuously and reliably by objective evidence, the real estate will be measured at cost basis until it is disposed and no residual value remains as assumed.

The difference of the proceeds from sales, transfer, retirement or destruction of investment real estates with book value and related taxes deducted is accounted into the current gain/loss account.

### 14. 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 accounting year of service life. The fixed assets can only be recognized when economic interests related to the fixed assets are very likely to flow into the company and the costs of the fixed assets can be reliably measured. The Company measures fixed assets at the actual costs when the fixed assets are obtained

#### (3) Recognition and pricing of financing leased fixed assets

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



## (3) Depreciation of fixed assets

The Company adopts the straight age average basis to make depreciation provision. The Company will start to make the depreciation provision when the fixed assets reach the preset serviceable condition and stop to make the depreciation provision when it is derecognized or categorized as non-current assets held for sales. Without considering depreciation provision, the Company determines annual depreciation rates for various fixed assets according to types, predicted service life and residual value:

Type	Service year (year)	Residual rate %	Annual depreciation rate %
Houses & buildings	30-45	10%	2%-2.57%
Equipment & machinery	10	10%	9%
Electronic equipment	5	10%	18%
Transport equipment	5	10%	18%

## (4) Impair test and impairment provision for fixed assets

The Company judges whether there is a sign of impairment to assets on the balance sheet day. If such sign exists, the Company estimates the recoverable amount and conducts the impairment test. Impairment test is conducted annually for goodwill generated by mergers and intangible assets that have not reached the useful condition no matter whether the impairment sign exists.

The recoverable amount is determined by the higher of the net of fair value minus disposal expense and the present value of the predicted future cash flow. The Company estimates the recoverable amount on the individual asset item basis; whether it is hard to estimate the recoverable amount on the individual asset item basis, determine the recoverable amount based on the asset group that the assets belong to. The assets group is determined by whether the main cash flow generated by the group is independent from those generated by other assets or assets groups.

When the recoverable amount of the assets or assets group is lower than its book value, the Company writes down the book value to the recoverable amount, the write-down amount is accounted into the current income account and the assets impairment provision is made.

For goodwill impairment test, the book value of goodwill generated by mergers is amortized through reasonable measures since the purchase day to related asset groups; those cannot be amortized to related assets groups are amortized to related combination of asset groups. The related asset groups or combination of asset groups refer to those that can benefit from the synergistic effect of mergers and must not exceed to the reporting range determined by the Company.

When the impairment test is conducted, if there is sign of impairment to the asset group or combination of asset groups related to goodwill, first perform impair test for asset group or combination of asset groups without goodwill and calculate the recoverable amount and recognize the related impairment loss. Then conduct impairment test on those with goodwill, compare the book value with recoverable amount. If the recoverable amount is lower than the book value, recognize the impairment loss of the goodwill.

Once recognized, the asset impairment loss cannot be written back in subsequent accounting period.

## (5) Others

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

accumulative depreciation provision amount is deducted.

At end of each fiscal year, verification will be made on the useful life, predicted retained value, and depreciation basis.

The useful life will be adjusted if the useful life is different from the predicted one; the net residual value will be adjusted if the net residual value is different from the predicted one.

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

## 15. Construction in process

### (1) Categories of construction in process

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

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

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

### (3) Impair test and impairment provision for construction in process

The Company judges whether there is a sign of impairment to assets on the balance sheet day. If such sign exists, the Company estimates the recoverable amount and conducts the impairment test.

The recoverable amount is determined by the higher of the net of fair value minus disposal expense and the present value of the predicted future cash flow.

When the recoverable amount of the construction in process is lower than its book value, the Company writes down the book value to the recoverable amount, the write-down amount is accounted into the current income account and the assets impairment provision is made.

Once recognized, the asset impairment loss cannot be written back in subsequent accounting period.

## (XVI) Borrowing expenses

### (1) Recognition principles for capitalization of borrowing expenses

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

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

(2) The borrowing expense has already occurred;

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

## (2) During borrowing expense capitalization

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

## (3) Capitalization suspension period

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

## (4) Calculation of the capitalization amount of borrowing expense

## (XVII) Biological assets

## 18. Petroleum assets

## 19. Intangible assets

## (1) Pricing of intangible assets

Intangible assets are initially measured based on costs.

## (2) Useful life of intangible assets with limited useful life

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

Items	Estimated useful life	Basis
Land using right	Beneficial age	Contract
Patent	10 years	Forecast beneficial age
Proprietary technology	10 years	Forecast beneficial age
Software	5, 10 years	Forecast beneficial age
Other intangible assets	10 years or beneficial age	Forecast beneficial age

(3) Judgment basis of intangible assets without definite useful life

(4) Provision of intangible assets impairment

The Company judges whether there is a sign of impairment to assets on the balance sheet day. If such sign exists, the Company estimates the recoverable amount and conducts the impairment test.

The recoverable amount is determined by the higher of the net of fair value minus disposal expense and the present value of the predicted future cash flow. The Company estimates the recoverable amount on the individual asset item basis; whether it is hard to estimate the recoverable amount on the individual asset item basis, determine the recoverable amount based on the asset group that the assets belong to. The assets group is determined by whether the main cash flow generated by the group is independent from those generated by other assets or assets groups.

When the recoverable amount of the assets or assets group is lower than its book value, the Company writes down the book value to the recoverable amount, the write-down amount is accounted into the current income account and the assets impairment provision is made.

Once recognized, the asset impairment loss cannot be written back in subsequent accounting period.

(3) Specific standard for distinguish between research and development stage

(6) Audit of internal research and development expenses

The research expenses are accounted the current gain/loss account.

Development expenses are capitalized if they meet the capitalization conditions; if not, accounted into the current income account.

Expenses in the development stage capitalized are listed as development expense on the balance sheet and transferred to intangible assets when the project reaches the useful condition.

20. Long-term amortizable expenses

The Company's long-term amortizable expenses are measured at the actual costs and amortized averagely based on the beneficial term. For long-term amortizable expenses that are not beneficial in the subsequent account periods, the residual value is fully accounted into the current gain/loss account.

(21) Transfer of assets without repurchase conditions

(22) Anticipated liabilities

(1) Recognition standards of anticipated liabilities

When responsibilities occurred in connection to contingent issues, and all of the following conditions are satisfied, they are recognized as expectable liability in the balance sheet:

- (1) This responsibility is a current responsibility undertaken by the Company;
- (2) Execution of this responsibility may cause financial benefit outflow from the Company;
- (3) Amount of the liability can be reliably measured.

### (3) Measurement of anticipated liabilities

Expected liabilities are initially measured at the best estimation on the expenses to exercise the current responsibility, and with considerations to the relative risks, uncertainty, and periodic value of currency. 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.

## 23 Share payment and equity instruments

### (1) Share payment category

### (2) Recognition of fair value of equity instruments

### (3) Basis for recognition of the best estimation of realizable equity instruments

### (4) Related accounting treatment of implementation, modification and suspension share payment plan

## 24 Repurchase of the Company's shares

## 25 Revenue

### (1) Specific judgment standard of recognition time of goods sales revenue

When all of the following conditions are satisfied, the sales of goods are recognized as sales income according to the contract amount received or receivable from the buyer: (1) Main risks and rewards attached to the ownership of the goods have been transferred to the buyer; (2) No succeeding power of administration or effective control is reserved which are usually attached to ownership; (3) Amount received can be reliably measured; (4) Related financial benefit may inflow to the Company; (5) Relative costs, occurred or will occur, can be reliably measured.

### (2) Basis for recognition of revenue from demising of asset using rights

The revenue is recognized when the financial benefit in connection with the demising of asset using right was received and the amount can be reliably measured.

### (3) Basis for recognition of revenue from providing of labor services

If they are not in the same year, then use the estimation on percentage basis when it is possible.

The completion percentage is the costs occurred on the total cost.

The reliable estimation of the result of providing of labor service must meet the following conditions: A. the revenue can be reliably measured; B. the economic benefit is very likely to flow into the company; C. the completion can be determined reliably; D. costs incurred or will be incurred can be reliably measured.

If the result cannot be reliably estimated, use the service cost amount of the compensation obtained or will be obtained to recognize the revenue of the providing of labor service and recognize the incurred labor service cost as the current expense. If no compensation can be obtained for incurred labor service cost, no revenue can be

recognized.

(4) Basis and method for recognition of contract completion progress when the revenue from providing of labor service and construction contracts is recognized on the competition percentage.

On the balance sheet day, the Company recognizes the contract income and costs using the completion percentage method if the result of the construction contract can be reliably estimated. If not, such contracts are treated differently. If the contract cost can be recovered, the revenue is recognized according to the actual contract costs that can be recovered and the contract cost is recognized as the current expense; if not, the contract cost is recognized as the current expense and no revenue is recognized.

If the estimated total costs exceed the total revenue, the Company recognizes the estimated loss as the current expense.

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

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

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

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

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

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

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

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

Revenue of products for domestic sales is recognized when the Company delivers the products and receives the sales payment or obtains the payment voucher; revenue for products for overseas sales is recognized at departure of the products.

## 26 Government subsidy

### (1) Type

### (2) Accounting method

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

When a government subsidy is monetary capital, it is measured at the received or receivable amount. If there is objective evidence indicating that the subsidy is given based on fixed amount, it can be measured at the receivable amount, otherwise it is recognized at the received 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 current expenses or losses, are recognized as current gain/loss, if used to cover future expenses or losses, recognized as differed gains, and recorded to current income account to the period when the expenses are recognized. Government subsidy measured at the nominal amount is accounted into current income account.

If a recognized government subsidy needs to be returned, if there are 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 gain, record to current income account directly.

## 27 Deferred income tax assets and deferred income tax liabilities

### (1) Basis for recognition of deferred income tax assets

For deductible temporary difference, deductible loss and tax deduction that can be accounted in subsequent years, the Company recognizes the incurred deferred income tax assets to the extent to the future income tax proceeds that is very likely to be received for deducting deductible temporary difference, deductible loss and tax deduction, unless the deductible temporary difference is generated in following transactions: (1) the transaction is not a merger and the transaction does not affect the accounting profit or taxable proceeds; (2) for the taxable temporary difference related to investment in subsidiaries, the corresponding deferred income tax assets are recognized when the following condition is met: the temporary difference is very likely to be reversed in the foreseeable future and it is very likely to receive the taxable proceeds that can be used to deduct the deductible temporary difference.

### (2) Basis for recognition of deferred income tax liabilities

The taxable temporary difference recognizes the related deferred income tax liabilities, unless the taxable temporary difference is created by the following transactions: (1) Initial recognition of goodwill, or of assets or liabilities generated in transactions with the following features: the transaction is not a merger and the transaction does not affect the accounting profit or taxable proceeds; (2) For taxable temporary difference related to investment in subsidiaries, the reversal timing for the temporary difference can be controlled and the difference is unlikely to be reversed in the foreseeable future.

## 28 Operational leasing and financial leasing

## (1) Accounting of operational leasing

The Company as the lessor: 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.

The Company as the 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.

## (2) Accounting of financial leasing

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

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

## (3) Accounting of sale and lease-back

## 29 Assets held for sales

## (1) Recognition standard

## (2) Accounting treatment

## 30 Asset securitization

## 31 Accounting of hedging

## 32 Major changes in accounting policies and estimates

Changes in major accounting estimates in the report period

Yes  No

No change in major accounting policies and estimates in the report period

## (1) Changes in accounting policies

Changes in major accounting policies in the report period: no



Yes  No

(2) Changes in accounting estimates

Changes in major accounting estimates in the report period

Yes  No

33 Correction of previous accounting faults

Faults in previous accounts in the current report period

Yes  No

None

(1) Retrospective restatement method

Faults in adoption of the retrospective restatement method in the report period

Yes  No

(2) Prospective application method

Faults in adoption of the prospective application method in the report period

Yes  No

34 Other major accounting policies, accounting estimates and preparation of financial statements

V Taxation

1. Major taxes and tax rates

Tax	Tax basis	Tax rate
VAT	Taxable income	6%, 13% and 17%
Business tax	Taxable income	3% and 5%
City maintenance and construction tax	Taxable turnover	7%
Enterprise income tax	Taxable income	15% and 25%

2. Tax preference and approval

(1) According to the Certification of High-tech Enterprise issued by Shenzhen Commission of Scientific Innovation, Shenzhen Commission of Finance, Shenzhen National Tax Bureau, and Shenzhen Local Tax Bureau on September 12, 2012, Fangda Decoration was entitled to enjoy a tax preference of enterprise income tax of 15% for three years (2012-2014) since the qualifications were awarded.

(2) According to the Certification of High-tech Enterprise issued by Shenzhen Commission of Scientific Innovation, Shenzhen Commission of Finance, Shenzhen National Tax Bureau, and Shenzhen Local Tax Bureau

on September 12, 2012, Fangda Automation was entitled to enjoy a tax preference of enterprise income tax of 15% for three years (2012-2014) since the qualifications were awarded.

(3) According to the Certification of High-tech Enterprise issued by Jiangxi Department of Science and Technology, Jiangxi Finance Department, Jiangxi National Tax Bureau, and Jiangxi Local Tax Bureau on November 7, 2012, Jiangxi New Material was entitled to enjoy a tax preference of enterprise income tax of 15% for three years (2012-2014) since the qualifications were awarded.

## VI Merger of enterprises and consolidated financial statements

### 1. Subsidiaries

#### (1) Subsidiaries founded or acquired from investment

In RMB

Subsidiary	Ownership type	Registered address	Business	Registered capital	Business scope	Actual investment at the end of the period	Balance of other items composing net investment in subsidiaries	Shareholding (%)	Proportion of votes %	Consolidated statements	Minor shareholders' equity	Amount for deducting minority gain/losses in the minority interests	The balance of the owners' interest in the parent after deducting the excessive part of the loss shared by minority shareholders over the share of profits in the owners' interest in the subsidiary of minority shareholder at

													the beginning of the year
Shenzhen Fangda Decoration Engineering Co., Ltd.	Fully-owned subsidiary	Shenzhen	Designing, manufacturing, and installation of curtain walls	310,000,000.00	Designing, manufacturing, and installation of curtain walls	310,000,000.00		100%	100%	Yes			
Shenzhen Fangda Automatic System Co., Ltd.	Fully-owned subsidiary	Shenzhen	Design, R&D, installation and sales of railway screen door systems	105,000,000.00	Design, processing and installation of railway screen door systems	183,777,271.73		100%	100%	Yes			
Shenzhen Fangda Yide New Material Co., Ltd.	Fully-owned subsidiary	Shenzhen	Production and distribution of new-type composite materials	USD3,200,000.00	R&D, design and production of new-type composite materials	3,200,000.00		100%	100%	Yes			
Fangda New Materials (Jiangxi) Co., Ltd.	Fully-owned subsidiary	Nanchang	Production and sales of new-type composite material	USD12,000,000.00	Production and sales of new-type composite material	12,000,000.00		100%	100%	Yes			

			s and producti on of curtain walls		s, producti on of curtain walls, window s, metal structur es and compon ents, metail products and environ mental protecti on material s and products								
Jiangxi Fangda New Type Alumin um Co., Ltd.	Fully-o wned subsidi ary	Nancha ng	Design, producti on, sales and installati on of curtain wall alumin um material s, doors, window s and sectiona l material s	20,000, 000.00	Design, producti on, sales and installati on of curtain wall alumin um material s, doors, window s and sectiona l material s	20,000, 000.00		100%	100%	Yes			
Hong Kong Junjia Group Co.,	Fully-o wned subsidi ary	Hong Kong	Investm ent	HKD10, 000.00	Investm ent	10,000. 00		100%	100%	Yes			

Ltd.													
Shenyang Fangda Semi-conductor Lighting Co., Ltd.	Controlled subsidiaries	Shenyang	Manufacturing of semiconductor lighting material and chips; lighting source encapsulation; development, designing, manufacturing, engineering, installation and trading of semiconductor lighting system	200,000,000.00	Manufacturing of semiconductor lighting material and chips; lighting source encapsulation; development, designing, manufacturing, engineering, installation and trading of semiconductor lighting system	108,852,073.85	64.58%	64.58%	Yes	57,882,977.20	-1,825,553.91		
Shenzhen Kexunda Software Co., Ltd.	Fully-owned subsidiary	Shenzhen	Development of hardware and software, system integration, technical consulting	1,000,000.00	Computer software and hardware development and sales, computer software develop	1,000,000.00	100%	100%	Yes				

					ment, system integrati on and technica l consulti ng								
Shenzhe n Fangda Property Develop ment Co., Ltd.	Fully-o wned subsidi ary	Shenzhe n	Develop ment and operatin g of real estatem ent on land of which land use right is legally obtained by the Compan y; property manage ment	50,000, 000.00	Develop ment and operatin g of real estatem ent on land of which land use right is legally obtained by the Compan y; property manage ment	50,000, 000.00		100%	100%	Yes			

Notes to subsidiaries founded or acquired from investment

None

(2) Subsidiaries acquired by mergers of companies under the common control

None

(3) Subsidiaries acquired by mergers of companies not under the common control

None

2. Operational entities of control powers generated by special purpose entities or trust operation or lease

None

## 3. Notes to changes in the consolidation scope

None

 Applicable  Inapplicable

## 4. New entities added to the consolidation and removed from the consolidation during the report period

None

## 5. Merger of companies under the common control during the report period

None

## 6. Merger of companies not under the common control during the report period

None

## 7. Subsidiaries lost due to loss of control in shares during the report period

None

## 8. Repurchase in the report period

None

## 9. Merger by absorption in the report period

None

## 10. Foreign exchange rate of major statement items of overseas operational entities

None

## VII Notes to the consolidated financial statements

## 1. Monetary capital

In RMB

Items	Closing amount			Opening amount		
	Foreign exchange	Exchange rate	RMB	Foreign exchange	Exchange rate	RMB
Cash:	--	--	17,785.62	--	--	10,565.48
RMB	--	--	17,303.26	--	--	9,340.48

HK Dollar	566.96	0.85	482.36	1,510.76	0.81	1,225.00
Bank deposits:	--	--	259,725,449.78	--	--	252,155,936.57
RMB	--	--	259,724,326.47	--	--	252,087,857.82
US Dollar	0.99	6.18	6.12	10,831.08	6.29	68,078.75
Canadian Dollar	230.49	4.85	1,117.19	0.00	0.00	0.00
Other monetary capital:	--	--	54,991,866.96	--	--	26,117,466.56
RMB	--	--	54,991,056.74	--	--	26,116,643.85
US Dollar	131.13	6.18	810.22	130.89	6.29	822.71
Total	--	--	314,735,102.36	--	--	278,283,968.61

1. In a lawsuit, the court accepted the plaintiff's claim to freeze the subsidiary Fangda Decoration's RMB12 million in the bank deposit balance at the end of the year.

2. The book balance of other monetary fund of RMB54,991,866.96 by the end of the year mainly includes bank acceptance, deposit for bank accepted notes and purchased financial products. When the cash flow statement is prepared, bank acceptance and deposit for bank accepted notes and the above-mentioned frozen deposit will not be accounted as cash equivalent.

## 2. Transactional financial assets

### (1) Transactional financial assets

None

### (2) Transactional financial assets with realization limitation

None

### (3) Notes to hedging tools and related hedging transactions

None

## 3. Notes receivable

### (1) Classification of notes receivable

In RMB

Type	Closing amount	Opening amount
Bank acceptance	4,006,417.51	5,668,780.88
Commercial acceptance	1,970,000.00	1,970,000.00
Total	5,976,417.51	7,638,780.88



## (2) Pledged notes receivable at the end of period

None

## (3) Notes of which the issuer is unable to perform and transferred into account receivable, and notes endorsed to other parties but remains immature

Notes transferred into account receivable due to the failure of the issuer to perform

Notes endorsed to other parties but remaining immature

In RMB

Issuer	Date of issue	Due date	Amount	Notes
CRCC 11 Construction and Installation Engineering Co., Ltd.	April 23, 2013	October 23, 2013	2,000,000.00	
Nanjing Xinjiekou Department Store Co., Ltd.	April 24, 2013	July 24, 2013	872,582.62	
Zhejiang Jiayue Industrial Co., Ltd.	February 6, 2013	August 6, 2013	800,000.00	
China Construction (Changsha) Fuji Curtain Wall Decoration Co., Ltd.	May 30, 2013	November 30, 2013	780,000.00	
China Construction 3 <sup>rd</sup> Decoration Co., Ltd.	May 27, 2013	August 27, 2013	602,941.62	
Total	--	--	5,055,524.24	--

## Notes to discounted or pledge commercial acceptance

The commercial acceptance worth RMB1.97 million received from Shenzhen Vanke Binhai Real Estate Development has not matured but has been discounted.

## 4. Receivable dividend

None

## 5. Receivable interest

## (1) Receivable interest

In RMB

Items	Opening amount	Increase	Decrease	Closing amount
Deposit interest	72,833.33	233,765.31	286,015.31	20,583.33

Total	72,833.33	233,765.31	286,015.31	20,583.33
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## (2) Overdue interest

None

## (3) Notes to receivable interest

None

## 6. Account receivable

## (1) Account receivable disclosed by categories

In RMB

Type	Closing amount				Opening amount			
	Remaining book value		Bad debt provision		Remaining book value		Bad debt provision	
	Amount	Proportion (%)	Amount	Proportion (%)	Amount	Proportion (%)	Amount	Proportion (%)
Account receivable with major individual amount and bad debt provision provided individually	8,819,368.51	0.85%	4,646,868.18	52.69%	9,063,813.50	0.97%	4,399,850.00	48.54%
Account receivable for which bad debt provision is made by group								
Including: receivable out of the consolidation	1,004,826.499.62	97.07%	138,296.539.73	13.76%	902,557.074.71	96.68%	132,330,232.91	14.66%
Subtotal	1,004,826.499.62	97.07%	138,296.539.73	13.76%	902,557.074.71	96.68%	132,330,232.91	14.66%
Account receivable with minor individual amount and bad debt provision provided individually	21,520,793.22	2.08%	21,520,793.22	100%	21,956,506.84	2.35%	21,956,506.84	100%
Total	1,035,166.661.35	--	164,464,201.13	--	933,577,395.05	--	158,686,589.75	--

## Notes to account receivable

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 (inclusive) as “individual receivable with large amount” while recognizes product receivables over RMB2 million (included) as “individual receivable with large amount”.

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

Applicable  Inapplicable

In RMB

Description	Remaining book value	Bad debt provision	Providing rate (%)	Reason
Gulf international trading FZE	8,819,368.51	4,646,868.18	52.69%	Most likely recoverable amount according to the arbitration agreement, bad debt provision for forecast unrecoverable amount
Total	8,819,368.51	4,646,868.18	--	--

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

Applicable  Inapplicable

In RMB

Age	Closing amount			Opening amount		
	Remaining book value		Bad debt provision	Remaining book value		Bad debt provision
	Amount	Proportion (%)		Amount	Proportion (%)	
Less than 1 year						
Including:	--	--	--	--	--	--
Subtotal for less than 1 year	515,040,571.00	49.75%	15,361,307.17	457,699,537.55	49.03%	13,730,986.12
1-2 years	262,392,504.82	25.35%	26,251,856.47	239,346,914.90	25.64%	23,934,691.50
2-3 years	85,066,676.94	8.22%	25,520,003.09	40,453,779.30	4.33%	12,136,133.80
Over 3 years	142,326,745.97	13.75%	71,163,373.00	165,056,842.96	17.68%	82,528,421.49
3-4 years	38,568,791.76	3.73%	19,284,395.88	52,041,465.65	5.58%	26,020,732.83
4-5 years	48,118,094.78	4.65%	24,059,047.40	44,852,453.92	4.8%	22,426,226.96
Over 5 years	55,639,859.43	5.37%	27,819,929.72	68,162,923.39	7.3%	34,081,461.70
Total	1,004,826,499.62	--	138,296,539.73	902,557,074.71	--	132,330,232.91

Account receivable adopting the balance percentage method in the group

Applicable  Inapplicable

Account receivable adopting other methods in the group

Applicable  Inapplicable

Account receivable with minor individual amount and bad debt provision provided individually

√ Applicable □ Inapplicable

In RMB

Description	Remaining book value	Bad debt provision	Providing rate (%)	Reason
Trade receivable	1,373,041.48	1,373,041.48	100%	Aged over 5 years, unlike to be recovered
Trade receivable	803,340.45	803,340.45	100%	Aged over 5 years, unlike to be recovered
Curtain wall project payment	660,625.41	660,625.41	100%	Aged over 5 years, unlike to be recovered
Trade receivable	648,100.95	648,100.95	100%	Aged over 5 years, unlike to be recovered
Trade receivable	563,320.60	563,320.60	100%	Litigation-related, unlikely to be recovered
Trade receivable	487,785.66	487,785.66	100%	Aged over 5 years, unlike to be recovered
Trade receivable	433,868.60	433,868.60	100%	Aged over 5 years, unlike to be recovered
Trade receivable	430,629.58	430,629.58	100%	Aged over 5 years, unlike to be recovered
Trade receivable	337,968.00	337,968.00	100%	Aged over 5 years, unlike to be recovered
Subtotal of other minor receivables	15,782,112.49	15,782,112.49	100%	Aged over 5 years, unlike to be recovered
<b>Total</b>	<b>21,520,793.22</b>	<b>21,520,793.22</b>	<b>--</b>	<b>--</b>

## (2) Written-back or recovered account receivable during the report period

In RMB

Description	Reason	Basis for recognition of original bad debt provision	Accumulative provided amount before the write-back or recovery	Written-back or recovered amount
Loan	Loan recovered	Lawsuit, unlike to recover	435,713.62	250,000.00
<b>Total</b>	<b>--</b>	<b>--</b>	<b>435,713.62</b>	<b>--</b>

Bad debt provision for account receivable with major individual amount or with minor individual amount but independent impairment test

In RMB

Description	Remaining book value	Bad debt amount	Providing rate (%)	Reason
Engineering receivables	40,277,753.78	1,208,332.61	3%	Provided based on the

				account age in the normal settlement period
Engineering receivables	29,029,057.98	870,871.74	3%	Provided based on the account age in the normal settlement period
Engineering receivables	27,545,878.83	1,418,157.36	5.15%	Provided based on the account age in the normal settlement period
Engineering receivables	26,428,063.73	4,556,395.93	17.24%	Provided based on the account age in the normal settlement period
Engineering receivables	22,711,356.02	4,542,271.20	20%	Provided based on the account age in the normal settlement period
Engineering receivables	22,649,465.92	1,260,109.61	5.56%	Provided based on the account age in the normal settlement period
Engineering receivables	21,669,336.58	4,086,918.21	18.86%	Provided based on the account age in the normal settlement period
Engineering receivables	21,604,598.64	648,137.96	3%	Provided based on the account age in the normal settlement period
Engineering receivables	20,266,534.66	1,094,651.59	5.4%	Provided based on the account age in the normal settlement period
Engineering receivables	19,232,216.37	1,250,094.06	6.5%	Provided based on the account age in the normal settlement period
Engineering receivables	18,822,892.79	3,750,555.85	19.93%	Provided based on the account age in the normal settlement period
Engineering receivables	16,469,145.03	494,074.35	3%	Provided based on the account age in the normal settlement period
Engineering receivables	15,208,841.42	456,265.24	3%	Provided based on the account age in the normal settlement period
Engineering receivables	12,411,036.73	2,232,304.49	17.99%	Provided based on the account age in the

				normal settlement period
Engineering receivables	12,352,763.48	802,929.63	6.5%	Provided based on the account age in the normal settlement period
Engineering receivables	11,964,156.25	777,670.16	6.5%	Provided based on the account age in the normal settlement period
Engineering receivables	11,462,804.94	343,884.15	3%	Provided based on the account age in the normal settlement period
Engineering receivables	10,367,025.03	1,918,471.04	18.51%	Provided based on the account age in the normal settlement period
Engineering receivables	9,550,635.11	286,519.05	50%	Provided based on the account age in the normal settlement period
Engineering receivables	9,460,014.73	415,669.74	4.39%	Provided based on the account age in the normal settlement period
Engineering receivables	8,324,246.86	4,162,123.43	50%	With an account age of over 3 years
Engineering receivables	8,235,152.91	501,060.98	6.08%	Provided based on the account age in the normal settlement period
Trade receivable	1,373,041.48	1,373,041.48	100%	Aged over 5 years, unlikely to be recovered
Trade receivable	803,340.45	803,340.45	100%	Aged over 5 years, unlikely to be recovered
Curtain wall project payment	660,625.41	660,625.41	100%	Aged over 5 years, unlikely to be recovered
Trade receivable	648,100.95	648,100.95	100%	Aged over 5 years, unlikely to be recovered
Trade receivable	563,320.60	563,320.60	100%	Litigation-related, unlikely to be recovered
Trade receivable	487,785.66	487,785.66	100%	Aged over 5 years, unlikely to be recovered
Trade receivable	433,868.60	433,868.60	100%	Aged over 5 years, unlikely to be recovered
Trade receivable	430,629.58	430,629.58	100%	Aged over 5 years, unlikely

				to be recovered
Trade receivable	337,968.00	337,968.00	100%	Aged over 5 years, unlike to be recovered
Subtotal of other minor receivables	15,782,112.49	15,782,112.49	100%	Aged over 5 years, unlike to be recovered
Total	417,563,771.01	58,598,261.60	--	--

Notes to account receivable with minor individual amount but triggering substantial risks after being grouped

### (3) Written-off account receivable during the report period

None

### (4) Shareholder holding 5% or above shares with voting rights of the Company and owing any account receivable to the Company at the end of period

None

### (5) Top 5 account receivable entities

In RMB

Entity	Relationship with the Company	Amount	Term	Percentage in the total account receivable (%)
Nanjing News Center	Non-affiliated party	40,277,753.78	Less than 1 year	3.89%
Zhangzhou Hilton	Non-affiliated party	29,029,057.98	Less than 1 year	2.8%
Shenzhen Airport T3 Terminal	Non-affiliated party	27,545,878.83	1-2 years	2.66%
Shenyang National Games Operation Center	Non-affiliated party	27,409,559.37	Less than 1 year	2.65%
Sanya Fenghuang Island curtain wall 1# and 2# building	Non-affiliated party	26,428,063.73	2-3 years	2.55%
Total	--	150,690,313.69	--	14.55%

### (6) Account receivable from affiliates

None

### (7) De-recognized account receivable

None

## (8) Amounts of assets and liabilities involved continuously in securitization of account receivable

None

## 7. Other receivables

## (1) Other receivables disclosed by categories

In RMB

Type	Closing amount				Opening amount			
	Remaining book value		Bad debt provision		Remaining book value		Bad debt provision	
	Amount	Proportion (%)	Amount	Proportion (%)	Amount	Proportion (%)	Amount	Proportion (%)
Other receivables with major individual amount and bad debt provision provided individually	1,220,316.84	1.43%	1,220,316.84	100%	1,220,316.84	1.68%	1,220,316.84	100%
Other receivables for which bad debt provision is made by group								
Including: receivable out of the consolidation	81,373,109.22	95.19%	13,150,647.41	16.16%	68,469,392.43	94.33%	11,129,836.15	16.26%
Subtotal	81,373,109.22	95.19%	13,150,647.41	16.16%	68,469,392.43	94.33%	11,129,836.15	16.26%
Other receivables with minor individual amount and bad debt provision provided individually	2,895,928.16	3.39%	2,895,928.16	100%	2,895,928.16	3.99%	2,895,928.16	100%
Total	85,489,354.22	--	17,266,892.41	--	72,585,637.43	--	15,246,081.15	--

## Notes to other receivables

Other receivables with an individual amount of RMB1 million (inclusive) are receivables with major individual amount.

Other receivables with major individual amount and bad debt provision provided individually at the end of the period

Applicable  Inapplicable

In RMB

Description	Remaining book value	Bad debt amount	Providing rate (%)	Reason
Receivable deposit	1,220,316.84	1,220,316.84	100%	Aged over 5 years, unlikely to be recovered
Total	1,220,316.84	1,220,316.84	--	--

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



√ Applicable □ Inapplicable

In RMB

Age	Closing amount			Opening amount		
	Remaining book value		Bad debt provision	Remaining book value		Bad debt provision
	Amount	Proportion (%)		Amount	Proportion (%)	
Less than 1 year						
Including:						
Subtotal for less than 1 year	38,163,710.08	44.64%	1,149,597.82	31,319,141.04	43.15%	942,761.14
1-2 years	19,564,199.05	22.88%	1,956,419.90	18,616,091.35	25.64%	1,861,609.14
2-3 years	8,889,850.43	10.4%	2,666,955.12	4,708,070.26	6.49%	1,412,421.08
Over 3 years	14,755,349.66	17.26%	7,377,674.56	13,826,089.78	19.05%	6,913,044.79
3-4 years	3,956,200.34	4.63%	1,978,100.17	5,706,414.82	7.86%	2,949,520.79
4-5 years	3,935,685.74	4.6%	1,967,842.87	2,220,633.18	3.06%	1,110,316.59
Over 5 years	6,863,463.58	8.03%	3,431,731.52	5,899,041.78	8.13%	2,853,207.41
Total	81,373,109.22	--	13,150,647.41	68,469,392.43	--	11,129,836.15

Other receivables adopting the balance percentage method in the group

□ Applicable √ Inapplicable

Other receivables adopting other methods in the group

□ Applicable √ Inapplicable

Other receivables with minor individual amount and bad debt provision provided individually

√ Applicable □ Inapplicable

In RMB

Description	Remaining book value	Bad debt provision	Providing rate (%)	Reason
Receivable deposit	300,000.00	300,000.00	100%	Aged over 5 years, unlikely to be recovered
Receivable deposit	224,875.84	224,875.84	100%	Aged over 5 years, unlikely to be recovered
Receivable deposit	159,800.00	159,800.00	100%	Aged over 5 years, unlikely to be recovered
Receivable deposit	150,000.00	150,000.00	100%	Aged over 5 years, unlikely to be recovered
Trade receivable	101,282.55	101,282.55	100%	Aged over 5 years, unlikely to be recovered
Total of other small amounts	1,959,969.77	1,959,969.77	100%	Aged over 5 years, unlikely to be recovered

Total	2,895,928.16	2,895,928.16	--	--
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## (2) Written-back or recovered other receivables during the report period

None

Bad debt provision for other receivables with major individual amount or with minor individual amount but independent impairment test

In RMB

Description	Remaining book value	Bad debt amount	Providing rate (%)	Reason
Receivable deposit	1,220,316.84	1,220,316.84	100%	Aged over 5 years, unlike to be recovered
Receivable deposit	1,800,000.00	180,000.00	10%	Normal, provided by the account age
Receivable deposit	1,120,543.15	336,162.95	30%	Normal, provided by the account age
Receivable deposit	1,100,000.00	330,000.00	30%	Normal, provided by the account age
Receivable deposit	6,898,000.00	689,800.00	10%	Normal, provided by the account age
Receivable deposit	3,158,000.00	94,740.00	3%	Normal, provided by the account age
Receivable deposit	2,278,926.90	683,678.07	30%	Normal, provided by the account age
Receivable deposit	1,907,624.65	57,228.74	3%	Normal, provided by the account age
Receivable deposit	1,720,000.00	51,600.00	3%	Normal, provided by the account age
Receivable deposit	300,000.00	300,000.00	100%	Aged over 5 years, unlike to be recovered
Receivable deposit	224,875.84	224,875.84	100%	Aged over 5 years, unlike to be recovered
Receivable deposit	159,800.00	159,800.00	100%	Aged over 5 years, unlike to be recovered
Receivable deposit	150,000.00	150,000.00	100%	Aged over 5 years, unlike to be recovered
Trade receivable	101,282.55	101,282.55	100%	Aged over 5 years, unlike to be recovered
Total of other small amounts	1,959,969.77	1,959,969.77	100%	Aged over 5 years, unlike to be recovered

Total	24,099,339.70	6,539,454.76	--	--
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Notes to other receivables with minor individual amount but triggering substantial risks after being grouped

None

(3) Written-off other receivables during the report period

None

(4) Shareholder holding 5% or above shares with voting rights of the Company and owing any other receivables to the Company at the end of period

None

(5) Nature and description of major other receivables

None

(6) Top 5 other receivable entities

In RMB

Entity	Relationship with the Company	Amount	Term	Percentage in the total other receivables (%)
Zhejiang Jiayue Industrial Co., Ltd.	Non-affiliated party	6,898,000.00	1-2 years	8.07%
Hainan Greentown Gaodi Investment Co., Ltd.	Non-affiliated party	3,158,000.00	Less than 1 year	3.69%
Xin Song	Non-affiliated party	2,707,327.61	2-3 years	3.17%
Nanjing Xinhua Daily (Nanjing News Center)	Non-affiliated party	2,451,804.00	Less than 1 year	2.87%
Wang Weihong	Non-affiliated party	2,441,865.93	1-3 years	2.86%
Total	--	17,656,997.54	--	20.66%

(7) Other receivables from affiliates

None

(8) De-recognized other receivables

None

## (9) Amounts of assets and liabilities involved continuously in securitization of other receivables

None

## 8. Prepayment

## (1) Account age of prepayments

In RMB

Age	Closing amount		Opening amount	
	Amount	Proportion (%)	Amount	Proportion (%)
Less than 1 year	23,180,856.69	90.81%	19,468,827.77	88.47%
1-2 years	646,542.87	2.53%	1,166,643.73	5.3%
2-3 years	744,279.73	2.92%	373,124.18	1.7%
Over 3 years	954,288.90	3.74%	997,563.54	4.53%
Total	25,525,968.19	--	22,006,159.22	--

## (2) Top 5 prepayment entities

In RMB

Entity	Relationship with the Company	Amount	Time	Reason
Henan Tiancheng Color Aluminum Co., Ltd.	Non-affiliated party	2,484,602.43	Less than 1 year	Unsettled
Litong Aluminum Industry (Guangdong) Co., Ltd.	Non-affiliated party	1,674,860.25	Less than 1 year	Unsettled
Qinghuangdao Wanxiang Aluminum Co., Ltd.	Non-affiliated party	1,070,751.02	Over 3 years	Unsettled
Guangdong Xingfa Aluminium Co., Ltd.	Non-affiliated party	1,282,943.29	Less than 1 year	Right to the cargo not transferred
Yantai Kaichen Labor Service Co., Ltd.	Non-affiliated party	1,010,000.00	Less than 1 year	Unsettled
Total	--	7,523,156.99	--	--

(3) Shareholders holding 5% or above shares with voting rights of the Company and involved in any prepayment of the Company at the end of period

In RMB

Entity	Closing amount		Opening amount	
	Remaining book value	Bad debt provision amount	Remaining book value	Bad debt provision amount

(4) Notes to prepayment

None

## 9. Inventories

(1) Classification of inventories

In RMB

Items	Closing amount			Opening amount		
	Remaining book value	Depreciation provision	Book value	Remaining book value	Depreciation provision	Book value
Raw materials	52,110,749.88	1,474,828.11	50,635,921.77	43,426,271.98	1,474,828.11	41,951,443.87
Product in process	7,214,876.34		7,214,876.34	6,219,310.56		6,219,310.56
Finished goods in stock	15,675,036.22	1,984,145.11	13,690,891.11	10,455,612.27	1,984,145.11	8,471,467.16
Asset formed by construction contract	206,084,359.94	2,014,344.59	204,070,015.35	212,353,564.65	2,014,344.59	210,339,220.06
Low price consumable	1,081.82		1,081.82	8,043.45		8,043.45
OEM materials	1,832,348.34		1,832,348.34	2,130,706.26		2,130,706.26
Development cost	573,019.83		573,019.83			
Total	283,491,472.37	5,473,317.81	278,018,154.56	274,593,509.17	5,473,317.81	269,120,191.36

(2) Inventory depreciation provision

In RMB

Item	Opening balance of book value	Provision made in the current period	Decrease		Closing balance of book value
			Write-back	Write-off	
Raw materials	1,474,828.11				1,474,828.11
Finished goods in stock	1,984,145.11				1,984,145.11

Asset formed by construction contract	2,014,344.59				2,014,344.59
Total	5,473,317.81				5,473,317.81

## (3) Inventory depreciation provision

Items	Basis	Reason	Proportion of written-back amount in the closing balance of the inventory item (%)
Raw materials	Realizable net value is lower than the cost		

## 10. Other current assets

None

## 11. Sellable financial assets

## (1) Sellable financial assets

None

## (2) Long-term creditor's investment in sellable financial assets

None

## 12. Investment held until mature

## (1) Investment held until mature

None

## (2) Investment held until mature remaining immature and sold in the report period

None

## 13. Long-term receivables

None

## 14. Investment in joint venture and associated companies

None

## 15. Long-term share equity investment

## (1) Details of long-term share equity investment

None

## (2) Restriction for transfer of capital to invested companies

None

## 16. Investment real estates

## (1) Investment real estate measured at costs

In RMB

Items	Opening balance of book value	Increase	Decrease	Closing balance of book value
1. Original total book value	4,428,890.85			4,428,890.85
1. Houses & buildings	4,428,890.85			4,428,890.85
II Accumulative total depreciation and amortization	789,385.09	57,481.44		846,866.53
1. Houses & buildings	789,385.09	57,481.44		846,866.53
III Total net book value of investment real estate	3,639,505.76	-57,481.44		3,582,024.32
1. Houses & buildings	3,639,505.76	-57,481.44		3,582,024.32
IV Total book value of investment real estate	3,639,505.76	-57,481.44		3,582,024.32
1. Houses & buildings	3,639,505.76	-57,481.44		3,582,024.32

In RMB

	Current period
Depreciation and amortized amount for the current period	57,481.44

## (2) Investment real estate measured at fair value

In RMB

Items	Opening fair value	Increase			Decrease		Closing fair value
		Purchase	Transferred	Gain/loss	Disposal	Transferre	

		d	from own use or inventory	caused by changes in fair value		d to own use	
1. Total costs	182,729,175.48						182,729,175.48
(1) Houses & buildings	182,729,175.48						182,729,175.48
2. Total changes in fair value	72,037,080.85						72,037,080.85
(1) Houses & buildings	72,037,080.85						72,037,080.85
3. Total book value of investment real estate	254,766,256.33						254,766,256.33
(1) Houses & buildings	254,766,256.33						254,766,256.33

Among the investment property, the workshop No.2 and No.3 located on Beihuan Road in Nanshan Shenzhen have not been granted the certificate of property, their book value at end of period was RMB32,057,585.40. After the renovation, the Company will not apply for an ownership certificate.

## 17. Fixed assets

### (1) Fixed assets

In RMB

Items	Opening balance of book value	Increase		Decrease	Closing balance of book value
1. Original total book value:	579,485,800.91	185,320,124.30		9,641,638.89	755,164,286.32
Houses & buildings	287,520,705.05	174,970,065.73		0.00	462,490,770.78
Equipment & machinery	237,818,748.42	6,983,181.63		8,264,173.18	236,537,756.87
Transportation facilities	15,786,606.33	1,128,593.04		1,055,882.78	15,859,316.59
Electronics and other devices	38,359,741.11	2,238,283.90		321,582.93	40,276,442.08
--	Opening balance of book value	Increase	Provision	Decrease	Closing balance
2. Total accumulative depreciation:	222,752,425.18		10,319,840.12	7,416,925.71	225,655,339.59
Houses & buildings	39,324,489.23		4,031,524.75	0.00	43,356,013.98
Equipment & machinery	154,763,867.26		2,851,168.10	6,578,250.70	151,036,784.66
Transportation facilities	8,305,922.46		754,987.89	584,789.99	8,476,120.36



Electronics and other devices	20,358,146.23		2,682,159.38	253,885.02	22,786,420.59
--	Opening balance of book value		--		Closing balance
3. Total net fixed assets book value	356,733,375.73		--		529,508,946.73
Houses & buildings	248,196,215.82		--		419,134,756.80
Equipment & machinery	83,054,881.16		--		85,500,972.21
Transportation facilities	7,480,683.87		--		7,383,196.23
Electronics and other devices	18,001,594.88		--		17,490,021.49
4. Total impairment provision	15,177,565.52		--		15,135,387.93
Houses & buildings	1,131,563.50		--		1,131,563.50
Equipment & machinery	14,046,002.02		--		14,003,824.43
Electronics and other devices			--		
5. Total fixed assets book value	341,555,810.21		--		514,373,558.80
Houses & buildings	247,064,652.32		--		418,003,193.30
Equipment & machinery	69,008,879.14		--		71,497,147.78
Transportation facilities	7,480,683.87		--		7,383,196.23
Electronics and other devices	18,001,594.88		--		17,490,021.49

The depreciation amounts to RMB10,319,840.12. The original value of transfer of construction progress into the fixed original assets amounts to RMB174,951,006.71.

## (2) Temporary idle fixed assets

In RMB

Items	Book value	Accumulative depreciation	Impairment provision	Net book value	Notes
Houses & buildings	46,273,742.05	3,029,722.87	277,744.50	42,966,274.68	
Equipment &	105,602,040.98	62,096,527.67	12,648,794.93	30,856,718.38	

machinery					
Transportation facilities	358,087.84	334,308.75		23,779.09	
Electronics and other devices	7,800,618.30	5,429,615.90		2,371,002.40	
Total	160,612,095.03	70,890,175.19	12,926,539.43	76,217,774.55	

## (3) Fixed assets leased through financial leasing

In RMB

Items	Book value	Accumulative depreciation	Net book value
Electronics and other devices	24,500.00	6,282.00	18,218.00

## (4) Fixed assets lend through financial leasing

None

## (5) Fixed assets held for sales at the end of the period

None

## (6) Fixed assets without ownership certificate

Items	Reason	Time
Houses in Urumuqi for offsetting debt	Historical reasons	
Complex on the Beihuan Road, Nanshan District, Shenzhen	To be renovated	
Office building on the Beihuan Road, Nanshan District, Shenzhen	To be renovated	
No.5 automatic screen door factory, Nanchang Fangda High-tech park of Fangda Automatic	Applying for	The certificate can be obtained in 2013.
Houses in Dalian of Fangda Decoration for offsetting debt	Negotiation	The certificate can be obtained in 2014.
No.2 factory on Beihuan Road, Nanshan District, Shenzhen	To be renovated	
No.3 factory on Beihuan Road, Nanshan District, Shenzhen	To be renovated	
Expanded workshop, dormitory and canteen of Shenyang Fangda	Entering into liquidation	

Plant, dormitory and canteen of Dongguan production base	Newly built, with the ownership certificate being applied for	
--	---	--

## 18. Construction in process

## (1) Construction in progress

In RMB

Items	Closing amount			Opening amount		
	Remaining book value	Impairment provision	Book value	Remaining book value	Impairment provision	Book value
Fangda Town reconstruction project	1,701,315.00		1,701,315.00	1,701,315.00		1,701,315.00
Liuxi spraying line renovation	1,466,675.36		1,466,675.36			
Dongguan Songshan Lake Fangda Southern Technology Garden				173,369,430.56		173,369,430.56
Installation of machines and equipment	465,500.28		465,500.28	67,948.72		67,948.72
<b>Total</b>	<b>3,633,490.64</b>		<b>3,633,490.64</b>	<b>175,138,694.28</b>		<b>175,138,694.28</b>

## (2) Changes in major construction in process

In RMB

Item	Budget	Opening amount	Increase	Transferred into fixed assets	Other decrease	Proportion of engineering investment in the budget (%)	Project progress	Accumulative capitalized interest	Including: capitalized interest for the current period	Interest capitalization rate (%)	Capital source	Closing amount
Dongguan Songshan Lake Fangda Southern Technology Garden	181,194,644.92	173,369,430.56	1,581,576.15	174,951,006.71		90.57%	100				Raised fund	0.00

Total	181,194,644.92	173,369,430.56	1,581,576.15	174,951,006.71		--	--			--	--	0.00
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The Dongguan Songshanhu Fangda Southern Sci & Tech Park will be accounted as fixed assets after it is constructed and can be put into use.

(3) Impairment provisions for construction in process

None

(4) Progress of major construction in process

None

(5) Notes to construction in process

None

19. Engineering materials

None

20. Disposal of fixed assets

In RMB

Items	Opening book value	Closing book value	Reason for disposal
Retirement of computers and air-conditioners	0.00	1,676.00	Unsettled fixed assets retired
Total		1,676.00	--

21. Productive biological assets

None

22. Petroleum assets

None

23. Intangible assets

(1) Intangible assets

In RMB

Items	Opening balance of	Increase	Decrease	Closing balance of book
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	book value		value
1. Original total book value	140,737,338.14	47,830.18	140,785,168.32
Land using rights of Fangda Town (phase I)	8,543,250.00		8,543,250.00
Land using rights of Fangda Town (phase III)	4,783,050.00		4,783,050.00
Land using rights of Fangda Tech Garden on Gaoxin Road Nanchang	11,064,548.41		11,064,548.41
Shenyang Fangda land use right	42,038,791.23		42,038,791.23
Dongguan land using right	40,041,465.75		40,041,465.75
Patent and classified tech	28,052,320.89	47,830.18	28,100,151.07
Computer software	6,213,911.86		6,213,911.86
2. Total accumulative amortization	32,831,092.16	1,785,132.61	34,616,224.77
Land using rights of Fangda Town (phase I)	4,207,053.60	72,715.68	4,279,769.28
Land using rights of Fangda Town (phase III)	1,522,604.25	47,830.50	1,570,434.75
Land using rights of Fangda Tech Garden on Gaoxin Road Nanchang	1,666,217.46	202,061.76	1,782,515.09
Shenyang Fangda land use right	4,267,125.92	420,417.90	4,687,543.82
Dongguan land using right	1,668,394.50	400,414.68	2,068,809.18
Patent and classified tech	17,080,497.90	381,550.01	17,462,047.91
Computer software	2,419,198.53	345,906.21	2,765,104.74
3. Total net intangible assets book value	107,906,245.98	-1,737,302.43	106,168,943.55
Land using rights of Fangda Town (phase I)	4,336,196.40	-72,715.68	4,263,480.72
Land using rights of Fangda Town (phase III)	3,260,445.75	-47,830.50	3,212,615.25
Land using rights of Fangda Tech Garden on Gaoxin Road Nanchang	9,398,330.95	-202,061.76	9,282,033.32
Shenyang Fangda land use	37,771,665.31	-420,417.90	37,351,247.41

right			
Dongguan land using right	38,373,071.25	-400,414.68	37,972,656.57
Patent and classified tech	10,971,822.99	-333,719.83	10,638,103.16
Computer software	3,794,713.33	-345,906.21	3,448,807.12
4. Total impairment provision	5,525,863.77		5,525,863.77
Land using rights of Fangda Town (phase I)			
Land using rights of Fangda Town (phase III)			
Land using rights of Fangda Tech Garden on Gaoxin Road Nanchang			
Shenyang Fangda land use right			
Dongguan land using right			
Patent and classified tech	5,525,863.77		5,525,863.77
Computer software			
Total book value of intangible assets	102,380,382.21	-1,737,302.43	100,643,079.78
Land using rights of Fangda Town (phase I)	4,336,196.40	-72,715.68	4,263,480.72
Land using rights of Fangda Town (phase III)	3,260,445.75	-47,830.50	3,212,615.25
Land using rights of Fangda Tech Garden on Gaoxin Road Nanchang	9,398,330.95	-116,297.63	9,282,033.32
Shenyang Fangda land use right	37,771,665.31	-420,417.90	37,351,247.41
Dongguan land using right	38,373,071.25	-400,414.68	37,972,656.57
Patent and classified tech	5,445,959.22	-333,719.83	5,112,239.39
Computer software	3,794,713.33	-345,906.21	3,448,807.12

The total amortization amounts to RMB1,785,132.61.

## (2) Development project expenses

None

## 24. Goodwill

In RMB

Invested entity or item of goodwill	Ending balance	Increase	Decrease	Beginning balance	Closing impairment provision
Shenzhen Woke	8,197,817.29			8,197,817.29	8,197,817.29
Fangda Yide	746,519.62			746,519.62	746,519.62
Total	8,944,336.91			8,944,336.91	8,944,336.91

## Basis for impairment testing and provision of goodwill

1. The Company acquired the 100% control power over Shenzhen Woke Co. by merger of enterprise under common control in May 2007. The difference between the initial investment cost and recognizable fair value of the investee has formed the goodwill of RMB8,197,817.29. As the company has stopped operating and obvious impairment has been caused, the goodwill was fully used to make the impairment provision in the previous year.
2. The Company acquired the minority share equities of Fangda Yide Co. in August 2007. The difference between the initial investment cost and recognizable fair value of the investee has formed the goodwill of RMB746,519.62. For Fangda Yide was not in good business operation for successive years, impairment provision has been provided fully upon the goodwill.

## 25. Long-term amortizable expenses

In RMB

Items	Opening amount	Increase	Amortized	Other decrease	Closing amount	Reason for other decrease
Decor of leased properties	4,635,388.95	388,029.00	566,010.14		4,457,407.81	
Others	75,471.70	234,000.00	115,501.71		193,969.99	
Total	4,710,860.65	622,029.00	681,511.85		4,651,377.80	--

## Notes to long-term amortizable expenses

The amortization of long-term amortizable expenses amounts to RMB681,511.85.

## 26 Deferred income tax assets and deferred income tax liabilities

(1) Deferred income tax assets and liabilities are not presented as net amount after neutralization

## Recognized deferred income tax assets and liabilities

In RMB

Items	Closing amount	Opening amount
Deferred income tax assets:		

Assets impairment provision	33,497,702.83	32,418,119.65
Deductible loss	2,641,974.00	1,230,904.81
Unrealizable gross profit	999,329.06	999,329.06
Reserved expense	428,965.21	1,126,545.59
Reserved wage	298,302.69	416,485.98
Subtotal	37,866,273.79	36,191,385.09
Deferred income tax liabilities:		
Adjustment of fair value of investment real estate	36,652,619.76	36,210,286.40
Subtotal	36,652,619.76	36,210,286.40

Details of unrecognized deferred income tax assets

In RMB

Items	Closing amount	Opening amount
Deductible temporary difference	68,055,013.87	68,279,939.00
Deductible loss	70,112,015.09	67,503,116.48
Total	138,167,028.96	135,783,055.48

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

In RMB

Year	Closing amount	Opening amount	Notes
2013	9,604,482.62	9,604,482.62	
2014	7,864,870.78	7,864,870.78	
2015	7,695,652.54	7,695,652.54	
2016	22,158,289.57	22,158,289.57	
2017	17,634,699.52	20,179,820.97	
2018	5,154,020.06		
Total	70,112,015.09	67,503,116.48	--

Details of taxable differences and deductible differences

In RMB

Items	Temporary difference	
	End	Beginning of the period
Differences in taxable items		
Adjustment of fair value of investment real estate	146,610,479.06	144,841,145.61
Subtotal	146,610,479.06	144,841,145.61
Deductible different items		
Assets impairment provision	199,974,875.87	191,819,859.24
Deductible loss	13,035,019.71	5,578,451.34



Unrealizable gross profit	4,288,919.75	4,288,919.75
Reserved expense	2,859,768.04	5,874,734.27
Reserved wage	1,988,684.61	2,776,573.23
Subtotal	222,147,267.98	210,338,537.83

## 27. Details of assets impairment provision

In RMB

Items	Opening balance of book value	Increase	Decrease		Closing balance of book value
			Write-back	Write-off	
1. Bad debt provision	175,018,461.35	8,025,431.11			183,043,892.46
2. Inventory depreciation provision	5,473,317.81				5,473,317.81
7. Fixed assets impairment provision	15,177,565.52			42,177.59	15,135,387.93
12. Intangible assets impairment provision	5,525,863.77				5,525,863.77
13. Goodwill impairment provision	8,944,336.91				8,944,336.91
Total	210,139,545.36	8,025,431.11		42,177.59	218,122,798.88

## 28. Other non-current assets

None

## 29. Short-term borrowings

## (1) Classification of short-term borrowings

In RMB

Items	Closing amount	Opening amount
Loan by pledge	1,970,000.00	1,970,000.00
Borrowings with security and security	200,000,000.00	180,000,000.00
Guarantee loan	70,000,000.00	
Total	271,970,000.00	181,970,000.00

## Notes to classification of short-term borrowings

- The remaining borrowing amounts to RMB1.97 million at the end of the period, pledged by discounting the commercial acceptance with recourse of the Fangda Decoration;

2. The borrowings with security and security of RMB200 million are pledged with Fangda Science & Technology Building (with a pledge limit of RMB112,532,100). The remaining RMB87,467,900 is credit loans.

3. The guaranteed loan amounted to RMB70 million by the end of the period, borrowed from the subsidiary Fangda Decoration, guaranteed by the Company.

(2) Mature but not repaid short-term borrowings

None

30. Transactional financial liabilities

None

31. Notes payable

In RMB

Type	Closing amount	Opening amount
Commercial acceptance	7,501,080.53	20,537,464.06
Bank acceptance	177,552,002.52	140,242,312.97
Total	185,053,083.05	160,779,777.03

Amount due in next fiscal term will be RMB185,053,083.05.

32. Account payable

(1) Account payable

In RMB

Items	Closing amount	Opening amount
Trade payable	303,090,286.81	277,179,391.09
Construction payable	7,062,516.35	22,610,906.64
Payable installation and implementation fees	58,395,527.86	104,893,985.61
Equipment payment receivable	5,587,555.39	
Others	15,290,124.01	7,161,748.38
Total	389,426,010.42	411,846,031.72

(2) Accounts payable to shareholder holding 5% or above shares with voting rights of the Company in the report period

None

## (3) Notes to large accounts payable aged over one year

None

## 33. Prepayment

## (1) Prepayment

In RMB

Items	Closing amount	Opening amount
Engineering payment	123,189,851.29	70,888,842.64
Material loan	3,648,780.85	6,099,951.68
Others	2,374,735.47	753,108.70
Total	129,213,367.61	77,741,903.02

## (2) Prepayments from shareholders holding 5% or above shares with voting rights of the Company in the report period

None

## (3) Notes to large prepayments aged over one year

None

## 34. Employees' wage payable

In RMB

Items	Opening balance of book value	Increase	Decrease	Closing balance of book value
1. Wage, bonus, allowance and subsidies	21,567,724.54	62,362,821.23	72,791,985.97	11,138,559.80
2. Employee welfare	0.00	2,567,144.18	2,567,144.18	0.00
3. Social insurance	0.00	5,849,866.79	5,849,866.79	0.00
Including: medical insurance	0.00	1,500,605.19	1,500,605.19	0.00
Basic pension	0.00	3,733,471.62	3,733,471.62	0.00
Unemployment	0.00	315,437.82	315,437.82	0.00

insurance				
Labor injury insurance	0.00	190,536.70	190,536.70	0.00
Breeding insurance	0.00	109,815.46	109,815.46	0.00
4. Housing fund	0.00	1,789,687.95	1,789,687.95	0.00
5. Others	2,377,548.01	528,300.98	808,043.13	2,097,805.86
Total	23,945,272.55	73,097,821.13	83,806,728.02	13,236,365.66

1. The Company does not own any wage to employees.
2. The work union fund and staff education fund amount to RMB2,097,805.86 with a non-monetary welfare amount of RMB0 and compensation for termination of employment of RMB0.
3. The remaining wage payable to employees at the end of the period is mainly prepayment of the wage for June 2012 and will be made in July 2013.

### 35. Taxes payable

In RMB

Items	Closing amount	Opening amount
VAT	-6,594,928.98	-4,757,677.68
Business tax	26,153,608.79	23,400,077.35
Enterprise income tax	8,403,302.99	10,068,399.05
Personal income tax	1,438,280.67	444,142.16
City maintenance and construction tax	1,621,304.11	1,845,487.01
Land using tax	751,034.06	639,180.73
Property tax	905,322.19	909,940.53
Education surtax	862,919.63	955,231.71
Local education surtax	67,230.59	95,693.78
Others	85,751.22	86,103.34
Total	33,693,825.27	33,686,577.98

Fangda Decoration and Fangda Automatic adopt the consolidated taxation basis for enterprise income tax. The parent consolidates the enterprise income tax of subsidiaries, which is paid by the subsidiaries according to the proportions approved by the tax bureau.

### 36. Interest payable

In RMB

Items	Closing amount	Opening amount
Short-term borrowing interests payable	438,500.00	316,201.11

Short-term bond interest payable	8,084,931.51	1,638,356.16
Total	8,523,431.51	1,954,557.27

## 37. Dividend payable

None

## 38. Other payables

## (1) Other payables

In RMB

Items	Closing amount	Opening amount
Performance and quality deposit	18,880,756.63	20,513,800.46
Deposit	9,096,910.96	6,846,769.95
Reserved expense	6,397,693.75	7,248,198.58
Others	5,416,317.50	6,731,287.87
Total	39,791,678.84	41,340,056.86

(2) Other payables to shareholder holding 5% or above shares with voting rights of the Company in the report period

None

(3) Notes to large other payables aged over one year

None

(4) Description of large other payables

None

## 39. Anticipated liabilities

None

## 40. Non-current liabilities due within 1 year

None

## 41 Other current liabilities

In RMB

Items	Closing balance of book value	Opening balance of book value
Short-term debentures	200,000,000.00	200,000,000.00
Total	200,000,000.00	200,000,000.00

On November 15, 2012, the Company issued the first short-term debenture in 2012:

Short-term debenture	Fangda Group's First Short-term Debenture in 2012		
Abbreviation	12 FANGDA GROUP CP001		
Code	41260080	Term	365 days
Interest calculation basis	Repayment of capital with interest	Issuing day	November 15, 2012
Actual amount of issue	RMB200 million	Planned amount of issue	RMB200 million
Par price	RMB100/par value of RMB100	Interest rate	6.50% (one-year shibor on the issuing day+2.10%)
Main underwriter	Industrial Bank Co., Ltd.		

## 42. Long-term borrowings

None

## 43. Bond payable

None

## 44. Long-term payables

None

## 45. Special payables

None

## 46. Other non-current liabilities

In RMB

Items	Closing balance of book value	Opening balance of book value
Deferred profit	2,000,000.00	0.00
Total	2,000,000.00	

During the report period, the Company received a prize of RMB2 million for a significant and key investment

project from Dongguan Finance Ministry, which will be amortize on average based on the service year of the asset.

#### 47. Capital share

In RMB

	Opening amount	Change (+,-)					Closing amount
		Issued new shares	Bonus shares	Transferred from reserves	Others	Subtotal	
Total of capital shares	756,909,905.00						756,909,905.00

#### 48. Shares in stock

None

#### 49. Special reserves

None

#### 50. Capital reserve

In RMB

Items	Opening amount	Increase	Decrease	Closing amount
Capital premium (share capital premium)	38,238,222.48			38,238,222.48
Other capital reserves	42,061,645.16			42,061,645.16
Total	80,299,867.64			80,299,867.64

#### 51. Surplus reserves

In RMB

Items	Opening amount	Increase	Decrease	Closing amount
Statutory surplus reserves	30,494,542.94			30,494,542.94
Total	30,494,542.94			30,494,542.94

#### 52. Providing of common risk provisions

None

## 53. Retained profit

In RMB

Items	Amount	Provided or distributed proportion
Adjustment on retained profit of previous year	230,907,879.99	--
Retained profit adjusted at beginning of year	230,907,879.99	--
Plus: Net profit attributable to owners of the parent	39,361,593.42	--
Common share dividend payable	22,540,512.87	
Closing retained profit	247,728,960.54	--

## 54. Operational revenue and costs

## (1) Operation incomes and costs

In RMB

Items	Occurred in current period	Occurred in previous period
Major business turnover	716,466,138.21	507,471,233.33
Other business income	20,361,901.67	21,818,364.47
Operation cost	584,493,820.44	418,086,030.44

## (2) Business segments (on industries)

In RMB

Industry	Occurred in current period		Occurred in previous period	
	Turnover	Operation cost	Turnover	Operation cost
Metal production	671,324,125.17	549,199,043.56	471,976,293.23	379,891,380.74
Railroad industry	45,126,972.67	29,541,447.74	33,746,387.12	26,730,948.12
Others	15,040.37	24,382.00	1,748,552.98	3,139,240.03
Total	716,466,138.21	578,764,873.30	507,471,233.33	409,761,568.89

## (3) Business segments (by products)

In RMB

Product	Occurred in current period		Occurred in previous period	
	Turnover	Operation cost	Turnover	Operation cost
Curtain wall system and materials	671,324,125.17	549,199,043.56	471,976,293.23	379,891,380.74



Metro screen door products	45,126,972.67	29,541,447.74	33,746,387.12	26,730,948.12
Others	15,040.37	24,382.00	1,748,552.98	3,139,240.03
Total	716,466,138.21	578,764,873.30	507,471,233.33	409,761,568.89

## (4) Business segments (by regions)

In RMB

Region	Occurred in current period		Occurred in previous period	
	Turnover	Operation cost	Turnover	Operation cost
Domestic sales	696,184,686.27	566,604,060.60	493,071,807.85	399,220,838.46
Export revenue	20,281,451.94	12,160,812.70	14,399,425.48	10,540,730.43
Total	716,466,138.21	578,764,873.30	507,471,233.33	409,761,568.89

## (5) Revenue from top five customers

In RMB

Customer	Major business turnover	Percentage in total turnover of the Company %
No.1	50,553,508.95	6.86%
No.2	44,318,316.55	6.01%
No.3	35,339,997.62	4.8%
No.4	34,645,503.00	4.7%
No.5	27,215,181.45	3.69%
Total	192,072,507.57	26.06%

## 55. Income from contract projects

None

## 56. Business tax and surcharge

In RMB

Items	Occurred in current period	Occurred in previous period	Rate
Business tax	9,460,385.99	6,663,166.07	See 5. Tax in VIII Financial Statements for details.
City maintenance and construction tax	1,836,559.18	1,285,464.47	
Education surtax	842,658.97	560,548.10	

Property tax	715,990.93	656,968.35	
Land using tax	83,890.57	77,989.18	
Others	693,752.45	506,861.55	
Total	13,633,238.09	9,750,997.72	--

## 57. Sales expense

In RMB

Items	Occurred in current period	Occurred in previous period
Labor costs	8,844,748.71	6,525,070.78
Freight and miscellaneous charges	3,197,506.17	2,936,126.32
Travel costs	1,840,093.38	1,621,280.80
Entertainment costs	945,025.75	1,002,061.50
Material consumption	22,755.35	208,694.43
Office costs	148,767.75	273,463.26
Rental	279,843.66	556,016.40
Test and experiment costs		116,520.00
Consultant costs	627,255.66	
Others	1,708,990.66	1,924,796.27
Total	17,614,987.09	15,164,029.76

## 58. Management expenses

In RMB

Items	Occurred in current period	Occurred in previous period
Labor costs	30,286,559.39	27,555,779.26
Depreciation and amortization	10,127,940.22	10,072,250.43
Agencies	841,979.21	335,473.20
Tax	1,599,803.72	2,009,189.95
Maintenance costs	1,822,143.23	3,860,125.65
Water and electricity	778,910.68	1,075,987.51
Office expenses	990,134.27	596,772.29
Travel costs	1,341,062.18	1,206,897.05
Entertainment costs	889,358.81	952,150.00
Rental	1,177,344.49	1,061,754.62
Lawsuit	396,663.42	451,362.03

Material consumption	379,286.79	211,332.07
Property management fee	757,691.60	808,018.32
Others	5,958,617.39	5,699,134.96
Total	57,347,495.40	55,896,227.34

## 59. Financial expenses

In RMB

Items	Occurred in current period	Occurred in previous period
Interest expense	11,981,599.56	13,288,933.17
Less: Interest income	-1,237,905.09	-1,964,237.49
Exchange gain/loss	549,645.66	-163,715.27
Commission charges and others	920,182.27	200,478.84
Total	12,213,522.40	11,361,459.25

## 60. Income from fair value fluctuation

In RMB

Source of income from fluctuation of fair value	Occurred in current period	Occurred in previous period
Investment real estate measured at fair value		5,936,670.15
Total		5,936,670.15

## 61. Investment income

None

## 62. Assets impairment loss

In RMB

Items	Occurred in current period	Occurred in previous period
1. Bad debt loss	8,025,431.11	-1,292,333.29
2. Inventory depreciation loss		4,322,567.44
7. Fixed assets impairment loss		14,847,286.30
Total	8,025,431.11	17,877,520.45

## 63. Non-business income

## (1) Non-business income

In RMB

Items	Occurred in current period	Occurred in previous period	Amount accounted into the current accidental gain/loss
Total of gains from disposal of non-current assets	144,075.88	180.00	144,075.88
Including: Gains from disposal of fixed assets	144,075.88	180.00	144,075.88
Government subsidy	50,000.00	703,700.00	50,000.00
Penalty income	104,162.32	44,028.69	104,162.32
Penalty income	15,085.00	62,385.25	15,085.00
Payable account not able to be paid	65,309.08	285,928.69	65,309.08
Others	2,126,069.46	2,058,771.87	2,126,069.46
Total	2,504,701.74	3,154,994.50	2,504,701.74

Major items in other non-business income include: 1. An insurance compensation of RMB1,037,879.57 received by Subsidiary Fangda Decoration. 2. Income of RMB999,990.34 from disposal of wastes.

## (2) Details of government subsidies

In RMB

Items	Occurred in current period	Occurred in previous period	Notes
Well-known brand prize from Nanchang Quality Supervisory Bureau	50,000.00		
2011 Significant Tax Contribution Prize from Hi-tech Finance Ministry		100,000.00	
Inland freight subsidy from Nanchang Hi-tech Finance Ministry		262,000.00	
Nanchang Financial Bureau 2011 on-job training subsidy		236,700.00	
Graphic background production and extension and chip making prize		25,000.00	
Purchase of equipment for semi-conductor lighting technical		50,000.00	

development project			
Fund for optical-electric product projects		30,000.00	
Total	50,000.00	703,700.00	--

## 64. Non-business expenses

In RMB

Items	Occurred in current period	Occurred in previous period	Amount accounted into the current accidental gain/loss
Total of losses from disposal of non-current assets	169,723.53	134,421.19	169,723.53
Including: Losses from disposal of fixed assets	169,723.53	134,421.19	169,723.53
Donation	305,000.00		305,000.00
Others	197,575.63	285,884.02	197,575.63
Total	672,299.16	420,305.21	672,299.16

## 65. Income tax expenses

In RMB

Items	Occurred in current period	Occurred in previous period
Income tax calculated according to the law and regulations of current term	9,028,463.76	4,997,874.74
Adjustment of differed income tax	-1,232,555.34	2,909,582.30
Total	7,795,908.42	7,907,457.04

## 66. Calculation of basic earning per share and diluted earning per share

Items	Code	Occurred in current period	Occurred in previous period
Net profit attributable to common share holders of the Company	P1	39,361,395.42	12,643,297.40
Accidental gain/loss attributable to common share holders of the Company	F	1,796,843.22	6,662,512.15
Net profit attributable to the common owners of the PLC after deducting of non-recurring gains/losses	P2=P1-F	37,591,750.20	5,980,785.25
Influence of diluting events on net profit attributable to common share holders of the Company	P3		
Influence of diluting events on net profit attributable to the common owners of the PLC after deducting of non-recurring	P4		

gains/losses			
Opening share number	S0	756,909,905	756,909,905
Amount of shares increased by capitalizing of common reserves or share dividend	S1		
Amount of shares increased by issuing of new shares or transforming of debt to shares	Si		
Number of months from the next month of share increasing by issuing of new shares or transferring of debts to the end of report term	Mi		
Amount of shares decreased by repurchasing of shares in the report term	Sj		
Number of months since the next month of share decreasing to the end of report term	Mj		
Amount of shares reduced	Sk		
Number of months in the report term	M0	6	6
Weighted average of common shares issued outside	$S=S0+S1+Si*Mi/M0-Sj*Mj/M0-Sk$	756,909,905	756,909,905
Add: the weighted average of common shares increased assuming the diluting potential common shares transferred into issued common shares	X1		
Weighted average of common shares for calculating diluted earning per share	$X2=S+X1$	756,909,905	756,909,905
Including: Weighted average of common shares increased by conversion of corporate bonds			
Weighted average of common shares increased by exercising of subscription warrants/options			
Weighted average of common shares increased by performance of repurchase promise			
Earning per share attributable to common share holders of the Company	$Y1=P1/S$	0.05	0.02
Basic earning per share attributable to the common owners of the PLC after deducting of non-recurring gains/losses	$Y2=P2/S$	0.05	0.01
Basic earning per share attributable to common share holders of the Company	$Y3=(P1+P3)/X2$	0.05	0.02
Diluted earning per share attributable to the common owners of the PLC after deducting of non-recurring gains/losses	$Y4=(P2+P4)/X2$	0.05	0.01

## 67. Other miscellaneous income

In RMB

Items	Occurred in current period	Occurred in previous period
1. Amount of gain (loss) from sellable financial assets		-126,000.00
Less: Income tax influence of available-for-sale financial assets		-31,500.00
Subtotal		-94,500.00
2. Others		91,831.63
Subtotal		91,831.63
Total		-2,668.37

## 68. Notes to the cash flow statement

## (1) Other cash inflow related to operation

In RMB

Items	Amount
Interest income	1,257,838.51
Subsidy income	2,058,143.07
Net acceptance deposit	1,223,605.50
Bidding deposit	15,304,652.89
Operating trade, net	373,126.84
Others	4,635,765.07
Total	24,853,131.88

## (2) Other cash paid related to operation

In RMB

Items	Amount
Payment management cost	12,349,700.79
Payment sales cost	2,847,912.86
Deposit	19,621,874.65
Personal borrowing	5,353,401.76
Others	14,859,709.26
Total	55,032,599.32

## (3) Other cash received related to investment activities

In RMB

Items	Amount
Received deposit related to investment	371,500.00
Total	371,500.00

## (4) Other cash paid related to investment activities

In RMB

Items	Amount
Paid deposit related to investment	960,000.00
Total	960,000.00

## (5) Other cash received related to financing

None

## (6) Other cash paid related to financing

In RMB

Items	Amount
Short-term financing bond registration fee	14,000.00
Dividend commission	67,621.53
Total	81,621.53

## 69. Supplementary data of cash flow statement

## (1) Supplementary data of cash flow statement

In RMB

Supplementary Info.	Amount of the Current Term	Amount of the Previous Term
1. Net profit adjusted to cash flow of business operation	--	--
Net profit	38,156,917.62	1,917,235.24
Plus: Asset impairment provision	8,025,431.11	17,877,520.45
Fixed asset depreciation, gas and petrol depreciation, production goods depreciation	10,377,321.56	9,464,901.99
Amortizing of intangible assets	1,737,302.43	2,659,969.08



Amortizing of long-term amortizable expenses	681,511.85	239,104.35
Loss from disposal of fixed assets, intangible assets, and other long-term assets (“-“ for gains)	25,647.65	77,564.55
Loss from fixed asset discard (“-“ for gains)		56,676.64
Loss from fair value fluctuation (“-“ for gains)		-5,936,670.15
Financial expenses (“-“ for gains)	11,981,599.56	14,395,048.68
Decrease of deferred income tax asset (“-“ for increase)	-1,674,888.70	910,087.39
Increase of deferred income tax asset (“-“ for increase)	442,333.36	1,967,994.91
Decrease of inventory (“-“ for increase)	-9,025,857.85	333,008.92
Decrease of operational receivable items (“-“ for increase)	-116,350,428.69	-62,840,068.07
Increase of operational receivable items (“-“ for decrease)	56,712,972.69	-49,192,126.91
Cash flow generated by business operation, net	1,089,862.59	-68,069,752.93
2. Major investment and financing operation not involving with cash	--	--
3. Net change of cash and cash equivalents	--	--
Balance of cash at period end	247,623,800.14	285,781,351.89
Less: Initial balance of cash	240,167,372.86	415,709,113.55
Net increasing of cash and cash equivalents	7,456,427.28	-14,395,656.89

## (2) Information about acquisition or disposal of subsidiaries or businesses

None

## (3) Composition of cash and cash equivalents

In RMB

Items	Closing amount	Opening amount
I. Cash	247,623,800.14	240,167,372.86
Including: Cash in stock	17,785.62	29,127.30
Bank savings can be used at any time	247,606,014.52	285,571,921.04
3. Balance of cash and cash equivalents at end of term	247,623,800.14	240,167,372.86

## 70. Notes to statement of change in owners' equity

None

## (VIII) Accounting treatment of capital securitizing

1. State the main trade arrangement, accounting treatment, and bankruptcy isolating terms of capital securitization.

None

2. Entities on which the Company has no control power but undertake the risks

None

## (IX) Related parties and transactions

1. Parent of the Company

Parent	Relationship	Ownership type	Registered address	Legal representative	Business	Registered capital	Share of the parent co. in the Company %	Voting power of the parent company %	Ultimate holder of the Company	Organization code
Shenzhen Banglin Technologies Development Co., Ltd.	Controlling shareholder	Ltd. liability	Shenzhen	Chen Jinwu	Industrial investment	30,000,000.00	9.09%	9.09%		72984005-5
Shenzhen Shilihe Investment Co., Ltd.	Controlling shareholder	Ltd. liability	Shenzhen	Wang Shengguo	Industrial investment	19,780,992.00	2.36%	2.36%		72984450-7
Shengjiu Investment Ltd.	Controlling shareholder	Ltd. liability	Hong Kong	Xiong Jianming	Industrial investment	HKD10,000.00	2.82%	2.82%		59046683-000-10-11-2

1. All of the investors of Shenzhen Banglin Technology Development Co., Ltd. – the holding shareholder of the Company, are natural persons. Among them, Chairman Xiong Jianming is holding 85% of the shares, and Mr. Xiong Xi – son of Mr. Xiong Jianming, is holding 15% of the shares.

2. Among the top 10 shareholders, Shenzhen Banglin Technology Development Co., Ltd. and Shengjiu Investment Co., Ltd. are parties action-in-concert. Shenzhen Banglin Technology Development Co., Ltd. and Shenzhen Shilihe Investment Co., Ltd. are related parties. The Company is not notified of other action-in-concert or related parties among the other holders of current shares.

## 2. Subsidiaries of the Company

Subsidiary	Ownership type	Ownership type	Registered address	Legal representative	Business	Registered capital	Shareholding (%)	Proportion of votes %	Organization code
Shenzhen Fangda Decoration Engineering Co., Ltd.	Controlled subsidiaries	Ltd. liability	Shenzhen	Xiong Jianwei	Designing, manufacturing, and installation of curtain walls	310,000,000.00	100%	100%	19244418-2
Shenzhen Fangda Automatic System Co., Ltd.	Controlled subsidiaries	Ltd. liability	Shenzhen	Lin Kebin	Design, R&D, installation and sales of railway screen door systems	105,000,000.00	100%	100%	75425429-3
Shenzhen Fangda Yide New Material Co., Ltd.	Controlled subsidiaries	Sino-foreign joint venture	Shenzhen	Yang Xioazhuan	Production and distribution of new-type composite materials	USD3,200,000.00	100%	100%	61929454-0
Fangda New Materials (Jiangxi) Co., Ltd.	Controlled subsidiaries	joint venture by the Company and companies in Taiwan, Hong Kong or Macao	Nanchang	Yang Xioazhuan	Production and sales of new-type materials composite materials and production of curtain walls	USD12,000,000.00	100%	100%	74852611-7
Jiangxi Fangda New Type Aluminum Co., Ltd.	Controlled subsidiaries	Ltd. liability (joint venture by the Company and domestic and overseas	Nanchang	Yang Xioazhuan	Design, production, sales and installation of curtain wall aluminium materials, doors,	20,000,000.00	100%	100%	15830664-0

		companies)			windows and sectional materials				
Hong Kong Junjia Group Co., Ltd.	Controlled subsidiaries	BODY CORPORATE	Hong Kong		Investment	HKD10,000.00	100%	100%	3007554-2000-04-10-4
Shenyang Fangda Semiconductor Lighting Co., Ltd.	Controlled subsidiaries	Ltd. liability	Shenyang	Wang Shengguo	Manufacturing of semiconductor lighting material and chips; lighting source encapsulation; developing, designing, manufacturing, engineering, installation and trading of semiconductor lighting system	200,000,000.00	64.58%	64.58%	66254891-3
Shenzhen Kexunda Software Co., Ltd.	Controlled subsidiaries	Ltd. liability (Sole investment by legal person)	Shenzhen	Lin Kebin	Developing of hardware and software, system integration, technical consulting	1,000,000.00	100%	100%	58409491-9
Shenzhen Fangda Property Development Co., Ltd.	Controlled subsidiaries	Ltd. liability (Sole investment by legal person)	Shenzhen	Lin Kebin	Development and operating of real estate on land of	10,000,000.00	100%	100%	05895223-1

					which land use right is legally obtained by the Company; property management				
--	--	--	--	--	--	--	--	--	--

## 3. Joint ventures and affiliates

None

## 4. Other related parties

None

## 5. Related transactions

None

## 6. Receivable and payables due with related parties

None

## (X) Share payment

None

## (XI) Contingent events

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

Plaintiff	Defender	Case	Court	Target amount	Progress
Wang Weihong	Fangda Decoration	Engineering dispute	The 1 <sup>st</sup> Middle Court of Chongqing	RMB17.07 million and its interest	Loss appraisal

Note: In 2010, Wang Weihong sued to the 1<sup>st</sup> Middle Court of Chongqing against Fangda Decoration – one of the Company's subsidiaries, claiming for payment RMB17 million project payment and interest, while Fangda Decoration claimed RMB18 million of project payment and related loss. At present the trial process has been completed. Wang Weihong demanded loss appraisal in the debate stage. And the bank deposit of RMB12 million of Fangda Decoration was frozen by the court. RMB12 million in Fangda Decoration's bank deposit account was frozen by the court according to the application of the plaintiff for pre-action custody of property.

2. Contingent liabilities formed by providing of guarantee to other companies' debts and their influences on financial situation

None

(XII) Commitments

1. Major commitments

Company	Amount	Notes
Jiangxi New Material	50,000,000.00	No loan commitment under the credit item at the end of the report period
	70,800,000.00	
Fangda Automatic	36,327,443.94	This amount is the part used but not due in last year.
Fangda Decoration	452,440,773.86	This amount is the part used but not due in last year.
	15,903,217.28	
Fangda Automatic	5,506,224.75	This amount is the part used but not due in last year.
Total	630,977,659.83	

The Company has no other commitments that should be disclosed by 30.06.13.

2. Fulfilling of commitments made in previous periods

None

(XIII) Post-balance-sheet events

None

(XIV) Other material events

1. Non-monetary asset exchange

None

2. Debt reconstruction

None

## 3. Enterprise merger

None

## 5. Leasing

The Company leases investment real estates and obtained a lease income of RMB1,4213,900 million in the report period.

## 5. Financial instruments issued to outside, convertible to shares

None

## 6. Assets and liabilities measured at fair value

In RMB

Items	Opening amount	Gain/loss caused by changes in fair value	Accumulative changes in fair value accounting into the income account	Impairment provided in the period	Closing amount
Financial assets					
Investment real estate	254,766,256.33				254,766,256.33
Total	254,766,256.33				254,766,256.33
Financial liabilities	0.00				0.00

## 7. Foreign currency financial assets and liabilities

In RMB

Items	Opening amount	Gain/loss caused by changes in fair value	Accumulative changes in fair value accounting into the income account	Impairment provided in the period	Closing amount
Financial assets					
3. Loans and receivables	41,726,895.45			-459,706.58	9,921,916.01
Subtotal	41,726,895.45			-459,706.58	9,921,916.01
Financial liabilities	0.00				0.00

## 8. Main contents of annual rewarding plan and material changes

None

## 9. Others

None

## (XV) Notes to Financial Statements of the Parent

## 1. Account receivable

## (1) Account receivable

In RMB

Type	Closing amount				Opening amount			
	Remaining book value		Bad debt provision		Remaining book value		Bad debt provision	
	Amount	Proportion (%)	Amount	Proportion (%)	Amount	Proportion (%)	Amount	Proportion (%)
Account receivable with major individual amount and bad debt provision provided individually	0.00	0%	0.00					
Account receivable for which bad debt provision is made by group								
Receivable accounts not consolidated	8,455,543.17	100%	3,298,401.79	39.01%	8,455,543.17	100%	3,298,401.79	34.86%
Subtotal	8,455,543.17	100%	3,298,401.79	39.01%	8,455,543.17	100%	3,298,401.79	34.86%
Account receivable with minor individual amount and bad debt provision provided individually		0%	0.00					
Total	8,455,543.17	--	3,298,401.79	--	8,455,543.17	--	3,298,401.79	--

## Notes to account receivable

For the current year, the Company recognizes project receivables over RMB8 million (inclusive) as “individual receivable with large amount” while recognizes product receivables over RMB2 million (included) as “individual receivable with large amount”.

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

Applicable  Inapplicable

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

Applicable  Inapplicable

In RMB

Age	Closing amount	Opening amount
-----	----------------	----------------



	Remaining book value		Bad debt provision	Remaining book value		Bad debt provision
	Amount	Proportion (%)		Amount	Proportion (%)	
Less than 1 year						
Including:	--	--	--	--	--	--
Subtotal for less than 1 year	490,582.84	5.8%	14,717.49	490,582.84	5.8%	14,717.49
1-2 years	1,196,767.80	14.15%	119,676.78	1,196,767.80	14.15%	119,676.78
2-3 years	1,100,443.75	13.01%	330,133.13	1,100,443.75	13.01%	330,133.13
Over 3 years	5,667,748.78	67.03%	2,833,874.39	5,667,748.78	67.03%	2,833,874.39
4-5 years	5,667,748.78	67.03%	2,833,874.39	5,667,748.78	67.03%	2,833,874.39
Total	8,455,543.17	--	3,298,401.79	8,455,543.17	--	3,298,401.79

Account receivable adopting the balance percentage method in the group

Applicable  Inapplicable

Account receivable adopting other methods in the group

Applicable  Inapplicable

Account receivable with minor individual amount and bad debt provision provided individually

Applicable  Inapplicable

(2) Written-back or recovered account receivable during the report period

None

(3) Written-off account receivable during the report period

None

(4) Shareholder holding 5% or above shares with voting rights of the Company and owing any account receivable to the Company at the end of period

None

(5) Nature and description of major other account receivable

None

(6) Top 5 account receivable entities

In RMB

Entity	Relationship with the Company	Amount	Term	Percentage in the total account receivable (%)
Guangzhou Metro Company	Customer	1,196,767.80	1-2 years	14.15%
Guangzhou Metro Company	Customer	1,100,443.75	2-3 years	13.01%
Guangzhou Metro Company	Customer	5,667,748.78	Over 3 years	67.03%
Total	--	7,964,960.33	--	94.19%

## (7) Account receivable from affiliates

None

Amount of receivable transferred but not satisfying the conditions of termination recognition is RMB0.00.

(9) If securitization is performed on target asset with purpose of receivable account, please brief the related arrangements.

None

## 2. Other receivables

## (1) Other receivables

In RMB

Type	Closing amount				Opening amount			
	Remaining book value		Bad debt provision		Remaining book value		Bad debt provision	
	Amount	Proportion (%)	Amount	Proportion (%)	Amount	Proportion (%)	Amount	Proportion (%)
Other receivables with major individual amount and bad debt provision provided individually	0.00	0%	0.00	0%				
Other receivables for which bad debt provision is made by group								
Including: receivable out of the consolidation	2,580,815.58	0.68%	582,475.08	22.57%	2,213,985.94	0.43%	567,657.33	25.64%
Receivable accounts consolidated	377,205,742.78	99.3%	0.00	0%	510,652,461.91	99.55%		
Subtotal	379,786,558.36	99.98%	582,475.08	0.15%	512,866,447.85	99.98%	567,657.33	0.11%

		%				%		
Other receivables with minor individual amount and bad debt provision provided individually	77,046.00	0.02%	77,046.00	100%	77,046.00	0.02%	77,046.00	100%
Total	379,863,604.36	--	659,521.08	--	512,943,493.85	--	644,703.33	--

## Notes to other receivables

Other receivables with an individual amount of RMB1 million (inclusive) are receivables with major individual amount.

Other receivables with major individual amount and bad debt provision provided individually at the end of the period

Applicable  Inapplicable

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

Applicable  Inapplicable

In RMB

Age	Closing amount			Opening amount		
	Remaining book value		Bad debt provision	Remaining book value		Bad debt provision
	Amount	Proportion (%)		Amount	Proportion (%)	
Less than 1 year						
Including:	--	--	--	--	--	--
Subtotal for less than 1 year	1,320,012.04	0.35%	43,413.22	953,182.40	0.18%	28,595.47
1-2 years	203,000.00	0.05%	20,300.00	203,000.00	0.04%	20,300.00
2-3 years	50,699.54	0.01%	15,209.86	50,699.54	0.01%	15,209.86
Over 3 years	1,007,104.00	0.27%	503,552.00	1,007,104.00	0.2%	503,552.00
3-4 years	2,729.00	0%	1,364.50	2,729.00	0%	1,364.50
4-5 years	0.00	0%	0.00			
Over 5 years	1,004,375.00	0.26%	502,187.50	1,004,375.00	0.2%	502,187.50
Total	2,580,815.58	--	582,475.08	2,213,985.94	--	567,657.33

Other receivables adopting the balance percentage method in the group

Applicable  Inapplicable

Other receivables adopting other methods in the group

Applicable  Inapplicable

Other receivables with minor individual amount and bad debt provision provided individually

Applicable  Inapplicable

(2) Written-back or recovered other receivables during the report period

None

(3) Written-off other receivables during the report period

None

(4) Shareholder holding 5% or above shares with voting rights of the Company and owing any other receivables to the Company at the end of period

None

(5) Nature and description of major other receivables

None

(6) Top 5 other receivable entities

In RMB

Entity	Relationship with the Company	Amount	Term	Percentage in the total other receivables (%)
Fangda Decoration	Related party	260,635,017.26	Less than 1 year	68.61%
Fangda Decoration	Related party	78,127,882.12	1-2 years	20.57%
Fangda Decoration	Related party	350,445.31	Over 3 years	0.09%
HK Junjia	Related party	9,759.56	Less than 1 year	0%
HK Junjia	Related party	49,352.88	1-2 years	0.01%
HK Junjia	Related party	30,330,898.93	Over 3 years	7.98%
Shenyang Fangda	Related party	6,674,389.28	1-2 years	1.76%
Shenyang Fangda	Related party	232,382.30	Over 3 years	0.06%
Shenzhen Longevity Pharmaceutical Co., Ltd.	Non-affiliated party	984,375.00	Over 3 years	0.26%
Fangda Automatic	Related party	423,693.77	Less than 1 year	0.11%
Total	--	377,818,196.41	--	99.45%

(7) Other receivables from affiliates

In RMB

Entity	Relationship with the Company	Amount	Percentage in the total other receivables (%)
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Fangda Decoration	Subsidiary	339,113,344.69	89.27%
HK Junjia	Subsidiary	30,390,011.37	8%
Shenyang Fangda	Subsidiary	6,906,771.58	1.82%
Fangda Automatic	Subsidiary	423,693.77	0.11%
Total	--	376,833,821.41	99.2%

(8) Amount of other account receivable transferred but not satisfying the conditions of termination recognition is RMB0.00.

(9) If securitization is performed on target asset with purpose of other receivable account, please brief the related arrangements.

None

### 3. Long-term share equity investment

In RMB

Invested entity	Audit method	Investment cost	Ending balance	Change	Beginning balance	Shareholding in the invested entity (%)	Proportion of voting rights in the invested entity (%)	Notes to inconsistency between the shareholding and voting right proportion	Impairment provision	Provision made in this period	Cash dividend in the period
Fangda Decoration	Cost	305,000,000.00	305,000,000.00		305,000,000.00	98.39%	98.39%				
Fangda Aluminium	Cost	19,800,000.00				99%	99%		19,800,000.00		
Fangda Yide	Cost	19,907,760.00				75%	75%		19,907,760.00		
HK Junhija	Cost	10,600.00				100%	100%		10,600.00		
Fangda Automatic	Cost	170,385,071.73	170,385,071.73		170,385,071.73	94.08%	94.08%				

Jiangxi New Material	Cost	74,496,600.00	74,496,600.00		74,496,600.00	75%	75%				
Shenyang Fangda	Cost	109,560,000.00	108,852,073.85		108,852,073.85	65%	65%				
Kexunda	Cost	1,000,000.00	1,000,000.00		1,000,000.00	100%	100%				
Fangda Property	Cost	50,000,000.00		40,000,000.00	50,000,000.00	100%	100%				
Total	--	750,160,031.73	659,733,745.58	40,000,000.00	709,733,745.58	--	--	--	39,718,360.00		

#### 4. Operational revenue and costs

##### (1) Turnover

In RMB

Items	Occurred in current period	Occurred in previous period
Other business income	23,580,401.58	22,293,459.72
Total	23,580,401.58	22,293,459.72
Operation cost	4,742,190.07	4,730,478.42

##### (2) Business segments (by industries)

None

##### (3) Business segments (by products)

None

##### (4) Business segments (by regions)

None

##### (5) Revenue from top five customers

In RMB

Customer	Total operating revenue	Percentage in total turnover of the Company %
No.1	3,951,958.86	16.76%

No.2	1,385,759.72	5.88%
No.3	439,452.97	1.86%
No.4	427,153.75	1.81%
No.5	411,303.50	1.74%
Total	6,615,628.80	28.05%

## 5. Investment income

None

## 6. Supplementary data of cash flow statement

In RMB

Supplementary Info.	Amount of the Current Term	Amount of the Previous Term
1. Net profit adjusted to cash flow of business operation	--	--
Net profit	4,182,618.87	6,980,842.10
Plus: Asset impairment provision	14,817.75	122,857.23
Fixed asset depreciation, gas and petrol depreciation, production goods depreciation	1,665,113.65	1,175,899.60
Amortizing of intangible assets	333,612.30	327,558.28
Amortizing of long-term amortizable expenses	10,482.19	
Loss from disposal of fixed assets, intangible assets, and other long-term assets ("-" for gains)	34,285.02	
Loss from fixed asset discard ("-" for gains)		56,676.64
Loss from fair value fluctuation ("-" for gains)		-5,543,657.60
Financial expenses ("-" for gains)	2,220,824.92	3,544,866.74
Decrease of deferred income tax asset ("-" for increase)	552,106.63	599,070.70
Increase of deferred income tax asset ("-" for increase)	442,333.36	1,950,480.76
Decrease of operational receivable items ("-" for increase)	133,114,979.09	24,604,419.01
Increase of operational receivable items ("-" for decrease)	-23,492,415.59	-29,463,553.80
Cash flow generated by business operation, net	119,078,758.19	4,355,459.66
2. Major investment and financing operation not involving with cash	--	--
3. Net change of cash and cash equivalents	--	--
Balance of cash at period end	97,607,953.57	18,261,159.78
Less: Initial balance of cash	25,540,604.84	24,294,775.12
Net increasing of cash and cash equivalents	72,067,348.73	-6,033,615.34

## 7. Assets and liabilities accounted by valuation under counter purchase

None

## (XVI) Supplementary Materials

## 1. Detailed accidental gain/loss

In RMB

Items	Amount	Notes
Non-current asset disposal gain/loss (including the write-off part for which assets impairment provision is made)	-25,647.65	
Subsidies accounted into the current income account (except the government subsidy closely related to the enterprise's business and based on unified national standard quota)	50,000.00	
Write-back of impairment provision of receivables for which impairment test is performed individually	250,000.00	
Other non-business income and expenditures other than the above	1,808,050.23	
Influenced amount of income tax	354,213.16	
Influenced amount of minority shareholders' equity (after-tax)	-41,653.80	
Total	1,769,843.22	--

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

Applicable  Inapplicable

## 2. Differences in accounting data under domestic and foreign accounting standards

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

In RMB

	Net profit attributable to the shareholders of the listed company		Net profit attributable to the shareholders of the listed company	
	Current period	Previous period	Closing amount	Opening amount
On Chinese accounting standards	39,361,593.42	12,643,297.40	1,115,433,276.12	1,098,612,195.57
Items and amounts adjusted according International Accounting Standards				
Capitalization of borrowing	0.00	0.00	4,763,398.24	4,763,398.24



expenses				
On international accounting standards	39,361,593.42	12,643,297.40	1,120,196,674.36	1,103,375,593.81

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

In RMB

	Net profit attributable to the shareholders of the listed company		Net profit attributable to the shareholders of the listed company	
	Current period	Previous period	Closing amount	Opening amount
On Chinese accounting standards	39,361,593.42	12,643,297.40	1,120,196,674.36	1,103,375,593.81
Items and amounts adjusted according to overseas accounting standards				

(3) Explanation of the differences in accounting data under domestic and foreign accounting standards

Net assets attributable to the listed company's shareholders calculated according to the IAS is RMB4,763,398.24 higher than that calculated according to the domestic accounting standards, mainly attributable to the capitalization of borrow expenses before the domestic Enterprise Accounting Standard was implemented on January 1, 2007.

3. Net income on asset ratio and earning per share

In RMB

Profit of the report period	Weighted average net income/asset ratio (%)	Earning per share	
		Basic earnings per share	Diluted earnings per share
Net profit attributable to common shareholders of the Company	3.54%	0.05	0.05
Net profit attributable to the common owners of the PLC after deducting of non-recurring gains/losses	3.38%	0.05	0.05

4. Irregular situation and causes of items in the financial statements

None

## IX Documents for Reference

1. The Interim Report 2013 and the Summary with signature of the legal representative (Chinese and English);
2. Financial statements signed and stamped by the legal representative, CFO and head of the CPA;
3. Originals of all documents and manuscripts of Public Notices of the Company disclosed in public in the websites as designated by China Securities Regulatory Commission.