



China Fangda Group Co., Ltd.

2013 Annual Report

March 2014

I. Important Statement, Table of Contents and Definitions

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

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

The Board meeting reviewed and approved the profit distribution preplan: distributing cash dividend of RMB0.3 for each ten shares to all shareholders on the basis of all shares of the Company on December 31, 2013 and no dividend share is issued to shareholders. No reserve is capitalized.

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.

Table of Contents

I. Important Statement, Table of Contents and Definitions	2
II. Company Profile	7
III. Financial Highlight	10
IV Board of Directors' Report	13
V Significant Events	31
VI Changes in Share Capital and Shareholders	36
VII Particulars about the Directors, Supervisors, Senior Management and Employees	42
VIII Corporation Governance	50
IX Internal Control	56
X Financial Statements	58
XI Documents for Reference	166

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.
Fangda 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 Fangda 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 Fangda 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.

Major Risk Statement

The Company has specified market, management and production and operation risks in this report. Please review the potential risks and measures mentioned in the discussion and analysis of future development in IV. Board of Directors' Report.

II. Company Profile

1. Company profiles

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	Fangda Group		
English name (if any)	CHINA FANGDA GROUP CO., LTD.		
English abbreviation (if any)	CFGC		
Legal representative	Xiong Jianming		
Registered address	Fangda Building, Kejinan 12 th Avenue, High-tech Zone, Shenzhen, PR China.		
Zip code	518057		
Office address	20F, Fangda Building, Kejinan 12 th Avenue, High-tech Zone, Shenzhen, PR China.		
Zip code	518057		
Website	http://www.fangda.com		
Email	fd@fangda.com		

2. Contacts and liaisons

	Secretary of the Board	Representative of Stock Affairs
Name	Zhou Zhigang	Guo Linchen
Address	20F, Fangda Building, Kejinan 12 th Avenue, Hi-Tech Zone, Shenzhen	20F, Fangda Building, Kejinan 12 th Avenue, Hi-Tech Zone, Shenzhen
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. Information disclosure and inquiring

Information disclosure and inquiring medias of information disclosure	China Securities Journal, Security Times, Shanghai Securities Daily, Hong Kong Commercial Daily
Website assigned by CSRC to release the online reports	http://www.cninfo.com.cn

Place for information inquiry	Secretarial Office of the Board
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4. Registration changes

	Registration date	Registration place	Business license number	Tax registration number	Organization code
First registration	December 31, 1995	Shenzhen Bureau of Industry & Commerce Administration	440301501124785	440301192448589	19244858-9
Registration at the end of the reporting period	June 20, 2013	Market Supervision Administration of Shenzhen Municipality	440301501124785	440301192448589	19244858-9
Changes in main businesses since the listing of the Company	None				
Changes in the controlling shareholders (if any)	In 1996, the Company listed its A and B shares and the controlling shareholder is Shenzhen Fangda Group Co., Ltd. On August 25, 2000, the controlling shareholder changed its name into Shenzhen Fangda Economic Development Co., Ltd. On July 5, 2002, the controlling shareholder changed into Shenzhen Banglin Technologies Development Co., Ltd. By the end of this reporting period, the controlling shareholder remains the Shenzhen Banglin Technologies Development Co., Ltd..				

5. Other information

Public accountants employed by the Company

Public accountants	Grant Thornton (special general partner)
Address	5 th Floor, Scitech Place, 22 Jianguomen Wai Avenue, Chaoyang District, Beijing, China
Signing accountant names	Lin Kaiqin and Li Chunmei

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

Applicable Inapplicable

Sponsor name	Office address	Representatives	Period of supervision and guide
Zhongshan Securities Co., Ltd.	29 th Floor, New World Center, 6009 Yitian Road, Futian District, Shenzhen	He Lihui, Cui Lei	The period started on July 15, 2010 and ended on November 7, 2012. The sponsor has submitted the sponsor report to CSRC. Given that the fund raised from non-public issue of the Company in 2010 has not been fully used, the sponsor will continue to perform

			supervision and guide for the use of the fund.
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Financial advisor engaged by the Company to perform continued supervision and guide during the reporting period

Applicable Inapplicable

III. Financial Highlight

1. Financial Highlight

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

Yes No

	2013	2012	Increase/decrease (%)	2011
Turnover (yuan)	1,747,620,845.74	1,397,901,424.59	25.02%	1,348,776,366.53
Net profit attributable to shareholders of the listed company (yuan)	85,676,863.78	24,948,377.20	243.42%	65,503,925.58
Net profit attributable to the shareholders of the listed company and after deducting of non-recurring gain/loss (RMB)	68,393,391.56	7,361,274.38	829.1%	51,005,479.89
Net cash flow generated by business operation (RMB)	156,544,620.31	59,262,071.37	164.16%	-57,045,495.85
Basic earnings per share (yuan/share)	0.11	0.03	266.67%	0.09
Diluted Earnings per share (yuan/share)	0.11	0.03	266.67%	0.09
Weighted average net income/asset ratio (%)	7.61%	2.3%	5.31%	6.28%
	End of 2013	End of 2012	Increase/decrease (%)	End of 2011
Total asset (RMB)	2,599,557,542.57	2,327,802,889.51	11.67%	2,163,325,598.14
Net profit attributable to the shareholders of the listed company (RMB)	1,160,639,730.85	1,098,612,195.57	5.65%	1,073,843,444.65

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 term	Previous term	Closing amount	Opening amount
On Chinese accounting standards	85,676,863.78	24,948,377.20	1,160,639,730.85	1,098,612,195.57
Items and amounts adjusted according International Accounting Standards				
On international accounting standards	85,676,863.78	24,948,377.20	1,165,403,129.09	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 term	Previous term	Closing amount	Opening amount
On Chinese accounting standards	85,676,863.78	24,948,377.20	1,160,639,730.85	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	2013	2012	2011	Notes
Non-current asset disposal gain/loss (including the write-off part for which assets impairment provision is made)	-462,554.08	260,038.90	-690,807.78	
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)	1,815,855.07	6,275,756.00	1,988,650.00	
Capital using expense charged to non-financial enterprises and accounted into the current income account	2,149,420.09	1,180,032.08		
Gain from entrusted investment or assets	306,301.37		99,342.47	Earns from financial

management				products purchased
Gain/loss from debt reorganization			3,959.20	
Gain/loss from change of fair value of transactional financial asset and liabilities, and investment gains from disposal of transactional financial assets and liabilities and sellable financial assets, other than valid period value instruments related to the Company's common businesses		3,448,207.99		
Gain/loss from change of fair value of investment property measured at fair value in follow-up measurement	16,647,859.74	12,290,834.22	10,815,131.20	
Other non-business income and expenditures other than the above	1,929,934.59	917,890.35	6,080,071.96	
Other gain/loss items satisfying the definition of non-recurring gain/loss account			878,478.35	
Less: Influenced amount of income tax	5,177,842.87	5,353,185.48	4,616,278.41	
Influenced amount of minority shareholders' equity (after-tax)	-74,498.31	1,432,471.24	60,101.30	
Total	17,283,472.22	17,587,102.82	14,498,445.69	--

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 increasing. Subdued by the tightened money supply, the competition becomes increasingly fierce. 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. In 2013, the Company secured orders worth RMB2.842 billion, yielding operating revenue of RMB1,747,620,800, up 36% and 25.02% year-on-year respectively. The net profit attributable to owners of the parent soared 243.42% to RMB85,676,900 and the net profit after deducting of non-recurring gain/loss grew 829.1%, showing strong growth of the profitability of main businesses. By the end of 2013, the order reserve totals RMB2.699 billion with an operating cash flow of RMB156,544,600, which accounts for 154.45% of the operating revenue of 2013, bolstering the business operating in 2014.

1. Explosive increase in curtain wall system and material orders

In 2013, 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 (venue for non-formal meetings of leaders in APEC 2014), Nanjing Heixi General Hospital, Fuzhou Rongqiao Riverbank Plaza, Chengdu Huazhi Plaza residential buildings, Nanjing Jiangsu Bank Building, Chengdu Palm Springs & Fairmont Hotel, Kunming Xishan Wanda, Wuhan Wanda Central Cultural Zone J1 Hanxiu Theatre, Shenzhen SEG Hitachi Industry Zone renovation project, Shenzhen Rainbow Headquarters Building and Shenzhen CITIC Bank Building. In 2013, new orders of the curtain wall systems and materials totaled RMB2.396 billion, generating sales revenue of RMB1,600,231,100, up 26.91% year on year.

During the report period, the solar photovoltaic (PV) curtain wall system was applied in the Nanjing Jiangsu Bank Building project undertaken by the Company. The construction and renovation of buildings equipped with the power-generating PV curtain walls has a rosy outlook. Currently, PV curtain walls have emerged as the latest development trend for the curtain wall industry. The Company applied the PV curtain wall technology in Fangda Building as early as 2003, marking the Company's clear leading position in the field. During the report period, the Wuhan Central Cultural Zone K5 Hanjie Wanda Plaza curtain wall project was praised as the world-class standard of outer wall mounting so far in the industry thanks to the successful application of multiple innovative technologies. Other projects including the Shenzhen Airport T3 Terminal and CGNPC Building completed in 2013 have been high-acclaimed for the unique, breath-taking and outstanding design, showing the incomparable quality of Fangda's curtain walls. By the end of the report period, the Company has obtained 340 curtain wall and material patents, including 20 invention patents, making the Company a technological leader in the industry.

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. In 2013, 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.

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. In 2013, the Company's wholly-owned subsidiary Fangda Automatic System won bids in a series of screen door projects including Shenzhen Longhua line, Shenzhen subway line No.9 and 11, Xi'an railway line No.3, Fuzhou railway line No.1, Nanchang railway line No.1, and Hubei inter-city railway (Wuhan high-speed railway) and Wuhan subway line No.4 (phase II). Projects won by the subsidiary accounted for 70% 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. 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. In 2013, the metro screen door sales revenue increased 16.10% year-on-year. 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.

The metro screen door system is a hi-tech mechatronic product with high requirements on reliability and stability. It requires professional and regular maintenance, which creates a high added-value industry. The Company has a natural advantage in this high-end service industry. Our screen door system are independently developed by us, thus enabling us to provide prompt, overall, effective and standard maintenance services for our customers without other third parties. With the continuous development of the rail transport system, the rail transport will become a major transport means, stimulating the demand for screen door maintenance services and creating enormous opportunities. The Company will fully utilize our advantage in the metro screen door field to integrate the rail transport equipment industry chain and develop the maintenance service business.

3. Vigorously pace up the Fangda Town Renovation Project

The renovation plan for Company's Fangda Town project lying in Shenzhen Nanshan Xili Longjing has been approved by the Building and Environmental Art Commission of the Shenzhen Planning and Land Resources Committee. Currently, the renovation project has been launched. The renovation project (the "Project") is constructed by Shenzhen Fangda Property Development Co., Ltd., a wholly-owned subsidiary of the Company with a total investment of about RMB2.5 billion. In addition to industry buildings for domestic use, the project comprises about 100,000 m² of industry buildings for sales, 20,000 m² of business property and 70,000 m² of industry buildings for lease. The project will start pre-sales in Q4 2015 and sales will be completed in 2017. The project will create substantial business benefits and 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 made donations to the Jiangxi Anle Hope Primary School and Shenzhen Polytechnic to support students from poor families in 2013. The Company has also received titles including Active Company in Social Charity and Charitable Enterprise.

5. Others

In 2013, the Company won a series of titles including the Guangdong Top-500 Enterprises, Shenzhen Top-100 Enterprises, 2013 China Top-100 Brands, Guangdong Good-Faith Enterprises, Shenzhen Top-100 High-Quality Enterprises and Shenzhen Reliable Quality Enterprises.

Fangda Decoration Engineering, a wholly-owned subsidiary of the Company won a series of titles and prizes including the China Top-50 Curtain Wall Producer, 2012 Guangdong Special Contribution to High Construction and Engineering Quality, Outstanding Enterprises in the 2013 Shenzhen Quality Management Team Activity, two prizes in the 2012-2013 National High-Quality Engineering Prize. The curtain wall project of the Shenzhen Universiade Center won the 2012-2013 Luban Prize (National High-Quality Engineering) and 11th National Civil Engineering Zhan Tianyou Prize and another two prizes in the 2013 Fu Cai Cup QCC Prize. Fangda Jiangxi New Material, another wholly-owned subsidiary of the Company won the title of Nanchang Hi-Tech Zone 2012 Leading Enterprises, with its products FANGDA aluminium panel 2.0, 2.5 and 3.0 receiving the title of the Nanchang Well-Known Brands. Fangda Automatic System, another wholly-owned subsidiary of the Company, won the titles of outstanding companies and individuals in the 2012 Xian metro construction competition.

2. Main business analysis

1. Summary

项目	2013年	2012年	变动比例	变动原因
营业收入	1,747,620,845.74	1,397,901,424.59	25.02%	产能扩大, 订单增加带来收入和成本的增长
营业成本	1,425,369,204.42	1,145,066,535.43	24.48%	
管理费用	127,254,247.26	122,677,890.24	3.73%	
销售费用	37,383,041.60	35,114,854.91	6.46%	
财务费用	23,108,586.39	24,771,976.76	-6.71%	
研发投入	103,027,831.19	71,993,838.96	43.11%	研发投入增加
经营性现金净流量	156,544,620.31	59,262,071.37	164.16%	收款力度加大, 综合收款率提高

Implementation progress of development strategies and operating plans disclosed previously in the report period

Based on the plan of focusing on curtain wall system and materials, we have made headways in sales income and number of orders. In 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. In the report period, new orders of the curtain wall systems and materials totaled RMB2.396 billion, generating sales revenue of RMB1,600,231,100, up 26.91% year on year. The Company has won nearly 70% of projects across the country, further improving our market share and brand equity and consolidating our lead in the industry. In the report period, the Fangda Town renovation plan has been approved by the Building and Environment Art Commission of Shenzhen Urban Planning Commission. The project has been inaugurated and is implemented as scheduled. All the business plans were fulfilled in 2013.

The actual operating performance is over 20% lower or higher than the annual forecast result disclosed earlier.

Applicable Inapplicable

2. Revenue

Notes

None

The physical sales revenue is high the labor service revenue

Yes No

Industry	Items	2013	2012	YOY change (%)
Curtain wall system and materials	Sales	2,472,558.74	2,035,505.95	21.47%
	Output	2,403,890.85	2,069,565.45	16.15%
	Inventory	106,846.3	54,076.61	97.58%

Explanation for a year-on-year change of over 30%

Applicable Inapplicable

Major orders on hand

Applicable Inapplicable

In the report period, the Company received orders worth RMB2.842 billion, of which 26.98% has realized output value. By December 31, 2013, the order reserve amounted to RMB2.699 billion. All the orders have been fulfilled as contracted.

Major changes or adjustment of products or services in the report period

Applicable Inapplicable

Main customers

Total sales amount to top 5 customers (RMB)	383,106,107.36
Proportion of sales to top 5 customers in the annual sales	21.92%

Information of the Company's top 5 customers

Applicable Inapplicable

3. Costs

Industry

In RMB

Industry	Items	2013	2012	YOY change (%)
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		Amount	Proportion in operating costs (%)	Amount	Proportion in operating costs (%)	
Metal production	Raw materials	874,994,717.90	65.38%	736,768,455.22	69.57%	18.8%
Metal production	Labor	76,722,963.79	5.73%	62,039,282.24	5.86%	23.7%
Metal production	Installation and onsite expenses	327,693,011.67	24.48%	218,488,650.25	20.63%	49.98%
Metal production	Others	59,002,837.42	4.41%	41,674,557.05	3.94%	41.6%
Metal production	Total	1,338,413,530.78	100%	1,058,970,944.76	100%	26.4%

Product

In RMB

Product	Items	2013		2012		YOY change (%)
		Amount	Proportion in operating costs (%)	Amount	Proportion in operating costs (%)	
Curtain wall system and materials	Raw materials	874,994,717.90	65.38%	736,768,455.22	69.57%	18.8%
Curtain wall system and materials	Labor	76,722,963.79	5.73%	62,039,282.24	5.86%	23.7%
Curtain wall system and materials	Installation and onsite expenses	327,693,011.67	24.48%	218,488,650.25	20.63%	49.98%
Curtain wall system and materials	Others	59,002,837.42	4.41%	41,674,557.05	3.94%	41.6%
Curtain wall system and materials	Total	1,338,413,530.78	100%	1,058,970,944.76	100%	26.4%

Main suppliers

Purchase amount of top 5 suppliers (RMB)	363,210,647.99
Proportion of purchase amount of top 5 suppliers in the total annual purchase amount (%)	29.37%

Information of the Company's top 5 suppliers

 Applicable Inapplicable

4. Expenses

None

5. R&D expenses

In the report period, Fangda Group has developed many new products, processes, technologies and structures for the purpose of low-carbon, energy-saving, green and sustainable development. Fourteen technologies have been developed as scheduled. These projects has formulated a series of independent intellectual property rights, products with core and proprietary technologies, optimizing the product structure, improving the core competitiveness, ensuring continued and solid development, supporting the continuous development of the Company and creating substantial influence on the society.

In the report period, the R&D expense totaled RMB103,027,800, accounting 5.9% of the operating revenue in 2013 and 8.88% of the net assets.

5. Cash flow

In RMB

Items	2013	2012	YOY change (%)
Sub-total of cash inflow from business operations	1,806,435,338.47	1,307,973,426.84	38.11%
Sub-total of cash outflow from business operations	1,649,890,718.16	1,248,711,355.47	32.13%
Cash flow generated by business operations, net	156,544,620.31	59,262,071.37	164.16%
Sub-total of cash inflow generated from investment	120,915,060.37	19,972,926.99	505.39%
Subtotal of cash outflows	172,570,887.63	107,622,445.60	60.35%
Cash flow generated by investment activities, net	-51,655,827.26	-87,649,518.61	
Subtotal of cash inflow from financing activities	529,000,000.00	770,368,873.33	-31.33%
Subtotal of cash outflow from financing activities	588,354,192.64	801,936,873.47	-26.63%
Net cash flow generated by financing activities	-59,354,192.64	-31,568,000.14	
Net increase in cash and cash equivalents	45,069,882.52	-60,009,635.92	

Explanation for a year-on-year change of over 30%

√ Applicable □ Inapplicable

In this report period, the cash flow generated by operating activities increased from RMB59.26 million to

RMB156.54 million. This is mainly attributable to the Company's increased efforts in collective receivables. The net cash flow generated from investment activities decreased RMB35.99 million. This is mainly attributable to completion of Dongguan Songshanhu Production Base in the report period, leading to a decrease in investment costs. In the report period, net cash flow generated by financing activities decreased RMB27.78 million. This is mainly attributable to cash dividend distribution and payment of interest on short-term financing bonds.

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

Applicable Inapplicable

The net cash flow generated by operating activities is RMB156,54 million in the report period, up RMB75,14 from the net profit of the year. The difference is mainly attributable a cost non-involved in cash expense of RMB45,77 million and a non-business cash expense of RMB25,17 million.

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 (%)
Industry						
Metal production	1,600,231,106.65	1,338,413,530.78	16.36%	26.91%	26.39%	0.35%
Product						
Curtain wall system and materials	1,600,231,106.65	1,338,413,530.78	16.36%	26.91%	26.39%	0.35%
District						
Domestic	1,663,142,782.51	1,390,561,924.48	16.39%	36.51%	34.51%	1.24%
Overseas	34,585,794.68	22,263,305.23	35.63%	-72.96%	-75.24%	5.92%

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

Applicable Inapplicable

IV. Assets and Liabilities

1. Major changes in assets

In RMB

	End of 2013		End of 2012		Change (%)	Notes
	Amount	Proportion in total assets	Amount	Proportion in total assets		

Monetary capital	333,876,921.97	12.84%	278,283,968.61	11.95%	0.89%	
Account receivable	898,780,981.93	34.57%	774,890,805.30	33.29%	1.28%	
Inventory	428,537,851.82	16.49%	269,120,191.36	11.56%	4.93%	Development cost of Fangda Town renovation
Investment real estate	195,249,069.13	7.51%	258,405,762.09	11.1%	-3.59%	Investment real estate was transferred to self use, with RMB81,626,900 transferred out for the development of the Fangda Town renovation project. Part of the plants of Fangda Jiangxi New Materials were leased, adding RMB16,996,300.
Long-term share equity investment	9,994,565.55	0.38%		0%	0.38%	An investment in affiliates of RMB10 million was made. An investment loss of RMB5,400 was recognized this year.
Fixed assets	462,930,269.98	17.81%	341,555,810.21	14.67%	3.14%	Attributable to transfer-in of projects in progress and transfer-out of fixed assets for the Fangda Town renovation project
Construction in process	940,841.00	0.04%	175,138,694.28	7.52%	-7.48%	Transfer of fixed assets as the Dongguan Songshanhu Production Base reached the useful status

2. Major changes in liabilities

In RMB

	2013		2012		Change (%)	Notes
	Amount	Proportion in total assets	Amount	Proportion in total assets		
Short-term loans	369,000,000.00	14.19%	181,970,000.00	7.82%	6.37%	Additional bank borrowing

3. 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	Impairment provided in the period	Amount purchased in the period	Amount sold in the period	Closing amount

			account				
Financial assets							
Investment real estate	254,766,256.33	16,647,859.74	91,831.63		0.00	0.00	174,778,756.62
Total	254,766,256.33	16,647,859.74	91,831.63		0.00	0.00	174,778,756.62
Financial liabilities	0	0	0		0.00	0.00	0

Major changes in the assets measurement property of the Company in the report period

Yes No

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 340 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.

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 50th 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 10 Competitive Chinese Curtain Wall Provider". The Company has build 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 208 metro screen door patents, including 36 invention patents. The Company also has four computer software copyrights.

2. Brand equity

So far, the Company has undertaken rail screen door projects in cities including Beijing, Shanghai, Tianjin, Shenyang, Nanjing, Guangzhou, Shenzhen, Dongguan, Fuzhou, Nanchang, Wuhan, Xi'an, Dalian, Hong Kong, Taipei and Singapore. The Fangda screen door system has grasped a leading market share and established incomparable brand influence thanks to its patents, standard and maintenance services. The Company has emerged as the Chinese No.1 and global No.3 screen door provider, building a large competitive edge in the global market.

VI. Investment

1. External equity investment

(1) External investment

External investment		
Investment (yuan) in the report period	Investment (yuan) in the previous period	Change (%)
10,000,000.00	0.00	
Invested company		
Company	Main business	Equity proportion in the invested company (%)
Shenzhen Ganshang Joint Investment Co., Ltd.	Domestic trade (excluding franchised and controlled products); investment management (excluding limited projects); investment consulting (excluding limited projects); enterprise management consulting (excluding limited projects); equity investment, assets management	20.4%

(2) Financial enterprise share held: None

(3) Securities investment: None

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

(1) Wealth management

In RMB10,000

Trustee	Relationship	Related transaction	Type of product	Amount	Start date	End date	Earning recognition method	Principal recovered actually	Impairment provision (if any)	Estimate return	Actual gain/loss in the report
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											period
Ping An Bank	Non-affiliated party	No	Earning-protected floating earning	2,000	June 27, 2013	August 27, 2013	After deducting cost	2,000	0	23	23.4
Bank of China	Non-affiliated party	No	Earning-protected	10,000	November 5, 2013	November 13, 2013	Principal* return rate/365*term	10,000	0	7.23	7.23
Total				12,000	--	--	--	12,000	0	30.23	30.63
Source of fund				Self-owned fund							
Principal and return due but not covered				0							
Disclosure date of Board approval announcement (if any)				July 30, 2013							
Disclosure date of Shareholders' Meeting approval announcement (if any)											

(2) Derivative investment: None**(3) Trusted loans: None****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	3,615.05
Total accumulative raised capital invested	30,670.41
Amount of raised capital of which the purpose was changed in the report period	
Accumulative amount of raised capital of which the purpose has been changed	6,000
Proportion of raised capital of which the purpose has been changed (%)	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.	

(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	3,273.24	24,739.07	91.63%	June 30, 2013	4,125.9	Yes	No
2. PSD production expansion project	Yes	12,658.69	6,658.69	341.81	5,931.34	89.08%	December 31, 2012			No
Subtotal of promised investment projects	--	33,658.69	33,658.69	3,615.05	30,670.41	--	--	4,125.9	--	--
Investment of excessive raised capital										
Subtotal of investment of excessive raised capital	--	0	0	0	0	--	--	0	--	--
Total	--	33,658.69	33,658.69	3,615.05	30,670.41	--	--	4,125.9	--	--
Reason or situation that not on schedule (on specific project)	None									
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 th meeting of the 5 th 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 st 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 report 天健正信审(2010)专字第020722号. The exchange of a self-financed capital of RMB4,347,753.09 using the raised capital has been verified by Ascenda Certified Public Accountants with 天健正信审(2010)专字第020722号 and Self-Raised Capital Investment Project Verification Report issued.
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 raise 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 17.08.12, payment of RMB20 million was made from idle proceeds to Fangda Decoration; and RMB10 million was made to Fangda Automatic. On 04.02.13, the returned idle capital RMB30 million was transferred to raised capital account. On February 25, 2013, payment of RMB22 million was made from idle proceeds to Fangda Decoration; and RMB8 million was made to Fangda Automatic. On July 15, 2013, the returned idle capital RMB30 million was transferred to raised capital account.
Surplus of investment and cause	Applicable
	On July 15, 2013, a remaining raised capital (including interest income) of RMB27,437,151.69 was used to replenish the working capital of the company. The remaining raise capital was due to: 1. the Company strictly implements multi-supply purchase system and project tendering and bidding regulations, thus trimming the engineering and equipment purchase costs. 2. In the process of engineering and construction, the Company has taken effective measures to control, supervise and manage engineering costs. 3. The Company has taken effective measures to improve utilization of its resources and optimize its processes to cut the project investment.
Use plan of retained fund from financing	Inapplicable
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(%) (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 after the alteration
Energy-saving and PV curtain wall production expansion project	Energy-saving and PV curtain wall production expansion project	27,000	3,273.24	24,739.07	91.63%	June 30, 2013	4,125.9	Yes	否
2. PSD production expansion project	2. PSD production expansion project	6,658.69	341.81	5,931.34	89.08%	December 31, 2012			No
Total	--	33,658.69	3,615.05	30,670.41	--	--	4,125.9	--	--
Alteration reason, decision-making process and information disclosure (by project)		The screen door project in Nanchang aimed to use a plant in Fangda 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 th meeting of the 5 th 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 is 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)		As the screen door projects need long period of time, the process from undertaking orders to realizing revenue is long. In 2013, the Company undertook orders worth RMB446 million, accounting for nearly 70% of all orders in the country. At the end of 2013, orders without delivery totaled RMB564 million. The screen door production project will underpin us to transform these orders into sales and help us undertake more orders in the future.							
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	Type of subsidiary	Decoration	Curtain wall system	310,000,000.00	1,723,274,129.74	422,800,907.62	1,450,898,149.83	64,790,680.87	56,396,388.85
Fangda Automatic	Type of subsidiary	Railroad industry	Metro screen door	105,000,000.00	307,825,177.27	195,082,860.84	109,386,493.23	4,359,182.81	4,689,340.58
Fangda New Material	Type of subsidiary	Metal production	Aluminum sheet	USD12,000,000.00	295,894,279.33	117,715,699.26	211,919,669.53	12,309,958.92	10,795,534.06

Acquisition and disposal of subsidiaries in the report period

Applicable Inapplicable

5. Major projects of non-raised capital: None

VII. Forecast of operating performance between January and March in 2014

Warning and reasons of possible net loss or substantial change from the last period between the beginning of the year and the end of the next report period

Applicable Inapplicable

VIII. Entities on which the Company has control power: None

IX. Future Prospect

(1) Future development outlook

In 2014, the Company will continue focusing on the development of curtain wall systems and materials, rail transport equipment, seeking to expanding our market shares. Underpinned by our technology and brand equity as well as the five production bases, we will continue to improve our competitiveness and win more orders, boosting our income and growth. We will pay great efforts in product development and technological innovation and drive solid growth of the company through technical innovation. We will accelerate the renovation of Fangda Town, reinforce the internal control system, recruit professional management and technical talent and establish teams of outstanding engineer, management and sales professionals.

(2) Risks facing the Company and measures

1. Market risks and measures

As the overall designing and engineering quality continues improving in the domestic construction curtain wall industry, curtain wall products will become increasingly standard, intensifying the market competition. The Company will continue implementing a prudent operation strategy, fine management and technical innovation to lower the management costs and accelerate the recovery of receivables. Through new technologies and processes, we will improve product quality, lower costs and elevate earnings. While consolidating the domestic market, the Company will step up the efforts in exploring overseas markets, thus elevating our competitiveness in global markets and improving our resistance to risks.

2. Management risks and measures

With an increase in orders in recent years and operation of five industry bases, the Company has continued expanding rapidly in terms of capitalization, business and teams. The organizational structure and management system have become more complicated, leading to management risks in industry expansion. The Company will continue to improve the matrix management mode, integrate business management, optimize the business flow, seeking to build a high-efficient and solid management team. We will introduce high-quality, professional technical and management talents in different fields to strengthen the Company's core competitiveness.

3. Production and operation risks and measures

The macro-economy and market demand have added to the fluctuation in prices of main raw materials such as aluminum and steel and labor, affecting the Company's profitability and creating additional production and operation risks for the Company. The Company has sought to lower the purchase and production costs, pay attention to technical R&D, reduce consumption of raw materials, introduce automatic and intelligent production equipment, strengthen staff training to improve working efficiency.

4. Financial risks and measures

Though the Company has made bad debt provision for accounts receivable according to accounting policies, the long payment cycle in the curtain wall engineering industry and uneven customer credit may lead to risks of bad debts. The Company will continue to implement the internal control system, optimize the implementation of the internal financial control system, strengthen business and risk training for financial employees, enhance the internal auditing supervision, improve the monitoring system, and acceleration construction of IT and network systems.

5. Management and implementation risks in Fangda Town renovation project and measures

As the first real-estate project undertaken by the Company, the Fangda Town renovation project may lead to risks for the company in project management and implementation. The Company has recruited a professional and experienced team and a solid internal control system to manage and implement the project.

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

The Company's auditor Grant Thornton (limited liability partnership) issued the standard opinion auditor's report for the Company's 2013 financial statement.

XI The Company's accounting policies, estimates and calculation methods have remained unchanged from the last annual report.

XII There is no retrospective restate of major accounting errors in the report period

XIII The scope of consolidate statements has remained unchanged from the financial report for last year.

XIV Profit distribution and dividend payment of the Company

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

Applicable Inapplicable

According to the *Notice about Implementing of Cash Dividend Plan* issued by CSRC, with regarding of the Company's practice, the Company has revised some of the articles of the Articles of Association involve with profit distribution. *The Shareholders' Rewarding Plan 2012-2014* was produced (the Rewarding Plan). The revising proposal and the *Rewarding Plan* was examined and adopted at the 12th meeting of the 6th term of Board as well as the 3rd provisional shareholders' meeting 2012. The decision making procedures comply with the regulations. During the report period, the Company implemented the profit distribution plan for 2012. Approved at the Shareholders' Meeting 2012 held on April 18, 2013, the Company's profit distribution plan for 2012 is distributing a cash dividend of RMB0.30 (tax-included) for every ten shares of all the shareholders based on a total of 756,909,905 shares on December 31, 2012. The plan was implemented on June 13, 2013 (see the 2012 Share Equity Distribution Implementation Announce 2012-13).

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

Profit distribution and reserve capitalizing pre-plans or plans over the recent three years (including the reporting period)

2011: No profit distribution and reserve capitalizing.

2012: A cash dividend of RMB0.30 (including tax) for each ten shares is issued to all shareholders on the basis of 756,909,905 shares with a total amount of RMB 22,540,512.87, on December 31, 2012.

2013: A cash dividend of RMB0.30 (including tax) for each ten shares is issued to all shareholders on the basis of 756,909,905 shares with a total amount of RMB 22,707,297.15, on December 31, 2013. No dividend share or capitalization share is issued in the year.

Cash dividends for the recent three years

In RMB

Year	Cash dividend (including tax)	Net profit attributable to shareholders in the consolidated financial statements	Proportion in the net profit attributable to shareholders in the consolidated financial statements
2013	22,707,297.15	85,676,863.78	26.5%
2012	22,540,512.87	24,948,377.20	90.35%
2011	0.00	65,503,925.58	0%

No cash dividend is proposed despite the Company records profits in the report period and a positive undistributed profit/

Applicable Inapplicable

XV Profit Distribution and Reserve Capitalization Plan in the Report Period

Bonus shares for every ten shares	0
Cash dividend for every ten shares (yuan, tax-included)	0.30
A total number of shares as the distribution basis	756,909,905
Total cash dividend (yuan, including tax)	22,707,297.15
Distributable profit (yuan)	404,953,611.77
Proportion of cash dividend in the distributable profit (%)	100%
Cash dividend distribution policy	
The Company is in a fast growth stage. Therefore, the cash dividend will reach 20% of the profit distribution at least.	
Details of profit distribution or reserve capitalization plan	
The Company plans to distribute a cash dividend of RMB0.30 (including tax) for each ten shares issued to all shareholders on the basis of 756,909,905 shares with a total amount of RMB22,707,297.15, on December 31, 2013. No dividend share or capitalization share is issued in the year. The plan needs to be reviewed and approved at the General Shareholders' Meeting 2013.	

XVI Social responsibilities

In the reporting period, the Company has positively assumed social responsibilities by: paying taxes RMB93.06 million, up 4.65% year-on-year; donating RMB367,000 and investing RMB782,000 in environment protection, create nearly 10,000 jobs; inputting RMB2.01 million in employee knowledge and skill training. The company has invested RMB103,030,000 to promote development of new draft, technology, product structure and patent according to clean, safety and efficient production to make contribution for environmental protection.

Are the listed company and subsidiaries involved in a heavy-pollution industry defined by the national environment protection department?

Yes No N/A

Do the listed and subsidiaries cause any material security problems to the society?

Yes No N/A

Did the listed and subsidiaries receive any administration penalty in the report period?

Yes No N/A

XVII 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 Dec. 31, 2013	Off site reception	Telephone communication	Individual	Public investor	Business and future development

V Significant Events

1. Significant lawsuit and arbitration

Applicable Inapplicable

The Company has no significant lawsuit or arbitration affair in the report period.

2. Media questioning

Applicable Inapplicable

The Company has no significant affair that arouses media questioning.

3. Non-operating capital use by the controlling shareholder or related parties in the reporting term

No capital adoption or repaying by the controlling shareholder or related parties occurred in the report term, Grant Thornton has provided special statement on this issue. See [http : //www.cninfo.com.cn](http://www.cninfo.com.cn) on March 11, 2014 for the disclosure reference.

4. Bankruptcy and capital reorganizing

None

5. Assets trade

1. The Company did not acquire any assets in the report period.
2. The Company did not sell any assets in the report period.
3. The Company did not merge any enterprises in the report period.
6. The Company has not implemented a share equity incentive program during the reporting period.
7. The Company has no significant related transaction in the report period

8. 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 estate and obtained a lease income of RMB35,814,900 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

The Company made no external guarantee (excluding for subsidiaries)

In RMB10,000

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	March 23, 2013	60,000	October 29, 2013	39,963.75	Joint liability	since engage of contract to 2 years upon due of debt	No	No

Fangda Decoration	August 10, 2013	20,000	September 27, 2013	12,640.8	Joint liability	since engage of contract to 2 years upon due of debt	No	No
Fangda Decoration	March 23, 2013	21,000	November 5, 2013	12,090	Joint liability	since engage of contract to 2 years upon due of debt	No	No
Fangda Automatic	March 23, 2013	20,000	July 23, 2013	15,489.15	Joint liability	since engage of contract to 2 years upon due of debt	No	No
Fangda New Material	March 23, 2013	7,080	April 10, 2013	2,416.12	Joint liability	since engage of contract to 2 years upon due of debt	No	No
Total of guarantee to subsidiaries approved in the report term (B1)			128,080	Total of guarantee to subsidiaries actually occurred in the report term (B2)				103,217.97
Total of guarantee to subsidiaries approved as of the report term (B3)			128,080	Total of balance of guarantee actually provided to the subsidiaries as of end of report term (B4)				82,599.82
Total of guarantee provided by the Company (total of the above two)								
Total of guarantee approved in the report term (A1+B1)			128,080	Total of guarantee occurred in the report term (A2+B2)				103,217.97
Total of guarantee approved as of end of report term (A3+B3)			128,080	Total of guarantee occurred as of the end of report term (A4+B4)				82,599.82
Percentage of the total guarantee occurred (A4+B4) on net asset of the Company (%)				71.17%				
Including:								

3. No other significant contract**4. No other significant transaction****9. Performance of promises****1. Commitments of shareholders with over 5% of shares made in the report term or carried over from previous terms****2. Explanation and reason of profit forecasts on assets or projects that remain in the report period**

None

10. Engaging and dismissing of CPA

CPA engaged currently

Domestic public accountants name	Grant Thornton (special general partner)
Remuneration for the domestic public accountants (in RMB10,000)	130
Consecutive years of service by the domestic public accountants	2
Name of certified accountants of the domestic public accountants	Lin Kaiqin and Li Chunmei
Overseas public accountants name (if any)	None
Remuneration for the overseas public accountants (in RMB10,000)	0
Consecutive years of service by the overseas public accountants (if any)	None
Name of certified accountants of the overseas public accountants (if any)	None

Whether the CPA is replaced

 Yes No

Engaging of internal control audit CPA, financial advisor and sponsor

 Applicable Inapplicable

This year, the Company engaged Grand Thornton China (limited liability partnership) as the financial statement and internal control auditing CPA with a fee of RMB1.3 million.

11. Statement of the Supervisory Committee and Independent Directors (if applicable) on the “non-standard auditors’ report” issued by the CPA on the current report period

None

12. The Company received no penalty and made no correction in the report period.**13. Trade suspension and termination after the disclose of the annual report****14. Other material events**

1. 2012 equity distribution: A cash dividend of RMB0.30 (tax-included) was distributed to all shareholders for every ten shares based on a total of 756,909,905 shares on entry registration day June 7, 2013. A total of RMB22,540,512.87 was distributed. The plan was implemented on June 13, 2013. The announce was published on *China Securities Journal*, *Shanghai Securities Daily*, *Securities Times*, *HKCD* and www.cninfo.com.cn on June 1, 2013.
2. Replenishing working capital using remaining raised capital in 2010: The Company held the 21st meeting of 6th Board of Directors to approve the proposal of Replenishing Working Capital Using Remaining Raised Capital to use a remaining raised capital (including interest income) of RMB27,437,151.69 to replenish the working capital of the company. The announce was published on *China Securities Journal*, *Shanghai Securities Daily*, *Securities Times*, *HKCD* and www.cninfo.com.cn on July 30, 2013.
3. The *Nanshan Taoyuan Fangda Town Renovation Plan* submitted by the Company has been reviewed and approved by the Architectural and Environmental Art Committee of the Urban Planning Board of Shenzhen. The Announcement on the Development Progress of Fangda Town Renovation Project was published on *China Securities Journal*, *Shanghai Securities Daily*, *Securities Times*, *HKCD* and www.cninfo.com.cn on November 6, 2013. (2) The 27th meeting of the 6th Board of Director held on January 7, 2014 and 2014 1st Extraordinary Shareholders' Meeting held on January 24, 2014 agreed that the Company will invest about RMB2.5 billion on the Fangda Town Renovation Project through its fully-owned subsidiary Shenzhen Fangda Property Development Co., Ltd. The announcements were published on *China Securities Journal*, *Shanghai Securities Daily*, *Securities Times*, *HKCD* and www.cninfo.com.cn on January 9, 2014 and January 25, 2014.

15. Material events of subsidiaries

Fangda Jiangxi New Material Co., Ltd. provided a guarantee for a RMB15 million loan for Fangda Automatic and a guarantee for a RMB50 million loan for Fangda Decoration.

16. The Company issued no corporate bond in the report period

VI Changes in Share Capital and Shareholders

1. Changes in shares

In share

	Before the change		Change (+,-)					After the change	
	Amount	Proportion (%)	Issued new shares	Bonus shares	Transferred from reserves	Others	Subtotal	Amount	Proportion (%)
I. Shares with trade restriction conditions	104,442	0.01%				674,850	674,850	779,292	0.1%
3. Other domestic shares	104,442	0.01%				674,850	674,850	779,292	0.1%
Domestic natural person shares	104,442	0.01%				674,850	674,850	779,292	0.1%
II. Shares without trading limited conditions	756,805,463	99.99%				-674,850	-674,850	756,130,613	99.9%
1. Common shares in RMB	420,854,275	55.6%				-674,850	-674,850	420,179,425	55.51%
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%				0	0	756,909,905	100%

Reasons

Applicable Inapplicable

The increase in shares with trade restriction conditions of 674,850 shares was purchased by Xiong Jianming in the secondary market. The number of shares without trading limited conditions decreased by 674,850.

Approval of the change

Applicable Inapplicable

Share transfer

Applicable Inapplicable

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

Applicable Inapplicable

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

Applicable Inapplicable

2. Share placing and listing

1. The Company issued no securities in the recent three years

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

None

3. Current employees' shares

None

3. Shareholders and the substantial controller of the Company

1. Shareholders and shareholding

In share

Number of shareholders at the end of the reporting period		56,745		Number of shareholders by the end of the 5 th date day before the disclosure date of the annual report			55,133	
Shareholders holding 5% of the Company's shares or top-10 shareholders								
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	Unchanged	0	68,774,273	Pledged	32,510,000
Shenyin Wanguo Securities Agreement Repurchase Account	Others	4%	30,270,000	New	0	30,270,000		
Shengjiu Investment Ltd.	Foreign legal person	3.52%	26,646,506	Increased	0	26,646,506		
Huang Jupei	Domestic natural person	3.29%	24,917,200	New	0	24,917,200		
Shenzhen	Domestic	2.36%	17,860,992	Unchange	0	17,860,992		

Shilihe Investment Co., Ltd.	non-state legal person			d				
Wang Shaolin	Domestic natural person	2.22%	16,800,000	Unchanged	0	16,800,000		
Jiang Jing	Domestic natural person	1.41%	10,635,440	New	0	10,635,440		
China Resource SZITIC Trust – Smart Gold No.28 Collective Trust Program	Others	0.9%	6,820,638	New	0	6,820,638		
Wang Nuo	Domestic natural person	0.73%	5,553,602	New	0	5,553,602		
Cao Yifan	Domestic natural person	0.48%	3,654,365	Increased	0	3,654,365		
A strategic investor or ordinary legal person becomes the Top10 shareholder due a stock issue.	None							
Notes to top ten shareholder relationship or "action in concert"	Among the shareholders, Shenzhen Banglin Technology Development Co., Ltd. and Shengjiu Investment Co., Ltd. are parties action-in-concert. Shenzhen Banglin Technology Development Co., Ltd. and 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								
Shareholder	Amount of shares without sales restriction	Category of shares						
		Category of shares	Amount					
Shenzhen Banglin Technologies Development Co., Ltd.	68,774,273	RMB common shares	68,774,273					
Shenyin Wanguo Securities Agreement Repurchase Account	30,270,000	RMB common shares	30,270,000					
Shengjiu Investment Ltd.	26,646,506	Foreign shares listed in domestic exchanges	26,646,506					
Huang Jupei	24,917,200	RMB common shares	24,917,200					
Shenzhen Shilihe Investment Co., Ltd.	17,860,992	RMB common shares	17,860,992					

Wang Shaolin	16,800,000	RMB common shares	16,800,000
Jiang Jing	10,635,440	RMB common shares	10,635,440
China Resource SZITIC Trust – Smart Gold No.28 Collective Trust Program	6,820,638	RMB common shares	6,820,638
Wang Nuo	5,553,602	RMB common shares	5,553,602
Cao Yifan	3,654,365	Foreign shares listed in domestic exchanges	3,654,365
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.		
Participation by top-10 shareholders in financing bonds (if any) (see Note IV)	Huang Jupei holds 14,917,200 stocks of the Company through an ordinary account and 10,000,000 stocks of the Company through the GF securities customer credit transaction guarantee securities account. Wang Nuo holds 5,553,602 stocks of the Company through the Everbright Securities customer credit transaction guarantee securities account.		

Agreed re-purchasing in the report period

Yes No

The related shareholder of the Shenyin Wanguo Securities Agreement Repurchase Account is Wang Xue. There were 30,270,000 stocks to be repurchased by the end of the report period, accounting for 4% of the Company's all stocks.

2. Profile of the controlling shareholders

Legal person

Name of controlling shareholder	Legal representative /responsible person	Date of establishment	Organization code	Registered capital	Main business
Shenzhen Banglin Technologies Development Co., Ltd.	Chen Jinwu	June 7, 2001	72984005-5	RMB 30 million	Industrial investment, developing of electronic products, technical consulting, domestic commerce, material trading

Operation performance, financial condition, cash flow and future development strategy	The 2013 annual report of Banglin Technologies has not been audited and the company will continue to engage in the investment business.
Stock ownership of other domestic and overseas listed company controlled or whose shares are held by controlling shareholders	The controlling shareholders hold no share in other listed companies.

Changes in the controlling shareholder in the reporting period

Applicable Inapplicable

3. Substantial controller of the Company

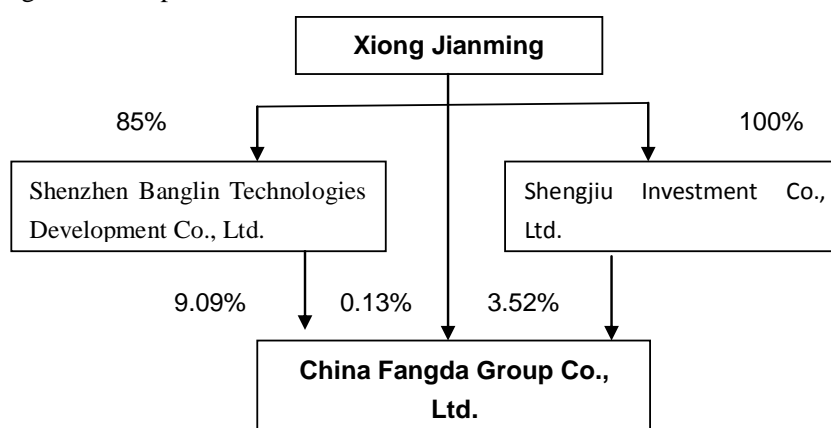
Natural person

Name of substantial controller	Nationality	Right of residence in another country or region
Xiong Jianming	Chinese	Yes
Occupation and position over the last five years	Chair of the Board and president of the Company	
Profiles of domestic and overseas listed companies in which the controller held shares	The controller held no share in other listed companies in the last ten years.	

Change in the actual controller in the report period

Applicable Inapplicable

7. Chart of the controlling relationship



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

Applicable Inapplicable

4. The Company has no other legal person shareholders with over 10% of total shares**4. Statement on share increasing proposal raised by the shareholders or their action-in-concert parties in the reporting period**

Name of shareholder/ action-in-concert parties	Number of shares to be increased	Proportion of shares to be increased	Actual number of shares increased	Actual proportion of shares increased	Initial disclosure date of the share increase plan	Disclosure date of the share increase plan implementation completion
Shengjiu Investment Ltd.			5,306,639	0.7%		
Xiong Jianming			899,800	0.12%		

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

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

Name	Position	Job status	Sex	Age	Starting date of the term	End date of the term	Number of shares held at beginning of the period	Increased shares in this period (share)	Decreased shares in this period (share)	Number of shares held at end of the period
Xiong Jianming	Chairman, president	In office	M	56	March 25, 2011	March 25, 2014	102,971	899,800	0	1,002,771
Wang Shengguo	Director, vice president	In office	M	56	March 25, 2011	March 25, 2014	36,286	0	0	36,286
Xiong Jianwei	Director	In office	M	45	March 25, 2011	March 25, 2014				
Zhou Zhigang	Director, secretary of the Board	In office	M	51	March 25, 2011	March 25, 2014				
Guo Jinlong	Independent director	In office	M	52	March 25, 2011	March 25, 2014				
Shao Hanqing	Independent director	In office	F	75	March 25, 2011	March 25, 2014				
Huang Yaying	Independent director	In office	M	51	March 25, 2011	March 25, 2014				
Zhen Hua	Supervisor y Committee meeting convener	In office	F	54	March 25, 2011	March 25, 2014				
Yu Guoan	Supervisor	In office	M	54	March 25, 2011	March 25, 2014				
Cao Naisi	Supervisor	In office	F	35	March 25, 2011	March 25, 2014				

Yang Xioazhuan	Vice president	In office	M	60	March 25, 2011	March 25, 2014				
Lin Kebin	Vice president and CFO	In office	M	36	March 25, 2011	March 25, 2014				
Wei Yuexing	Vice president	In office	M	45	July 29, 2011	March 25, 2014				
Total	--	--	--	--	--	--	139,257	899,800	0	1,039,057

2. Office Description

Working experiences of current directors, supervisors and senior management in recent five years

Mr. Xiong Jianming: PHD Management; senior engineer; part-time professor of Beijing Institute of Civil Engineering and Architecture and Nanchang University. He was once employed by Jiangxi Provincial Machinery Design Academe, Administration Bureau of Shekou District of Shenzhen government, etc, deputy to the 10th People's Congress of Guangdong Province, deputy to the 2nd and 3rd People's Congress of Shenzhen City. He's now assuming Chairman of the Board and President of the Company, member of the 5th Shenzhen Committee of CPPCC, standing member of the 5th Nanshan Committee of CPPCC, founder and president of the Shenzhen Semiconductor Lighting Association, vice president of the Federation of Shenzhen Industries, vice president of the SGCC, president of the Nanshan Industry and Commerce Association and Honorary Chairman of Shenzhen Nanshan Charity Society.

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

Mr. Xiong Jianwei: MBA. He is now a director of the Company.

Mr. Zhou Zhigang, bachelor's degree. He is currently a Director, Secretary of Board, and head of the Securities Dept.

Ms. Shao Hanqing, professor, doctoral course instructor. Once she was the Vice Director General of Shenzhen Bureau of Planning, assistant to the Mayor, Vice Chief Secretary of the City Government, standing commissioner of city council, PR director, and vice chief secretary of Shenzhen Political Consultative Conference. At present she's the honorary vice chief of China Production Association, part-time professor of China People's University, and independent director of Shenzhen Zhonghang Health Club Co., Ltd., Xingli (HK) Co., Ltd. and the Company.

Mr. Guo Jinlong, member of China Democratic League, master of economics, certified accountant, certified tax consultant, deputy professor. He once was associate instructor and lecturer of Shanxi University of Finance & Economics, audit assistant of the Shenzhen Shekou Zhonghua Certified Accountants, a project manager and department leader of Pan-China Shenzhen CPA Ltd., chief of Profession Division, assistant to chief secretary, vice chief secretary of Shenzhen CPA Association. At present he's independent director of Shenzhen Tuori New Energy Co., Ltd., Rainbow Shopping Mall Co., Ltd., Shenzhen Hanyu Medical Joint Stock Limited and Han's Laser Technology Co., Ltd., partner of ShineWing Certified Public Account, member of the 5th Shenzhen Committee of CPPCC, member of the 5th council of the Chinese Institute of CPA and an independent director of the Company.

Mr. Huang Yaying, is a master of China University of Political Science and Law, a law professor and

licensed lawyer. He is a senior visiting scholar of the Law School of UNSW and Hong Kong University. He is now the president of the Law School and a member of the Diploma Appraisal Committee of Shenzhen University, standing director of the China Academy of Arbitration Law and Institute of China Private International Law, lawyer of the Guangdong Guoxin Law Firm and independent director of the Company.

Ms. Zhen Hua: Bachelor degree. She is now Supervisory Committee meeting convener, Chairwoman of Trade Union, Director of President Office and head of the administration department of the Company.

Mr. Yu Guoan, doctor degree, once associate professor of North-east University, chief technical officer, head of IT department. He is now a supervisor of the Company.

Ms. Cao Naisi, bachelor degree, once head of auditing department, deputy chief of HR department, general manager of the Beijing Branch of the Shenzhen Fangda Decoration, at present she's a supervisor of the Company and vice general manager of Fangda Decoration.

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

Mr. Lin Kebin, bachelor's degree. At present he's the Vice President and CFO of the Company.

Mr. Wei Yuexing, bachelor degree, engineer. Once he was chief engineer of Jiangxi Auto Switch Factory. Currently he's the vice president of the Company, and general manager of Fangda Decoration, a fully-owned subsidiary of the Company.

Offices held at shareholders entities

Applicable Inapplicable

Name	Shareholder entity	Office	Starting date of the term	End date of the term	Whether any remuneration is paid at the shareholder entity
Xiong Jianming	Shengjiu Investment Ltd.	Chairman	October 6, 2011		No
Wang Shengguo	Shenzhen Shilihe Investment Co., Ltd.	Chairman	October 19, 2006		No
Wang Shengguo	Shenzhen Shilihe Investment Co., Ltd.	General manager	September 29, 2003		No
Xiong Jianwei	Shenzhen Shilihe Investment Co., Ltd.	Director	June 12, 2001		No
Zhou Zhigang	Shenzhen Shilihe Investment Co., Ltd.	Director	October 19, 2006		No
Zhen Hua	Shenzhen Shilihe Investment Co., Ltd.	Supervisor	October 19, 2006		No
Office description	None				

Offices held at other entities

Applicable Inapplicable

Name	Entity name	Office	Starting date of the term	End date of the term	Whether any remuneration is paid at the shareholder entity
Guo Jinlong	ShineWing Certified Public Account	Partner	December 1, 2005		Yes
Guo Jinlong	Shenzhen Tuori New Energy Co., Ltd.	Independent director	February 20, 2003		Yes
Guo Jinlong	Rainbow Shopping Mall Co., Ltd.	Independent director	July 15, 2010		Yes
Guo Jinlong	Shenzhen Hanyu Medical Joint Stock Limited	Independent director	October 1, 2012		Yes
Guo Jinlong	Han's Laser Technology Co., Ltd.	Independent director	October 10, 2013		Yes
Shao Hanqing	Shenzhen Zhonghang Health Club Co., Ltd.	Independent director	August 1, 2010		Yes
Shao Hanqing	Xingli (HK) Co., Ltd.	Independent director	May 29, 2009		Yes
Huang Yaying	Law School of Shenzhen University	Dean	July 1, 2009		Yes
Huang Yaying	Guangdong Guoxin Law Firm	Lawyer	May 1, 2009		No
Huang Yaying	Han's Laser Technology Co., Ltd.	Independent director	October 10, 2013		Yes
Office description	The above-mentioned three are independent directors of the Company.				

3. Annual Remunerations of the Directors, Supervisors and Senior Executives

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

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

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

Payment on monthly basis

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

In RMB10,000

Name	Position	Sex	Age	Job status	Total remuneration	Total remuneration	Unpaid remuneration
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						from the shareholding party	during the reporting period
Xiong Jianming	Chairman, president	M	56	In office	135.63	0	93.36
Wang Shengguo	Director, vice president	M	56	In office	67.02	0	50.38
Xiong Jianwei	Director	M	45	In office	60.24	0	44.74
Zhou Zhigang	Director, secretary of the Board	M	51	In office	49.18	0	35.76
Guo Jinlong	Independent director	M	52	In office	8	0	6.72
Shao Hanqing	Independent director	F	75	In office	8	0	6.72
Huang Yaying	Independent director	M	51	In office	8	0	6.72
Zhen Hua	Supervisory Committee meeting convener	F	54	In office	46.23	0	33.54
Yu Guoan	Supervisor	M	54	In office	3	0	2.59
Cao Naisi	Supervisor	F	35	In office	39.05	0	30.51
Yang Xioazhuan	Vice president	M	60	In office	48.36	0	35.67
Lin Kebin	Vice president and CFO	M	36	In office	56.06	0	41.17
Wei Yuexing	Vice president	M	45	In office	57.74	0	42.87
Total	--	--	--	--	586.51	0	430.75

Equity incentive programs provided for the Directors, Supervisors and Senior Executives of the Company during the reporting period

Applicable Inapplicable

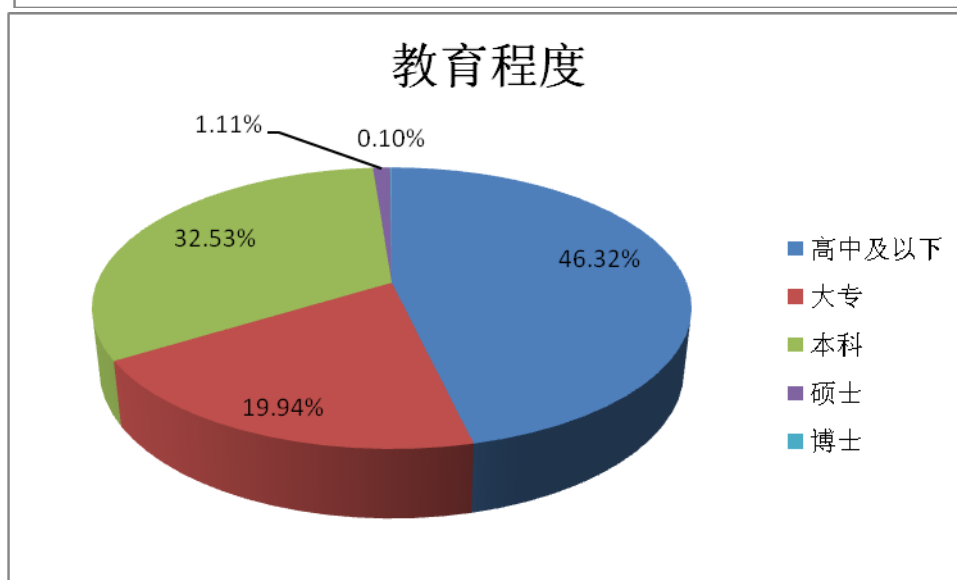
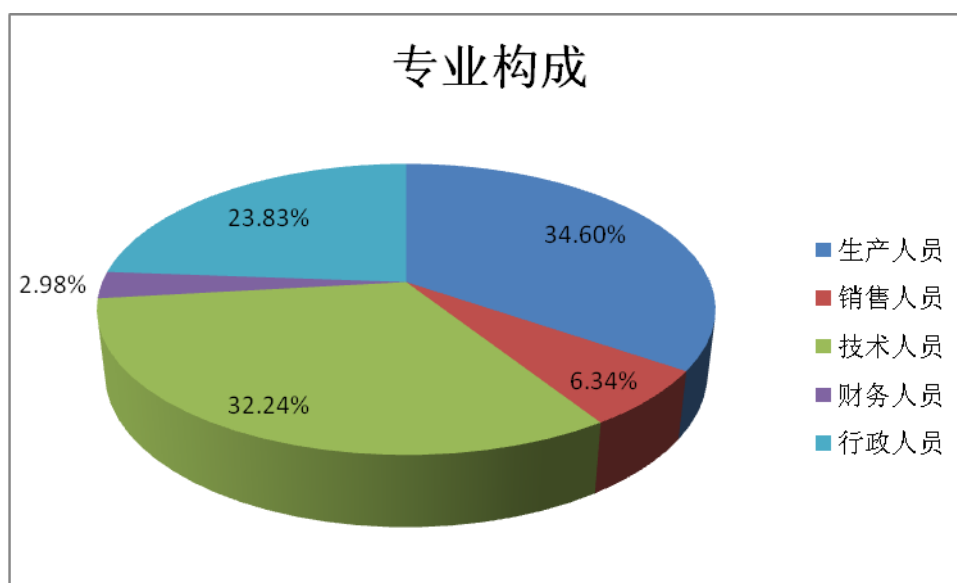
4. Directors, supervisors and senior management of the Company have remained unchanged in the report period.

5. Core technical team or personnel have remained unchanged in the report period.

6. Employees

Employees (by December 31, 2013)

	Fangda Group (parent)	Fangda Decoration (main subsidiary)	Other subsidiaries	Total
Number of employees in position	68	1,067	946	2,081
Retired employees on the Company's expense	0	0	0	0
Categories of professions	Fangda Group (parent)	Fangda Decoration (main subsidiary)	Other subsidiaries	Total
Production	0	142	578	720
Sales & Marketing	0	61	69	130
Technicians	0	525	146	671
Finance & Accounting	8	33	21	62
Executive	60	306	132	498
Categories of education	Fangda Group (parent)	Fangda Decoration (main subsidiary)	Other subsidiaries	Total
High school or below	20	261	683	964
College diploma	7	278	130	415
Bachelor	35	513	129	677
Master's degree	5	14	4	23
Doctor's degree	1	1	0	2



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

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

In the report period, the total of outsourced labor services amounted to 6.48 million hours, with a total income of RMB190 million.

VIII Corporation Governance

1. Overview

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.

During the report period, the Company established the Securities Investment Internal Control System to regulate the corporate governance and 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 corporate governance complies with the Company Law and related requirements of CSRC.

Implementation of corporate governance activities and establishment and implementation of insider registration and management system

The Company has revised the "Information Insider Registration Scheme" according to the requirement of CSRC in February 2012. The revised Information Insider Registration Scheme is published on www.cninfo.com.cn. No situation was found in the report period that any of the insiders had been trading the Company's shares taking advantages of the material information they could get access to, neither informed by the supervisory authorities regarding inspection or correction notice.

2. Annual and extraordinary shareholder meetings held during the report period

1. Annual shareholder meeting during the report period

Meeting	Date	Proposal	Resolution	Date of disclosure	Index for information disclosure
2012 Annual Shareholder Meeting	April 18, 2013	(1) Reviewing the Board of Directors' Work Report 2012; (2) reviewing the Supervisory Committee's Work Report 2012; (3) reviewing the Annual Report 2011 and the Summary; (4) reviewing the Financial Settlement Report 2012; (5) reviewing the proposal of dividend distribution for year 2012; (6) reviewing the proposal about applying for integrated bank credit; (special resolution); (7) reviewing the proposal of approving Shenzhen Fangda Property Development Co., Ltd.'s application for integrated bank credit and providing of guarantee; (special resolution); (8) reviewing the proposal of providing guarantee for the Company's fully-owned	All the proposals are approved	April 19, 2013	The announcement of The Resolutions of Shareholders' Annual Meeting 2012 (2013-10) was published on China Securities Journal, Shanghai Securities Daily, Securities Times, HKCD and www.cninfo.com.cn

		subsidiary; (special resolution); (9) reviewing the proposal of engaging the auditor for 2013; (10) listening to the independent board members' work report for the year of 2012.			
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2. No extraordinary shareholders' meeting was held in the report period.

3. Performance of independent directors during the report period

1. Independent directors' presenting of board meetings and shareholders' meetings in the report period

Independent directors' presenting of board meetings						
Name of independent director	Time of board meetings should have attended	Presented personally	Presented by telecom	Presented by proxy	Absent	Absent for two consecutive meetings
Shao Hanqing	8	2	4	2	0	No
Guo Jinlong	8	4	4	0	0	No
Huang Yaying	8	4	4	0	0	No
Time of presence by independent directors at shareholders' meetings		2				

Statement for absence for two consecutive board meetings

None

2. Objection raised by independent directors

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

Yes No

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

3. Other statement for performance of independent directors

Adoption of suggestion proposed by independent directors

Yes No

Statement for suggestion adopted or not by the Company

(1) During the report period, the Company's independent directors have paid attention to the Company's operation and performed their duties independent in accordance with applicable laws, regulations and Articles of

Association of the Company and have proposed many professional suggestions for improving the Company's system and routine operation decision-making. During the report period, independent directors have made independent and just opinion on issues that need independent directors' opinions, playing positive roles in improving the Company's supervisory system and protecting the rights and interests of the Company and shareholders.

(2) Independent opinions issued in 2013

Name	Time of independent opinion	Issue involved	Type of independent opinion	Disclosure of the independent opinion
Shao Hanqing Guo Jinlong Huang Yaying	February 21, 2013	Using another part of the idle financing proceeds to supplement working capital	In favor	Yes
	March 21, 2013	Use of the Company's fund by controlling shareholder and other affiliates and guarantee made by the Company		
		Internal control self evaluation report		
		Independent opinion on the profit distribution plan for 2012		
		Independent opinion of engaging the auditor for 2013		
		Independent opinion on remuneration of directors and senior executives in 2012		
	July 26, 2013	Independent opinion on use of fund and external guarantees made controlling shareholder and other affiliates		
		Independent opinion on wealth management using idle capital		

4. Performance of specific committees under the Board

(1) Performance of the Development Strategy Committee

During the report period, the Development Strategy Committee of the Company has performed its duties in accordance with the Working Regulations for Development Strategy Committee and played its role in the decision-making process of the Company. Two meetings were convened and details are disclosed as follows:

1. On March 20, 2013, the Company held the 4th meeting of the 6th Development Strategy Commission to listen to the report on production and operation and production and operation plan for 2013.
2. On July 26, 2013, the 5th meeting of the Development Strategy Committee of the 6th term of the Board was held to view the Company's production and operation in the first half of 2013 and studied the fulfillment of the business plan in the first half of the year and places to be improved in the second half.

(2) Performance of the Auditing Committee

During the report period, five Auditing Committee meetings are held to review issues including the arrangement of audit, regular financial reports, engaging the CFA, and use of the fund raised. Details of the meetings are disclosed as follows:

1. On March 18, 2013, the 10th meeting of the Auditing Committee of the 6th term of the Board was held to review the financial statements with the initial opinion issued by the CFA for 2012 and approve the auditor report issued by the CFA. After the CFA issued to final auditor's opinion, the Auditing Committee submitted the resolution on the annual financial statements to the Board and issued the summary report on the auditing of the CFA for this year.

2. On March 21, 2013, the Company held the 11th meeting of the Auditing Committee of the 6th Board of Directors to review (1) the audited financial statements of 2012; (2) the proposal of engaging the auditor for 2013; (3) the internal auditing plan for 2013; (4) self-evaluation report of internal control in 2012.

3. On April 18, 2013, the 12th meeting of the Auditing Committee of the 6th term of the Board was held, on which (1) the 2013 first quarter financial statements; (2) investigation report for the use of raised fund in the first quarter of 2013 were reviewed.

4. On July 26, 2013, the 13th meeting of the Auditing Committee of the 6th term of the Board was held, on which (1) the 2013 half-year financial statements; (2) investigation report for the use of raised fund in the second quarter of 2013 were reviewed.

5. On October 21, 2013, the 14th meeting of the Auditing Committee of the 6th term of the Board was held, on which (1) the 2013 third quarter financial statements; (2) investigation report for the use of raised fund in the third quarter of 2013 were reviewed.

(3) Performance of the Remuneration and Assessment Committee

During the report period, the Remuneration and Assessment Committee issued the Working Regulations for Remuneration and Assessment Committee. On the 2nd meeting of the Remuneration and Assessment Committee of the 6th term of the Board held on March 21, 2013, the committee reviewed the main financial indicators and business performance in 2012 and reviewed performance of duties by the Company's directors and senior executives. The committee believes that the directors and senior executives have worked diligently and fulfilled the business target and other tasks in 2012. The remunerations for directors, supervisors and senior executives disclosed in the 2012 annual report comply with the Company's remuneration policy.

5. Performance of Supervisory Committee

Risks for the Company discovered by the Supervisory Committee

Yes No

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

6. Independence of the Company from the controlling shareholder in aspects of businesses, personnel, assets, organizations, and accounting

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

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

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

In assets: The Company owns its production, supplementary production system and accessory equipments independently, and possesses its own industrial properties, non-patent technologies, and trademark.

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

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

7. Competition

8. Assessment and motivation of senior executives

The Company has implemented a remuneration system that combines post wage and performance bonus. The wages and bonus are determined by on the assessment of senior executives' innovation capabilities, general quality, performance, fulfillment of profit and payment collection targets in the Implementation Regulations for 2013 Supervisory and Management Department Target Management and Assessment and Implementation Regulations for 2013 Subordinate Unit Assessment.

IX Internal Control

1. Internal Control Construction

In 2013, the Company has established a solid internal control system and examine key control activities in accordance with the Enterprise Internal Control Regulations and Guidelines and Internal Control Evaluation Guide issued by the Ministry of Finance. Moreover, the Company has urged subsidiaries and branches to establish and improve the internal control system. The Company has inspected the internal control on business management, capital management, assets management, investment management, information management and HR management and make correction on key internal control points to ensure implementation of the internal control system. Moreover, the Company has accelerated establishment and improvement of internal control system among its subsidiaries and branches to formulate relate documents. In the report period, the Company has established internal control system to cover related business and affairs. The existing system is complete, reasonable and effective with enforceable documents, which will help the Company prevent risks in decision making and management.

2. Board's statement on internal control responsibility

The Board of Director is responsible for establishing and implementing the internal control and the Supervisory Commission is responsible for monitoring the establishment and implementation of the internal control, ensuring that the operation and management is lawful and all the financial report and related information are truthful and integrated.

3. Basis for establishment of the internal financial statement control

The financial report internal control system is built based on the Company Law, Enterprise Accounting Principles, Operation Regulations for Listed Companies in the Main Board of Shenzhen Stock Exchange and Basic Regulations on Enterprise Internal Control and other applicable laws and regulations.

4. Internal control valuation report

Major internal control defects discovered in the report period in the internal control evaluation report	
No major defect is found in the report period	
Date of disclosure of the internal control evaluation report	March 11, 2014
Disclosure of the internal control evaluation report	www.cninfo.com.cn

5. Internal control audit report

√ Applicable □ Inapplicable

Comments in the internal control audit report	
We believe that China Fangda Group has maintained effective internal control on financial reports according to Basic Regulations on Enterprise Internal Control and related regulations on December 31, 2013.	
Date of disclosure of the internal control audit report	March 11, 2014
Source of disclosure of the internal control audit report	www.cninfo.com.cn

Non-standard internal control audit report by the CFA

Yes No

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

Yes No

6. Establishment and implementation of the Retrospective Rules of Material False Information in Annual Report

The Company has adopted the Retrospective Rules of Material False Information in Annual Report. It will contribute to recognize and process material false in the procedures. The Company has been implementing the regulations diligently and no such material false or omission was found in the report period.

X Financial Statements

1. Auditor's report

Type	Standard opinion auditor's report
Issued on	March 7, 2014
Auditor	Grant Thornton (special general partner)
Report No.	Grant Thornton (2014) No.350ZA0056
CPA names	Lin Kaiqin and Li Chunmei

Auditors' report

Grant Thornton (2014) No.350ZA0056

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

We have audited the Financial Statements of China Fangda Group Co., Ltd. ("Fangda Group") attached hereafter, including the Balance Sheet and Consolidated Balance Sheet ended 31.12.13 and the Income Statement, Consolidated Income Statement, Cash Flow Statement, Consolidated Cash Flow Statement, Statement on Change of Shareholders' Equity, Consolidated Statement on Change of Shareholders' Equity of the year 2013, as well as the Notes to the Financial Statements.

1. Executives' responsibilities on the Financial Statements

Preparing of the Financial Statements according to Enterprise Accounting Standard is the responsibility of the management of the Company. This responsibility includes: (1) to prepare the financial statements according to the accounting standard, and ensure its fair reflection of business position; (2) to design, implement and maintain the internal control system related to producing of the Financial Statements, to prevent the Financial Statements from major false presentation due to cheating or error.

2. Responsibilities of the CPA

Our responsibility is to express an auditing opinion on the financial statements basing on our audit. We carried out the auditing works with compliance to Chinese CPA Auditing Standard, which requires us to plan and implement our works on the basis of professional ethic standards, and obtain reasonable guarantee that the Financial Statements are free of major false statements.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider the internal control relevant to the entity's preparation of financial statements in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting polices used and the reasonableness of the accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

3. Auditors' Opinions

We believe that Fangda Group has been following with the Enterprise Accounting Standard in preparing of the Financial Statements. The Financial Statements is reflecting, in all important aspects, the financial situation of Fangda Group as of March 31, 2013, and the business performance and cash flow of year 2013.

Grand Thornton CPA
(limited liability partnership)

CPA China Lin Kaiqin

CPA China Li Chunmei

Beijing, China

March 7, 2014

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	Closing balance	Ending balance
Current asset:		
Monetary capital	333,876,921.97	278,283,968.61
Settlement provision		
Outgoing call loan		
Transactional financial assets		
Notes receivable	21,898,770.43	7,638,780.88
Account receivable	898,780,981.93	774,890,805.30
Prepayment	28,364,016.21	22,006,159.22
Insurance receivable		
Reinsurance receivable		
Provisions of Reinsurance contracts receivable		

Interest receivable	36,387.50	72,833.33
Dividend receivable	0.00	
Other receivables	66,298,730.17	57,339,556.28
Repurchasing of financial assets		
Inventory	428,537,851.82	269,120,191.36
Non-current assets due in 1 year		
Other current assets		
Total current assets	1,777,793,660.03	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	9,994,565.55	
Investment real estate	195,249,069.13	258,405,762.09
Fixed assets	462,930,269.98	341,555,810.21
Construction in process	940,841.00	175,138,694.28
Engineering materials		
Disposal of fixed assets	177,298.11	
Productive biological assets		
Gas & petrol		
Intangible assets	91,527,650.52	102,380,382.21
R&D expense		67,700.00
Goodwill		
Long-term amortizable expenses	3,799,354.79	4,710,860.65
Deferred income tax assets	41,166,043.56	36,191,385.09
Other non-current assets	15,978,789.90	
Total of non-current assets	821,763,882.54	918,450,594.53
Total of assets	2,599,557,542.57	2,327,802,889.51
Current liabilities		
Short-term loans	369,000,000.00	181,970,000.00
Loans from Central Bank		
Deposit received and held for others		

Call loan received		
Transactional financial liabilities		
Notes payable	188,570,850.63	160,779,777.03
Account payable	489,216,140.32	411,846,031.72
Prepayment received	168,386,251.94	77,741,903.02
Selling of repurchased financial assets		
Fees and commissions payable		
Employees' wage payable	30,182,851.80	23,945,272.55
Taxes payable	44,839,947.77	33,686,577.98
Interest payable	689,153.75	1,954,557.27
Dividend payable		
Other payables	41,687,580.72	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
Total current liabilities	1,332,572,776.93	1,133,264,176.43
Non-current liabilities:		
Long-term loans		
Bond payable		
Long-term payable		7,700.00
Special payables		
Anticipated liabilities		
Deferred income tax liabilities	40,656,763.97	36,210,286.40
Other non-current liabilities	10,255,823.93	
Total of non-current liabilities	50,912,587.90	36,217,986.40
Total liabilities	1,383,485,364.83	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	79,191,052.01	80,299,867.64

Less: Shares in stock		
Special reserves		
Surplus reserves	46,389,142.21	30,494,542.94
Common risk provisions		
Retained profit	278,149,631.63	230,907,879.99
Difference caused by translation of foreign currency statements		
Total of owner's equity belong to the parent company	1,160,639,730.85	1,098,612,195.57
Minor shareholders' equity	55,432,446.89	59,708,531.11
Total of owners' equity (or shareholders' equity)	1,216,072,177.74	1,158,320,726.68
Total of liability and owners' equity (or shareholders' equity)	2,599,557,542.57	2,327,802,889.51

Legal representative: Xiong Jianming

CFO: Lin Keping

Accounting Manager: Chen Yonggang

2. Balance Sheet of the Parent Company

Prepared by: China Fangda Group Co., Ltd.

In RMB

Items	Closing balance	Ending balance
Current asset:		
Monetary capital	68,223,808.76	25,790,604.84
Transactional financial assets		
Notes receivable		
Account receivable	604,459.49	5,157,141.38
Prepayment	218,984.07	20,271.85
Interest receivable		
Dividend receivable	39,356,000.00	39,356,000.00
Other receivables	571,620,659.73	512,298,790.52
Inventory		
Non-current assets due in 1 year		
Other current assets		
Total current assets	680,023,912.05	582,622,808.59
Non-current assets:		
Sellable financial assets		

Investment held until mature		
Long-term receivable		
Long-term share equity investment	719,728,311.13	669,733,745.58
Investment real estate	174,778,756.62	254,766,256.33
Fixed assets	48,117,849.19	87,649,932.55
Construction in process	914,126.00	1,701,315.00
Engineering materials		
Disposal of fixed assets		
Productive biological assets		
Gas & petrol		
Intangible assets	1,351,845.98	9,352,376.54
R&D expense		
Goodwill		
Long-term amortizable expenses	50,314.43	75,471.70
Deferred income tax assets	12,342,430.37	12,333,214.12
Other non-current assets		
Total of non-current assets	957,283,633.72	1,035,612,311.82
Total of assets	1,637,307,545.77	1,618,235,120.41
Current liabilities		
Short-term loans	104,000,000.00	180,000,000.00
Transactional financial liabilities		
Notes payable	0.00	
Account payable	1,849,090.36	1,849,090.36
Prepayment received	798,586.70	753,108.70
Employees' wage payable	1,881,681.86	1,479,449.88
Taxes payable	260,761.30	826,456.83
Interest payable	193,930.00	1,954,557.27
Dividend payable		
Other payables	192,765,065.68	83,515,779.52
Non-current liabilities due in 1 year		
Other current liabilities		200,000,000.00
Total current liabilities	301,749,115.90	470,378,442.56
Non-current liabilities:		

Long-term loans		
Bond payable		
Long-term payable		
Special payables		
Anticipated liabilities		
Deferred income tax liabilities	88,615,374.26	36,210,286.40
Other non-current liabilities		
Total of non-current liabilities	88,615,374.26	36,210,286.40
Total liabilities	390,364,490.16	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	38,690,396.63	39,799,212.26
Less: Shares in stock		
Special reserves		
Surplus reserves	46,389,142.21	30,494,542.94
Common risk provisions		
Retained profit	404,953,611.77	284,442,731.25
Difference caused by translation of foreign currency statements		
Total of owners' equity (or shareholders' equity)	1,246,943,055.61	1,111,646,391.45
Total of liability and owners' equity (or shareholders' equity)	1,637,307,545.77	1,618,235,120.41

Legal representative: Xiong Jianming

CFO: Lin Kebing

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	1,747,620,845.74	1,397,901,424.59
Incl. Business income	1,747,620,845.74	1,397,901,424.59
Interest income		
Insurance fee earned		
Fee and commission		

received		
2. Total business cost	1,670,170,512.18	1,402,248,272.24
Incl. Business cost	1,425,369,204.42	1,145,066,535.43
Interest expense		
Fee and commission paid		
Insurance discharge payment		
Net claim amount paid		
Net insurance policy reserves provided		
Insurance policy dividend paid		
Reinsurance expenses		
Business tax and surcharge	23,272,313.84	23,902,902.35
Sales expense	37,383,041.60	35,114,854.91
Administrative expense	127,254,247.26	122,677,890.24
Financial expenses	23,108,586.39	24,771,976.76
Asset impairment loss	33,783,118.67	50,714,112.55
Plus: gains from change of fair value (“-“ for loss)	16,647,859.74	12,290,834.22
Investment gains (“-“ for loss)	300,866.92	3,448,207.99
Incl. Investment gains from affiliates and joint ventures	-5,434.45	
Exchange gains (“-“ for loss)		
3. Operational profit (“-“ for loss)	94,399,060.22	11,392,194.56
Plus: non-operational income	7,595,856.24	11,817,267.06
Less: non-operational expenditure	1,344,375.30	3,662,524.43
Incl. Loss from disposal of non-current assets	617,106.70	220,018.04
4. Gross profit (“-“ for loss)	100,650,541.16	19,546,937.19
Less: Income tax expenses	19,249,761.60	13,103,694.81
5. Net profit (“-“ for net loss)	81,400,779.56	6,443,242.38
Including: Net profit realized by the entity taken over before the takeover		

Net profit attributable to the owners of parent company	85,676,863.78	24,948,377.20
Minor shareholders' equity	-4,276,084.22	-18,505,134.82
6. Earnings per share:	--	--
(1) Basic earnings per share	0.11	0.03
(2) Diluted earnings per share	0.11	0.03
7. Other misc. incomes	-1,108,815.63	-179,626.28
8. Total of misc. incomes	80,291,963.93	6,263,616.10
Total of misc. incomes attributable to the owners of the parent company	84,568,048.15	24,768,750.92
Total misc gains attributable to the minor shareholders	-4,276,084.22	-18,505,134.82

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	45,659,921.07	46,185,831.72
Less: Operation cost	10,980,932.52	11,267,937.63
Business tax and surcharge	3,415,837.54	3,731,267.21
Sales expense		-15,831.98
Administrative expense	22,773,847.97	20,145,309.77
Financial expenses	10,054,285.40	5,685,040.38
Asset impairment loss	-3,228,252.95	326,187.02
Plus: gains from change of fair value ("-" for loss)	16,647,859.74	13,791,134.22
Investment gains ("-" for loss)	-5,434.45	43,904,207.99
Incl. Investment gains from affiliates and joint ventures	-5,434.45	
2. Operational profit ("-" for loss)	18,305,695.88	62,741,263.90
Plus: non-operational income	193,478,232.51	2,164,511.06
Less: non-operational expenditure	442,064.12	188,570.17
Incl. Loss from disposal of	37,992.07	61,363.27

non-current assets		
3. Gross profit (“-“ for loss)	211,341,864.27	64,717,204.79
Less: Income tax expenses	52,395,871.61	6,532,547.00
4. Net profit (“-“ for net loss)	158,945,992.66	58,184,657.79
5. Earnings per share:	--	--
(1) Basic earnings per share		
(2) Diluted earnings per share		
6. Other misc. incomes	-1,108,815.63	-1,279,626.28
7. Total of misc. incomes	157,837,177.03	56,905,031.51

Legal representative: Xiong Jianming

CFO: Lin Kebing

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. Net cash flow from business operations:		
Cash received from sales of products and providing of services	1,763,447,209.35	1,282,311,735.70
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 refunded	1,935,388.44	1,234,080.09
Other cash received from business operation	41,052,740.68	24,427,611.05
Sub-total of cash inflow from business operations	1,806,435,338.47	1,307,973,426.84
Cash paid for purchasing products and services	1,313,329,311.49	951,259,916.91
Net increase of client trade and advance		
Net increase of savings in central bank and brother company		
Cash paid for original contract claim		
Cash paid for interest, processing fee and commission		
Cash paid for policy dividend		
Cash paid to and for the staff	167,796,650.09	131,600,289.66
Taxes paid	78,014,776.44	65,938,208.39
Other cash paid for business activities	90,749,980.14	99,912,940.51
Sub-total of cash outflow from business operations	1,649,890,718.16	1,248,711,355.47
Cash flow generated by business operations, net	156,544,620.31	59,262,071.37
2. Cash flow generated by investment:		
Cash received from investment recovery	120,000,000.00	1,500,000.00
Cash received as investment profit	306,301.37	3,448,207.99
Net cash retrieved from disposal of fixed assets, intangible assets, and other long-term assets	179,704.00	11,002,219.00
Net cash received from disposal of subsidiaries or other operational units		
Other investment-related cash received	429,055.00	4,022,500.00

Sub-total of cash inflow generated from investment	120,915,060.37	19,972,926.99
Cash paid for construction of fixed assets, intangible assets and other long-term assets	40,911,829.63	105,572,445.60
Cash paid as investment	130,000,000.00	
Net increase of loan against pledge		
Net cash paid for acquiring subsidiaries and other operational units		
Other cash paid for investment	1,659,058.00	2,050,000.00
Subtotal of cash outflows	172,570,887.63	107,622,445.60
Cash flow generated by investment activities, net	-51,655,827.26	-87,649,518.61
3. Cash flow generated by financing activities:		
Cash received from investment		
Incl. Cash received from investment attracted by subsidiaries from minority shareholders		
Cash received from borrowed loans	529,000,000.00	570,368,873.33
Cash received from bond placing		200,000,000.00
Other cash received from financing activities		
Subtotal of cash inflow from financing activities	529,000,000.00	770,368,873.33
Cash paid to repay debts	540,000,000.00	775,500,000.00
Cash paid as dividend, profit, or interests	48,354,192.64	25,336,873.47
Incl. Dividend and profit paid by subsidiaries to minority shareholders	0.00	
Other cash paid for financing activities	0.00	1,100,000.00
Subtotal of cash outflow from financing activities	588,354,192.64	801,936,873.47
Net cash flow generated by financing activities	-59,354,192.64	-31,568,000.14
4. Influence of exchange rate changes	-464,717.89	-54,188.54

on cash and cash equivalents		
5. Net increase in cash and cash equivalents	45,069,882.52	-60,009,635.92
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 the period	285,237,255.38	240,167,372.86

Legal representative: Xiong Jianming

CFO: Lin Kebing

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. Net cash flow from business operations:		
Cash received from sales of products and providing of services	44,496,139.39	36,847,528.40
Tax refunded		
Other cash received from business operation	580,085,321.10	538,398,509.55
Sub-total of cash inflow from business operations	624,581,460.49	575,246,037.95
Cash paid for purchasing products and services	12,790,698.85	12,764,972.21
Cash paid to and for the staff	10,045,800.12	8,821,194.92
Taxes paid	4,659,170.87	4,414,910.67
Other cash paid for business activities	217,012,897.35	753,501,483.51
Sub-total of cash outflow from business operations	244,508,567.19	779,502,561.31
Cash flow generated by business operations, net	380,072,893.30	-204,256,523.36
2. Cash flow generated by investment:		
Cash received from investment recovery		400,000.00
Cash received as investment profit	0.00	61,886,407.99

Net cash retrieved from disposal of fixed assets, intangible assets, and other long-term assets	33,241,974.20	536,535.00
Net cash received from disposal of subsidiaries or other operational units		
Other investment-related cash received	0.00	
Sub-total of cash inflow generated from investment	33,241,974.20	62,822,942.99
Cash paid for construction of fixed assets, intangible assets and other long-term assets	1,359,102.96	4,269,332.69
Cash paid as investment	50,000,000.00	10,000,000.00
Net cash paid for acquiring subsidiaries and other operational units		
Other cash paid for investment	0.00	
Subtotal of cash outflows	51,359,102.96	14,269,332.69
Cash flow generated by investment activities, net	-18,117,128.76	48,553,610.30
3. Cash flow generated by financing activities:		
Cash received from investment		
Cash received from borrowed loans	194,000,000.00	180,000,000.00
Cash received from bond placing		200,000,000.00
Other cash received from financing activities		
Subtotal of cash inflow from financing activities	194,000,000.00	380,000,000.00
Cash paid to repay debts	470,000,000.00	210,000,000.00
Cash paid as dividend, profit, or interests	43,525,867.31	11,993,687.78
Other cash paid for financing activities		1,100,000.00
Subtotal of cash outflow from financing activities	513,525,867.31	223,093,687.78
Net cash flow generated by financing activities	-319,525,867.31	156,906,312.22

4. Influence of exchange rate changes on cash and cash equivalents	3,306.69	-56.12
5. Net increase in cash and cash equivalents	42,433,203.92	1,203,343.04
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 the period	67,973,808.76	25,540,604.84

Legal representative: Xiong Jianming

CFO: Lin Kebing

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: Changes in accounting policies										
Correction 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)		-1,108,815.63			15,894,599.27		47,241,751.64		-4,276,084.22	57,751,451.06
(1) Net profit							85,676,863.78		-4,276,084.22	81,400,779.56
(2) Other misc. income		-1,108,815.63								-1,108,815.63
Sub-total of (1) and (2)		-1,108,815.63					85,676,863.78		-4,276,084.22	80,291,963.93

		15.63					63.78		4.22	.93
(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					15,894,599.27		-38,435,112.14			-22,540,512.87
1. Providing of surplus reserves					15,894,599.27		-15,894,599.27			
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 period	756,909,905.00	79,191,052.01			46,389,142.21		278,149,631.63		55,432,446.89	1,216,072,177.74

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	Capital reserves	Less: Shares in stock	Special reserves	Surplus reserves	Common risk provision	Retained profit	Others		

	share capital)					ns				
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: Changes in accounting policies										
Correction of previous errors										
Others										
2. Balance at the beginning of current 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
3. Amount of change in current term (“-“ for decrease)		-179,626.28			5,818,465.78		19,129,911.42		-18,505,134.82	6,263,616.10
(1) Net profit							24,948,377.20		-18,505,134.82	6,443,242.38
(2) Other misc. income		-179,626.28								-179,626.28
Sub-total of (1) and (2)		-179,626.28					24,948,377.20		-18,505,134.82	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					5,818,465.78		-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 period	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

Legal representative: Xiong Jianming

CFO: Lin Kebing

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: Changes in accounting policies								
Correction 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)		-1,108,815.63			15,894,599.27		120,510,880.52	135,296,664.16
(1) Net profit							158,945,992.66	158,945,992.66

(2) Other misc. income		-1,108,815. 63						-1,108,815. 63
Sub-total of (1) and (2)		-1,108,815. 63					158,945,99 2.66	157,837,17 7.03
(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					15,894,599 .27		-38,435,11 2.14	-22,540,51 2.87
1. Providing of surplus reserves					15,894,599 .27		-15,894,59 9.27	
2. Common risk provision								
3. Allotment to the owners (or shareholders)							-22,540,51 2.87	-22,540,51 2.87
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 period	756,909,90 5.00	38,690,396 .63			46,389,142 .21		404,953,61 1.77	1,246,943, 055.61

Amount of Last Year

In RMB

Items	Amount of Last Year							
	Capital	Capital	Less:	Special	Surplus	Common	Retained	Total of

	paid in (or share capital)	reserves	Shares in stock	reserves	reserves	risk provisions	profit	owners' equity
1. Balance at the end of last year	756,909,90 5.00	41,078,838 .54			24,676,077 .16		232,076,53 9.24	1,054,741, 359.94
Plus: Changes in accounting policies								
Correction of previous errors								
Others								
2. Balance at the beginning of current year	756,909,90 5.00	41,078,838 .54			24,676,077 .16		232,076,53 9.24	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
Sub-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 period	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 深府办函(1995)194号, and was founded, on the basis of Shenzhen Fangda Construction Material Co., Ltd., by way of share issuing in October 1995. The Registration No. of the Company’s business license is: 440301501124785; with a registered capital of RMB756,909,905; 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 深招商复[1997]0192号, the Company was re-registered to a sino-foreign joint venture. Registration routines were completed with Shenzhen Commerce and Industry Administration on November 12, 1997. In October 1999, the Company started to use the current name.

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, Fangda 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, firefighting 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, 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 31.12.13, and business performance and cash flow situation in 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). Accounting policies for disposal of share equity and loss of control**(1) Judgment of package transactions****(2) Accounting treatment of package transactions****(3) Accounting treatment of non-package transactions****(VII). Preparation of Consolidated Financial Statements****(1). Preparation of Consolidated Financial Statements**

The consolidated financial statements are prepared by the Company based on financial statements of the Company and subsidiaries and according to other related information 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**(VIII) 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.

(IX) Foreign exchange business and foreign exchange statement translation**(1) 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.

(2) Translation of foreign exchange statement

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

(X) 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

The Company's financial assets mainly include receivables, which 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.

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.

(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 extend 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.

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

(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)

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

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.

Verification of impairment in various sellable financial assets

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.

(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

11. Recognition standard and provision method for receivable bad debt provision

Receivables include receivable accounts, other receivables and prepayment.

(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 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.

(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	Separate test method for accounts receivable within the 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

12. 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, inventory, development products, and construction in process.

(2) Pricing of delivering inventory

Weighted average method

Inventories are measured at cost when procured. Raw materials, products in process and commodity stocks 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.

The actual costs of development products include land transfer payment, infrastructure and facility costs, installation engineering costs, borrows before completion of the development and other costs during the development process. The actual costs of the development product is priced using the separate pricing method.

(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.

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

Low price consumable

On-off amortization basis

Package

On-off amortization basis

13. Long-term share equity investment

(1) Recognition of initial investment costs

Long-term share equity investment is measured at the investment cost when it is obtained. The investment cost is generally is assets, liabilities occurred or borne to obtained the investment, including direct related costs. The investment cost of long-term share equity investment formed by entities under common control is the share of the book value of the owner's equity of the merged party on the date of the merger.

2. Subsequent measurement and recognition of gain/loss

The Company uses the cost method to measure long-term share equity investment in which the Company can control the invested entity; and uses the equity method to measure long-term share equity investment in which the Company has substantial influence on the invested entity. For the long-term equity investment measured on the cost basis, except for the announced cash dividend or profit included in the practical cost or price when the investment was made, the cash dividends or profit distributed by the invested entity are recognized as investment gains in the current gain/loss account. When the equity method is used to measure long-term equity investment, the investment cost will not be adjusted if the investment cost of the long-term equity investment is larger than the share of fair value of the recognizable assets of the invested entity. When it is smaller than the share of fair value of the recognizable assets of the invested entity, the book value will be adjusted and the difference is included in the current gains of the investment. When the equity method is used, the current investment gain is the share of the net gain realized in the current year that can be shared or borne. When the share of the net gains that can be enjoyed is recognized, it is recognized after the net profit of the invested entity is adjusted based on the fair value of the recognizable assets of the invested entity according to the Company's accounting policies and accounting period. Internal transaction gain not realized between the Company and affiliates is measured according to the shareholding proportion and the investment gains is recognized after deduction.

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

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

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

14. Investment real estate

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

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

The fair value of investment real estate is determined with reference to the current market prices of same or

similar real estate 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 estate with book value and related taxes deducted is accounted into the current gain/loss account.

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.

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

15. 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

(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	35-45	10%	2-2.57
Mechanical equipment	10	10%	9
Electronic equipment	5	10%	18

Transport equipment	5	10%	18
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(4) Impair test and impairment provision for fixed assets

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

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.

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

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 adjust if the net residual value is different from the predicted one.

(5) Others

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

16. 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 recognizes impairment in projects in construction as follows: The Company judges whether there is a sign of impairment to assets on the balance sheet day. If such sign exists, the Company estimates the recoverable amount and conducts the impairment test.

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.

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

17. Borrowing expenses

(1) Recognition principles for capitalization of borrowing expenses

Borrowing expenses occurred to the Company that can be accounted as purchasing 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 of assets;
- (2) The borrowing expense has already occurred;
- (3) Purchasing 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

18. Biological assets

19. Petroleum assets

20. Intangible assets

(1) Pricing of intangible assets

The Company's intangible assets include land using rights, patent, industry property, special technologies, and

software.

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

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

At the end of each year, the Company will reexamine the useful life and amortization basis of intangible assets with limited useful life. If they change, adjust the prediction and handle it according to accounting estimate changes.

On the balance sheet day, if the intangible assets become unlikely to bring future economic benefits for the Company, transfer all the intangible assets' book value into the current gain/loss account.

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

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

(4) Provision of intangible assets impairment

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

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.

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

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

The Company divides internal R&D project expenses into research and development expenses.

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

Development expenses can only be capitalized when the following conditions are satisfied: the technology is

feasible for use or sales; there is the intention to use or sell the intangible assets; it can be proven that the product generated by the intangible assets is demanded or the intangible assets in demanded; if the intangible is used internally, it can be proven that it is useful; with necessary technical and financial resources and other resources to complete the development of the intangible assets and the intangible assets can be used or sold; the development expense can be reliably measured. If not, the development expense is accounted into the current gain/loss account.

If a research project meets the above-mentioned conditions and passes the technical and economic feasibility study, the project will enter the development stage.

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

(6) Audit of internal research and development expenses

21. 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.

22. Transfer of assets without repurchase conditions

23. Anticipated liabilities

(1) Recognition standards of anticipated liabilities

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

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

(2) Measurement of anticipated liabilities

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

24. 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****25. Repurchase of the Company's shares****26. 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. 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.

(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.

27. Government subsidy**(1) Type**

The Company divides government subsidies into assets-related and earnings-related government subsidies.

(2) Accounting policy

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. When there is no clear evidence indicating compliance with related conditions for governmental support and it is estimated that the Company can receive a government subsidy, it will be measured at the receivable amount. Otherwise, it is measured at the amount actually received.

Government subsidies related to assets are obtained by the Company to purchase, build or formulate in other manners long-term assets; or subsidies related to benefits.

For subsidies that can formulate long-term assets without clear government regulations, the part of the subsidies corresponding to the asset value will be measured as assets-related government subsidies, while the rest of them will be measured as benefit-related government subsidies. Where it is difficult to distinguish them from each other, the whole subsidies will be measured as benefit-related government subsidies.

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 set off, the exceeded part shall be recorded into current income account; if there is no relative differed gain, record to current income account directly.

28. 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.

29. Operational leasing and financial leasing

(1) Accounting of operational leasing

The Company is 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 is 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 is 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 is 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 made provision for depreciation of leased assets.

(3) Accounting of sale and lease-back

30. Assets held for sales

(1) Recognition standard

(2) Accounting treatment

31. Asset securitization

32. Accounting of hedging

33. Major changes in accounting policies and estimates

Changes in major accounting estimates in the report period

Yes No

None

(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

34. Correction of previous accounting faults

Faults in previous accounts in the current report period

Yes No

None

(1) Retrospective restate method

Faults in adoption of the retrospective restate 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

35. 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%, 17%
Business tax	Taxable income	3%、5%
City maintenance and construction tax	Taxable turnover	1%、5%、7%
Enterprise income tax	Taxable income	25%、15%、0

2. Tax preference and approval

(1) According to the Certification of High-tech Enterprise issued by Shenzhen Commission of Technological Innovation, Shenzhen Commission of Finance, Shenzhen National Tax Bureau, and Shenzhen Local Tax Bureau on 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 Technological 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.

(3) According to the Certification of High-tech Enterprise issued by Jiangxi Ministry of Science and Technology, Jiangxi Ministry of Finance, Jiangxi National Tax Bureau, and Jiangxi Local Tax Bureau on November 7, 2012, Fangda 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.

(4) On December 25, 2013, Kexunda was certified by Shenzhen Nanshan National Tax Bureau as a software and integrated circuit designer according to the Shenzhen National Tax Reduction Registration [2013] No.739 and will enjoy exemption from the enterprise income tax for two years and 50% reduction of the same tax for another three years from the year that the company starts making a net profit. Kexunda started making profits in 2013 and therefore starts to enjoy the exemption.

(3) Others

VI Merger of enterprises and consolidated financial statements

1. Subsidiaries

(1) Subsidiaries founded or acquired from investment

													In RMB
Subsidiary	Type of subsidiary	Registered addresses	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 %	Consolidate statements	Minor shareholders' equity	Amount for deducting minority gain/loss 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	Installation and processing of metro screen door	105,000,000.00	Designing, technical developing, installation, and sales of PSD system; import & export;	183,777,271.73		100%	100%	Yes			

					installation and processing of PSD.								
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 materials and production of curtain walls	USD12,000,000.00	Production and sales of new-type materials, composite materials, production of curtain walls, windows, metal structures and components, metal products and environmental protection materials and products	12,000,000.00		100%	100%	Yes			
Jiangxi Fangda New Type Aluminum Co., Ltd.	Fully-owned subsidiary	Nanchang	Design, production, sales and installation of curtain wall	20,000,000.00	Design, production, sales and installation of curtain wall aluminium materials,	20,000,000.00		100%	100%	Yes			

			aluminium materials, doors, windows and sectional materials		doors, windows and sectional materials								
Hong Kong Junjia Group Co., Ltd.	Fully-owned subsidiary	Hong Kong	Investment	HKD10,000.00	Investment	10,000.00		100%	100%	Yes			
Shenyang Fangda Semi-conductor Lighting Co., Ltd.	Controlled subsidiaries	Shenyang	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	Manufacturing of semiconductor lighting material and chips; lighting source encapsulation; developing, designing, manufacturing, engineering, installation and trading of semiconductor lighting system	108,852,073.85		64.58%	64.58%	Yes	55,432,446.89	-4,276,084.22	
Shenzhen Kexunda Software	Fully-owned subsidiary	Shenzhen	Development of hardware	1,000,000.00	Computer software and	1,000,000.00		100%	100%	Yes			

Co., Ltd.	ary		and software, system integration, technical consulting		hardware development and sales, computer software development, system integration and technical consulting								
Shenzhen Fangda Property Development Co., Ltd.	Fully-owned subsidiary	Shenzhen	Development and operating of real estate on land of which land use right is legally obtained by the Company; property management	50,000,000.00	Development and operating of real estate on land of which land use right is legally obtained by the Company; property management	50,000,000.00	100%	100%	Yes				

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

In RMB

Name	Business with the Company	Major assets and liabilities balance recognized at the end of the period in consolidated statements
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Notes to operational entities of control powers generated by special purpose entities or trust operation or lease

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

3. Notes to changes in the consolidation scope

Notes to changes in the consolidation scope

 Applicable Inapplicable

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:	--	--	33,975.32	--	--	10,565.48
RMB	--	--	29,296.71	--	--	9,340.48
HK Dollar	5,950.69	0.78623	4,678.61	1,510.76	0.81085	1,225.00
Bank deposits:	--	--	297,145,634.33	--	--	252,155,936.57
RMB	--	--	296,625,709.31	--	--	252,087,857.82
USD	10,734.32	6.0969	65,446.08	10,831.08	6.2855	68,078.75
SGD	94,989.85	4.7845	454,478.94			
Other monetary capital:	--	--	36,697,312.32	--	--	26,117,466.56
RMB	--	--	36,697,312.32	--	--	26,116,643.85
USD				130.89	6.2855	822.71
Total	--	--	333,876,921.97	--	--	278,283,968.61

Amounts with limitation of use, deposited abroad, with potential recovering risk should be separately explained.

1. RMB12 million among the balance of bank deposit at end of year was frozen by the court for the lawsuit involved by Fangda Decoration. For details of the case please see Note VII-1.
2. Balance of RMB36,697,312.32 under other monetary capital was mainly deposit for bank accepted notes and letter of guarantee, including deposit of RMB36,639,666.59 for accepted notes and guarantee letter which are not regarded as cash equivalent at preparing of cash flow statement.

2. Notes receivable

(1) Classification of notes receivable

In RMB

Type	Closing amount	Opening amount
Bank acceptance	21,898,770.43	5,668,780.88
Commercial acceptance	0.00	1,970,000.00
Total	21,898,770.43	7,638,780.88

(2) Pledged notes receivable at the end of period

In RMB

Issuer	Date of issue	Due date	Amount	Notes
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(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

In RMB

Issuer	Date of issue	Due date	Amount	Notes
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Notes endorsed to other parties but remaining immature

In RMB

Issuer	Date of issue	Due date	Amount	Notes
Shenyang Zhongyi Aviation Plane Engineering Co., Ltd.	December 2, 2013	May 30, 2014	6,390,161.97	Bank acceptance
Shenyang Xinrufeng Trade Co., Ltd.	July 8, 2013	January 8, 2014	2,061,425.41	Bank acceptance
China Construction Second Engineering Bureau Ltd., Shanghai Branch	October 30, 2013	April 30, 2014	1,000,000.00	Bank acceptance
Shenyang Yuanda Aluminium Industry Engineering Co., Ltd.	October 24, 2013	April 24, 2014	1,000,000.00	Bank acceptance
Shenyang Yuanda Aluminium Industry Engineering Co., Ltd.	November 29, 2013	April 28, 2014	1,000,000.00	Bank acceptance
Total	--	--	11,451,587.38	--

Notes

The closing number of receivable bank acceptance increased 186.68%, mainly attributable to increase of bank acceptance settlement by Fangda Automatic and Fangda Decoration.

Notes to discounted or pledge commercial acceptance

3. Receivable interest**(1) Receivable interest**

In RMB

Items	Opening amount	Increase	Decrease	Closing amount
Interest receivable	72,833.33	350,506.98	386,952.81	36,387.50
Total	72,833.33	350,506.98	386,952.81	36,387.50

(2) Overdue interest

In RMB

Borrower	Overdue time (day)	Amount
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4. 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					9,063,813.50	0.97%	4,399,850.00	48.54%
Account receivable for which bad debt provision is made by group								
Receivable accounts outside consolidation	1,059,935,942.75	98%	161,204,960.82	15.21%	902,557,074.71	96.68%	132,330,232.91	14.66%
Subtotal	1,059,935,942.75	98%	161,204,960.82	15.21%	902,557,074.71	96.68%	132,330,232.91	14.66%
Account receivable with minor individual amount and bad debt provision provided individually	21,620,471.60	2%	21,570,471.60	99.77%	21,956,506.84	2.35%	21,956,506.84	
Total	1,081,556,414.35	--	182,775,432.42	--	933,577,395.05	--	158,686,589.75	--

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:	--	--	--	--	--	--
Less than 1 year	549,013,214.34	51.8%	16,472,504.90	457,699,537.55	50.71%	13,730,986.12
Subtotal for less than 1 year	549,013,214.34	51.8%	16,472,504.90	457,699,537.55	50.71%	13,730,986.12
1-2 years	209,253,623.01	19.74%	20,925,362.29	239,346,914.90	26.52%	23,934,691.50
2-3 years	135,137,295.40	12.75%	40,541,188.60	40,453,779.30	4.48%	12,136,133.80
Over 3 years	166,531,810.00	15.71%	83,265,905.03	165,056,842.96	18.29%	82,528,421.49
Total	1,059,935,942.75	--	161,204,960.82	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	4,578,919.79	4,578,919.79	100%	Aged over 5 years, unlikely to be recovered
Trade receivable	634,619.39	634,619.39	100%	Litigation-related, unlikely to be recovered
Curtain wall project payment	3,160,003.20	3,160,003.20	100%	Aged over 5 years, unlikely to be recovered
Curtain wall project payment	430,629.58	430,629.58	100%	Litigation-related, unlikely to be recovered
Others	12,816,299.64	12,766,299.64	99.61%	
Total	21,620,471.60	21,570,471.60	--	--

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
Trade receivable	4,578,919.79	4,578,919.79	100%	Aged over 5 years, unlikely to be recovered
Trade receivable	634,619.39	634,619.39	100%	Litigation-related, unlikely to be recovered
Curtain wall project payment	3,160,003.20	3,160,003.20	100%	Aged over 5 years, unlikely to be recovered
Curtain wall project payment	430,629.58	430,629.58	100%	Litigation-related, unlikely to be recovered
Others	12,816,299.64	12,766,299.64	99.61%	
Total	21,620,471.60	21,570,471.60	--	--

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

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

In RMB

Entity	Nature	Time	Amount	Reason	Related transaction
Gulf international trading FZE	Loan		4,379,115.65	Unrecoverable	No
Shanghai Bading Real Estate Development Co., Ltd.	Engineering payment		254,096.95	Unrecoverable	No
Urumqi Xiancao Industry and Trade Ltd. (Xingjiang Cigarettes Factory)	Loan		243,873.86	Unrecoverable	No
Total	--	--	4,877,086.46	--	--

Notes to written-off account receivable

On April 26, 2012, the dispute over the material account USD1,414,083.27 for the PNU project undertaken by Fangda New Material, subsidiary of the Company was filed to the South China International Economic and Trade Arbitration Commission for arbitration. The file was accepted by the commission on November 9, 2012. On April 8, 2013, two parties reached an agreement under which Fangda New Material will receive USD700,000 from Gulf international trading FZE and the debt between two parties will be cancelled. By December 31, 2013, Fangda New Material has recovered the USD700,000 and RMB4,379,115.65 has been cancelled.

(3) 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

In RMB

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

(4) Top 5 account receivable entities

In RMB

Entity	Relationship with the Company	Amount	Term	Percentage in the total account receivable (%)
No.1	Non-affiliated party	7,252,738.29	1-2 years	0.67%
No.1	Non-affiliated party	31,086,362.17	2-3 years	2.87%
No.2	Non-affiliated party	33,964,082.03	Less than 1 year	3.14%
No.3	Non-affiliated party	32,263,521.85	Less than 1 year	2.98%
No.4	Non-affiliated party	20,392,272.13	Less than 1 year	1.89%
No.4	Non-affiliated party	10,771,394.21	1-2 years	1%
No.5	Non-affiliated party	26,520,305.61	Less than 1 year	2.45%
Total	--	162,250,676.29	--	15%

(5) Account receivable from affiliates

In RMB

Entity	Relationship with the Company	Amount	Percentage in the total account receivable (%)
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5. 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	1,220,316.84	1.47%	1,220,316.84	100%	1,220,316.84	1.68%	1,220,316.84	100%

and bad debt provision provided individually								
Other receivables for which bad debt provision is made by group								
Including: other receivables out of the consolidation	79,642,281.33	96.15%	13,343,551.16	16.75%	68,469,392.43	94.33%	11,129,836.15	16.26%
Subtotal	79,642,281.33	96.15%	13,343,551.16	16.75%	68,469,392.43	94.33%	11,129,836.15	16.26%
Other receivables with minor individual amount and bad debt provision provided individually	1,971,822.77	2.38%	1,971,822.77	100%	2,895,928.16	3.99%	2,895,928.16	100%
Total	82,834,420.94	--	16,535,690.77	--	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, unlike 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:						
Less than 1 year	37,490,912.58	47.07%	1,124,727.37	31,319,141.04	45.74%	942,761.14
Subtotal for less than 1 year	37,490,912.58	47.07%	1,124,727.37	31,319,141.04	45.74%	942,761.14
1-2 years	16,166,703.85	20.3%	1,616,670.39	18,616,091.35	27.19%	1,861,609.14

2-3 years	11,950,894.86	15.01%	3,585,268.47	4,708,070.26	6.88%	1,412,421.08
Over 3 years	14,033,770.04	17.62%	7,016,884.93	13,826,089.78	20.19%	6,913,044.79
Total	79,642,281.33	--	13,343,551.16	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
Deposit receivable	1,220,316.84	1,220,316.84	100%	Aged over 5 years, unlike to be recovered
Prepaid engineering amount	834,065.01	834,065.01	100%	Aged over 5 years, unlike to be recovered
Receivable deposit	550,000.00	550,000.00	100%	Aged over 5 years, unlike to be recovered
Prepaid account	100,000.00	100,000.00	100%	Aged over 5 years, unlike to be recovered
Others	487,757.76	487,757.76	100%	
Total	3,192,139.61	3,192,139.61	--	--

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
Prepaid engineering amount	834,065.01	834,065.01	100%	Aged over 5 years, unlike to be recovered
Receivable deposit	550,000.00	550,000.00	100%	Aged over 5 years, unlike to be recovered
Prepaid account	100,000.00	100,000.00	100%	Aged over 5 years, unlike to be recovered
Total	1,484,065.01	1,484,065.01	--	--

Notes to other receivables with minor individual amount but triggering substantial risks after being grouped

Note: As of December 31, 2013, the minor other receivables, on which the Company has fully provided bad debt provisions, amount to RMB1,971,822.77.

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

In RMB

Entity	Nature	Time	Amount	Reason	Related transaction
Ma Weihua	Business fee borrowing		119,318.88	Unrecoverable	No
Xing Tong	Bidding deposit		610,326.46	Unrecoverable	No
Lan Wenping	Business fee borrowing		154,350.00	Unrecoverable	No
Wang Xiaolin	Business fee borrowing		114,012.50	Unrecoverable	No
Jin Yimin	Business fee borrowing		315,707.48	Unrecoverable	No
Zhao Jun	Business fee borrowing		481,368.62	Unrecoverable	No
China Construction First Division Group Labor Service Company	Deposit		159,800.00	Unrecoverable	No
Total	--	--	1,954,883.94	--	--

(3) 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

In RMB

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

(4) 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	500,000.00	Less than 1 year	0.6%
Zhejiang Jiayue Industrial Co., Ltd.	Non-affiliated party	6,898,000.00	1-2 years	8.33%
Hainan GreenTown Investment Co., Ltd.	Non-affiliated party	4,346,000.00	Less than 1 year	5.25%

Xin Song	Non-affiliated party	1,150.00	2-3 years	
Xin Song	Non-affiliated party	2,688,177.61	Over 3 years	3.25%
Wang Weihong	Non-affiliated party	352,178.17	Less than 1 year	0.43%
Wang Weihong	Non-affiliated party	564,963.00	1-2 years	0.68%
Wang Weihong	Non-affiliated party	1,682,246.98	2-3 years	2.03%
Nanjing Construction and Engineering Social Deposit Management Office	Non-affiliated party	2,421,804.00	Less than 1 year	2.92%
Total	--	19,454,519.76	--	23.49%

(5) Other receivables from affiliates

In RMB

Entity	Relationship with the Company	Amount	Percentage in the total other receivables (%)

6. Prepayment

(1) Account age of prepayments

In RMB

Age	Closing amount		Opening amount	
	Amount	Proportion (%)	Amount	Proportion (%)
Less than 1 year	24,086,301.50	81.3%	19,468,827.77	84.33%
1-2 years	2,582,202.92	9.27%	1,166,643.73	5.1%
2-3 years	486,463.33	1.76%	373,124.18	1.75%
Over 3 years	1,209,048.46	7.67%	997,563.54	8.82%
Total	28,364,016.21	--	22,006,159.22	--

(2) Top 5 prepayment entities

In RMB

Entity	Relationship with the Company	Amount	Time	Reason
Foshan Jianmei Aluminium Co., Ltd.	Non-affiliated party	2,716,933.95	Less than 1 year	Goods not delivered

Guangdong Xingfa Aluminium Co., Ltd.	Non-affiliated party	1,755,186.89	Less than 1 year	Goods not delivered
Dongguan Nanbo Engineering Glass Co., Ltd.	Non-affiliated party	1,447,061.91	Less than 1 year	Goods not delivered
Wujiang Nanbo Engineering Glass Co., Ltd.	Non-affiliated party	1,423,390.26	Less than 1 year	Goods not delivered
Guangdong Jianmei Aluminium Material (Group) Co., Ltd.	Non-affiliated party	1,180,000.14	Less than 1 year	Goods not delivered
Total	--	8,522,573.15	--	--

(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

7. 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	47,592,162.78	1,492,798.29	46,099,364.49	43,426,271.98	1,474,828.11	41,951,443.87
Product in process	5,992,333.49		5,992,333.49	6,219,310.56	0.00	6,219,310.56
Finished goods in stock	10,246,627.50	1,984,145.11	8,262,482.39	10,455,612.27	1,984,145.11	8,471,467.16
Asset formed by construction contract	229,499,318.33	1,830,742.67	227,668,575.66	212,353,564.65	2,014,344.59	210,339,220.06
Low price consumable	51,278.67		51,278.67	8,043.45	0.00	8,043.45
OEM materials	873,790.05		873,790.05	2,130,706.26	0.00	2,130,706.26
Development cost	139,590,027.07		139,590,027.07			

Total	433,845,537.89	5,307,686.07	428,537,851.82	274,593,509.17	5,473,317.81	269,120,191.36
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(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	40,254.89		22,284.71	1,492,798.29
Product in process	0.00				
Finished goods in stock	1,984,145.11				1,984,145.11
Asset formed by construction contract	2,014,344.59			183,601.92	1,830,742.67
Total	5,473,317.81	40,254.89		205,886.63	5,307,686.07

(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 the cost		
Finished goods in stock	Realizable net value is lower the cost		
Asset formed by construction contract	Predicted construction contract loss		

8. Investment in joint venture and associated companies

In RMB

Name of invested entity	Shareholding (%)	Property of voting rights of the Company (%)	Closing total assets	Closing total liabilities	Closing total net assets	Total operating revenue	Net profit of the current period
1. Joint venture							
2. Associate							
Shenzhen Ganshang Joint Investment	20.4%	20.4%	48,973,360.52	0.00	48,973,360.52	0.00	-26,639.48

Co., Ltd.							
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9. Long-term share equity investment

(1) Details of long-term share equity investment

In RMB

Invested entity	Audit method	Investment cost	Ending balance	Change	Closing 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
Shenzhen Ganshang Joint Investment Co., Ltd.	Equity	10,000,000.00		9,994,565.55	9,994,565.55	20.4%	20.4%				
Total	--	10,000,000.00		9,994,565.55	9,994,565.55	--	--	--			

10. Investment real estate

(1) Investment real estate measured at costs

In RMB

Items	Opening balance of book value	Increase	Decrease	Closing balance of book value
I. Original total book value	4,428,890.85	21,722,042.60		26,150,933.45
1. Houses & buildings	4,428,890.85	21,722,042.60		26,150,933.45
II Accumulative total depreciation and amortization	789,385.09	4,891,235.85		5,680,620.94
1. Houses & buildings	789,385.09	4,891,235.85		5,680,620.94

III Total net book value of investment real estate	3,639,505.76	16,830,806.75		20,470,312.51
1. Houses & buildings	3,639,505.76	16,830,806.75		20,470,312.51
5. Total book value of investment real estate	3,639,505.76	16,830,806.75		20,470,312.51
1. Houses & buildings	3,639,505.76	16,830,806.75		20,470,312.51

In RMB

	Current period
Depreciation and amortized amount for the current period	165,488.15
Impairment provision for investment real estate for the current period	0.00

(2) Investment real estate measured at fair value

In RMB

Items	Opening fair value	Increase			Decrease		Closing fair value
		Purchased	Transferred from own use or inventory	Gain/loss caused by changes in fair value	Disposal	Transferred to own use	
1. Total costs	158,197,488.40					56,885,940.17	101,311,548.23
(1) Houses & buildings	158,197,488.40					56,885,940.17	101,311,548.23
2. Total changes in fair value	96,568,767.93			1,639,371.55		24,740,931.09	73,467,208.39
(1) Houses & buildings	96,568,767.93			1,639,371.55		24,740,931.09	73,467,208.39
3. Total book value of investment real estate	254,766,256.33			1,639,371.55		81,626,871.26	174,778,756.62
(1) Houses & buildings	254,766,256.33			1,639,371.55		81,626,871.26	174,778,756.62

State the investment properties which have changed the measurement basis and those which are not licensed yet. State the reason and expected completion date.

By December 31, 2013, no property ownership certificate has been applied for any of the investment real estate.

Transfer of real estate and change of measurement basis

1. The original value of the investment real estate measured at costs increased RMB21,722,042.60 in the period, attributable to the resolution made at the 25th meeting of the 6th Board of Directors to transfer part of the

plants in Jiangxi Nanchang Fangda Hi-Tech Park from self-use to lease.

2. The investment real estate measured at fair value decreased RMB81,626,871.26 in the period, attributable to the resolution made at the 24th meeting of the 6th Board of Directors to transfer professional plants, plant No.2 and No.3 and single dormitory in the Fangda Town from lease to self-use.

11. 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	294,742,600.18		188,532,581.44	685,695,819.65
Houses & buildings	287,520,705.05	275,898,020.28		169,472,336.24	393,946,389.09
Mechanical equipment	237,818,748.42	8,550,904.58		12,600,427.70	233,769,225.30
Transportation facilities	15,786,606.33	2,377,623.56		1,001,116.61	17,163,113.28
Electronics and other devices	38,359,741.11	7,916,051.76		5,458,700.89	40,817,091.98
--	Opening balance of book value	Increase	Provision	Decrease	Closing balance
2. Total accumulative depreciation:	222,752,425.18		23,712,510.06	38,834,133.50	207,630,801.74
Houses & buildings	39,324,489.23		9,912,737.43	22,633,133.21	26,604,093.45
Mechanical equipment	154,763,867.26		6,239,181.07	10,211,050.10	150,791,998.23
Transportation facilities	8,305,922.46		1,509,824.23	636,189.27	9,179,557.42
Electronics and other devices	20,358,146.23		6,050,767.33	5,353,760.92	21,055,152.64
--	Opening balance of book value	--			Closing balance
3. Total of net book value of fixed assets	356,733,375.73	--			478,065,017.91
Houses & buildings	248,196,215.82	--			367,342,295.64
Mechanical	83,054,881.16	--			82,977,227.07

equipment			
Transportation facilities	7,480,683.87	--	7,983,555.86
Electronics and other devices	18,001,594.88	--	19,761,939.34
4. Total impairment provision	15,177,565.52	--	15,134,747.93
Houses & buildings	1,131,563.50	--	1,131,563.50
Mechanical equipment	14,046,002.02	--	14,003,184.43
Transportation facilities	0.00	--	
Electronics and other devices	0.00	--	
5. Total of the book value of fixed assets	341,555,810.21	--	462,930,269.98
Houses & buildings	247,064,652.32	--	366,210,732.14
Mechanical equipment	69,008,879.14	--	68,974,042.64
Transportation facilities	7,480,683.87	--	7,983,555.86
Electronics and other devices	18,001,594.88	--	19,761,939.34

The depreciation amounts to RMB23,712,510.06. The original value of transfer of construction progress into the fixed original assets amounts to RMB179,353,222.01.

(2) Temporary idle fixed assets

In RMB

Items	Book value	Accumulative depreciation	Impairment provision	Net book value	Notes
Houses & buildings	46,268,742.05	3,694,658.85	277,744.50	42,296,338.70	
Mechanical equipment	105,591,939.34	62,879,828.71	12,648,794.93	30,063,315.70	
Transportation facilities	358,087.84	334,758.73		23,329.11	
Electronics and other devices	7,822,284.94	7,032,602.06		789,682.88	

(3) Fixed assets without ownership certificate

Items	Reason	Time
1. Houses in Urumuqi for offsetting debt	Applying for	
2. No.5 automatic screen door factory, Nanchang Fangda High-tech park of Fangda Automatic	Applying for	The certificate can be obtained in 2014
3. Houses in Dalian of Fangda Decoration for offsetting debt	Applying for	The certificate can be obtained in 2014
4. Shenyang Fangda extension workshop	Entering into liquidation	
5. Shenyang Fangda dorm and workshop 2#	Entering into liquidation	
6. Dining hall and power station of Shenyang Fangda	Entering into liquidation	
7. Yuehai Office Building C 502	Historical reasons	
8. Canteen of Dongguan New Material	Applying for	The certificate can be obtained in 2014
9. Dormitory of Dongguan New Material	Applying for	The certificate can be obtained in 2014
10. Plant No.1 of Dongguan New Material	Applying for	The certificate can be obtained in 2014
11. Plant No.2 of Dongguan New Material	Applying for	The certificate can be obtained in 2014
12. Plant No.3 of Dongguan New Material	Applying for	The certificate can be obtained in 2014
13. R&D building of Dongguan New Material	Applying for	The certificate can be obtained in 2014

Notes to fixed assets

The original value of transfer of construction progress into the fixed original assets amounts to RMB179,353,222.01. The original value of transfer of investment real estate into self-use real estate is RMB96,635,359.45. The original value of transfer into in fixed assets due to the renovation of Fangda Town is RMB157,077,404.36. The original value of the transfer of self-use real estate into investment real estate is RMB21,722,042.60.

12. 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
Dongguan Songshan Lake Fangda Southern Technology				173,369,430.56	0.00	173,369,430.56

Garden						
Fangda Town reconstruction project				1,701,315.00	0.00	1,701,315.00
Installation of machines and equipment				67,948.72	0.00	67,948.72
Chengdu Fangda's Xinjin energy-saving green curtain wall project	26,715.00			26,715.00		
Decoration of Fangda Building 5F and 20F	914,126.00			914,126.00		
Total	940,841.00			940,841.00	0.00	175,138,694.28

(2) Changes in major construction in process

In RMB

Item	Budget	期初数	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	197,102,366.05	173,369,430.56	4,084,802.40	177,454,232.96		90.03%	100%				Raised and self-raised fund	
Total	197,102,366.05	173,369,430.56	4,084,802.40	177,454,232.96		--	--			--	--	

Notes to change in construction in process

The amount of construction in process at the end of the period decreased by 99.46% from the beginning of the period, mainly attributable that the Dongguan Songshan Lake Fangda Southern Technology Garden project of Dongguan New Material is available for use and is transferred into fixed assets.

(5) Notes to construction in process**13. Disposal of fixed assets**

In RMB

Items	Opening book value	Closing book value	Reason for disposal
Tools and apparatus		3,761.50	Retirement
Mechanical equipment		144,421.47	Retirement
Other equipment		26,285.39	Retirement
Transport equipment		2,829.75	Retirement
Total		177,298.11	--

14. Intangible assets**(1) Intangible assets**

In RMB

Items	Opening balance of book value	Increase	Decrease	Closing balance of book value
1. Original total book value	140,737,338.14	485,408.04	13,456,145.00	127,766,601.18
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	272,567.78	129,845.00	28,195,043.67
Computer software	6,213,911.86	212,840.26		6,426,752.12
2. Total accumulative amortization	32,831,092.16	3,920,173.92	6,038,179.19	30,713,086.89
Land using rights of Fangda Town (phase I)	4,207,053.60	133,311.97	4,340,365.57	
Land using rights of Fangda Town (phase III)	1,522,604.25	87,689.25	1,610,293.50	
Land using rights of Fangda	1,666,217.46	232,595.24		1,898,812.70

Tech Garden on Gaoxin Road Nanchang				
Shenyang Fangda land use right	4,267,125.92	840,895.78		5,108,021.70
Dongguan land using right	1,668,394.50	800,829.36		2,469,223.86
Patent and classified tech	17,080,497.90	1,114,968.95	87,520.12	18,107,946.73
Computer software	2,419,198.53	709,883.37		3,129,081.90
3. Total net intangible assets book value	107,906,245.98	-3,434,765.88	7,417,965.81	97,053,514.29
Land using rights of Fangda Town (phase I)	4,336,196.40	-133,311.97	4,202,884.43	
Land using rights of Fangda Town (phase III)	3,260,445.75	-87,689.25	3,172,756.50	
Land using rights of Fangda Tech Garden on Gaoxin Road Nanchang	9,398,330.95	-232,595.24	0.00	9,165,735.71
Shenyang Fangda land use right	37,771,665.31	-840,895.78	0.00	36,930,769.53
Dongguan land using right	38,373,071.25	-800,829.36	0.00	37,572,241.89
Patent and classified tech	10,971,822.99	-842,401.17	42,324.88	10,087,096.94
Computer software	3,794,713.33	-497,043.11	0.00	3,297,670.22
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	-3,434,765.88	7,417,965.81	91,527,650.52
Land using rights of Fangda	4,336,196.40	-133,311.97	4,202,884.43	

Town (phase I)				
Land using rights of Fangda Town (phase III)	3,260,445.75	-87,689.25	3,172,756.50	
Land using rights of Fangda Tech Garden on Gaoxin Road Nanchang	9,398,330.95	-232,595.24	0.00	9,165,735.71
Shenyang Fangda land use right	37,771,665.31	-840,895.78	0.00	36,930,769.53
Dongguan land using right	38,373,071.25	-800,829.36	0.00	37,572,241.89
Patent and classified tech	5,445,959.22	-842,401.17	42,324.88	4,561,233.17
Computer software	3,794,713.33	-497,043.11	0.00	3,297,670.22

The total amortization amounts to RMB3,920,173.92.

(2) Development project expenses

In RMB

Items	Opening amount	Increase	Decrease		Closing amount
			Accounted into current income account	Recognized as intangible assets	

15. Goodwill

In RMB

Invested entity or item of goodwill	Ending balance	Increase	Decrease	Closing balance	Closing impairment provision
Shenzhen Woke	8,197,817.29	0.00	0.00	8,197,817.29	8,197,817.29
Fangda Yide	746,519.62	0.00	0.00	746,519.62	746,519.62
Total	8,944,336.91	0.00	0.00	8,944,336.91	8,944,336.91

Basis for impairment testing and provision of goodwill

- 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. For Shenzhen Woke was not in good business operation for successive years, impairment provision has been provided fully upon the goodwill.
- 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.

16. Long-term amortizable expenses

In RMB

Items	Opening amount	Increase in this period	Amortized	Other decrease	Closing amount	Reason for other decrease
Epoxy floor	1,282,535.65		162,004.52		1,120,531.13	
Factory decoration of Fangda Automatic	1,563,803.34	328,000.00	409,079.97		1,482,723.37	
Upgrading of workshop rented by Fangda Decoration Nanchang Branch	518,932.66		63,512.61	171,084.03	284,336.02	Dismantlement of the gluing plant
Upgrading of workshop rented by Fangda Decoration	345,939.47		138,636.40		207,303.07	
Upgrading of workshop rented by Fangda Decoration Sanhe Branch	33,696.82		33,696.82			
Lifting fee for the Anhui SASAC project		24,000.00	12,000.00		12,000.00	
Renovation of office and plants rented by Chengdu Fangda	319,726.91	210,000.00	409,482.96		120,243.95	
Kingdee after-sales service of Fangda Group	75,471.70		25,157.27		50,314.43	
Jinshan factory renovation of Fangda Decoration Shanghai Branch	570,754.10	60,029.00	108,880.28		521,902.82	
Total	4,710,860.65	622,029.00	1,362,450.83	171,084.03	3,799,354.79	--

Notes to long-term amortizable expenses

The amortization of long-term amortizable expenses amounts to RMB1,362,450.83.

17. 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	35,815,369.06	32,418,119.65
Deductible loss	2,365,000.74	1,230,904.81
Unrealizable gross profit	1,636,018.35	999,329.06
Reserved expense	354,228.28	1,126,545.59
Reserved wage	459,594.93	416,485.98
Deferred earning	535,832.20	
Subtotal	41,166,043.56	36,191,385.09
Deferred income tax liabilities:		
Gain/loss caused by changes in fair value	40,656,763.97	36,210,286.40
Subtotal	40,656,763.97	36,210,286.40

Details of unrecognized deferred income tax assets

In RMB

Items	Closing amount	Opening amount
Deductible temporary difference	58,902,435.47	58,238,046.12
Deductible loss	69,150,558.57	67,503,116.48
Total	128,052,994.04	125,741,162.60

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	
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	20,241,373.78	20,179,820.97	
2018	11,190,371.90		
Total	69,150,558.57	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 gain/loss in fair value	162,627,055.88	144,841,145.61
Subtotal	162,627,055.88	144,841,145.61
Deductible different items		
Assets impairment provision	216,510,309.81	191,819,859.24
Deductible loss	9,460,002.94	5,578,451.34
Unrealizable gross profit	6,715,484.36	4,288,919.75
Deferred earning	2,261,103.48	5,874,734.27
Reserved expense	2,361,521.89	2,776,573.23
Reserved wage	3,063,966.18	
Subtotal	240,372,388.66	210,338,537.83

Notes to deferred income tax assets and liabilities

Fangda Yi, Fangda Aluminum, Shenyang Fangda, Shenzhen Woke and Shenyang Decoration may not be able to obtain adequate taxable proceeds to deduct the deferred income tax assets' interest in the future period of write-back of deductible temporary difference.

18. 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	33,742,863.78		8,179,574.53	200,581,750.60
2. Inventory depreciation provision	5,473,317.81	40,254.89		205,886.63	5,307,686.07
7. Fixed assets impairment provision	15,177,565.52			42,817.59	15,134,747.93
9. Impairment provisions for construction in process	0.00				
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	33,783,118.67		8,428,278.75	235,494,385.28

19. Other non-current assets

In RMB

Items	Closing amount	Opening amount
Prepaid house amount	15,978,789.90	0.00
Total	15,978,789.90	

Notes to other non-current assets

The increase in other non-current assets in the period is attributable to the amount repaid by the Fangda Decoration to Dalian Gaoxing Wanda Plaza Investment Co., Ltd.

20. Short-term borrowings**(1) Classification of short-term borrowings**

In RMB

Items	Closing amount	Opening amount
Loan by pledge		1,970,000.00
Loan by pledge	104,000,000.00	
Guarantee loan	265,000,000.00	
Borrowings with security and credit		180,000,000.00
Total	369,000,000.00	181,970,000.00

Notes to classification of short-term borrowings

The increase of 102.78% in the short-term borrowing at the end of the period is attributable to new borrows for increasing the Company's working capital.

21. Notes payable

In RMB

Type	Closing amount	Opening amount
Commercial acceptance	9,356,905.04	20,537,464.06
Bank acceptance	179,213,945.59	140,242,312.97
Total	188,570,850.63	160,779,777.03

Amount due in next fiscal term will be RMB188,570,850.63.

Top 5 notes receivable

Receiver	Date of issue	Due date	Amount	Notes
Shandong Xintong Aluminium Co., Ltd.	2013-9-3	2014-3-3	8,000,000.00	Bank acceptance
Shandong Xintong Aluminium Co.,	2013-8-8	2014-2-8	6,022,171.22	Bank acceptance

Ltd.				
Shandong Xintong Aluminium Co., Ltd.	2013-10-23	2014-4-23	4,560,995.00	Bank acceptance
Ltd.				
Shandong Xintong Aluminium Co., Ltd.	2013-9-26	2014-3-26	2,698,000.00	Bank acceptance
Ltd.				
Guangdong Xingfa Aluminium Co., Ltd.	2013-9-26	2014-3-26	2,232,772.96	Bank acceptance
Ltd.				
Total	--	--	23,513,939.18	--

22. Account payable

(1) Account payable

In RMB

Items	Closing amount	Opening amount
Trade end engineering payable	366,465,573.67	277,179,391.09
Construction payable	10,418,557.07	22,610,906.64
Payable installation and implementation fees	107,489,398.01	104,893,985.61
Others	4,842,611.57	7,161,748.38
Total	489,216,140.32	411,846,031.72

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

In RMB

Entity	Closing amount	Opening amount

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

23. Prepayment

(1) Prepayment

In RMB

Items	Closing amount	Opening amount
Engineering payment	163,602,896.86	70,888,842.64
Material loan	1,970,928.42	6,099,951.68
Others	2,812,426.66	753,108.70
Total	168,386,251.94	77,741,903.02

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

In RMB

Entity	Closing amount	Opening amount
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(3) Notes to large prepayments aged over one year

Metro screen door engineering amounts aged more than one year totaled RMB20.81 million.

24. 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	150,495,770.72	144,256,100.06	27,807,395.20
2. Employee welfare		5,768,171.14	5,736,106.58	32,064.56
3. Social insurance		14,007,668.00	13,870,940.05	136,727.95
Medical insurance		3,425,376.33	3,374,314.00	51,062.33
Basic pension		8,980,888.11	8,909,857.39	71,030.72
Annuity		91,676.52	88,865.16	2,811.36
Unemployment insurance		675,912.63	669,260.75	6,651.88
Labor injury insurance		353,904.63	350,475.45	3,429.18
Breeding insurance		479,909.78	478,167.30	1,742.48
4. Housing fund		3,790,847.47	3,691,239.97	99,607.50
6. Others	2,377,548.01	614,845.14	885,336.56	2,107,056.59
Labor union and staff education budget	2,377,548.01	614,845.14	885,336.56	2,107,056.59
Total	23,945,272.55	174,677,302.47	168,439,723.22	30,182,851.80

The Company does not own any wage to employees.

The work union fund and staff education fund amount to RMB2,107,056.59 without a non-monetary welfare amount of 0 and compensation for termination of employment of RMB0.00.

Time of payment of wage payable to employees and amount

The wage for December 2013 and annual bonus for 2013 are reserved in the balance of employees' wage payable and will be paid in January to March 2014.

25. Taxes payable

In RMB

Items	Closing amount	Opening amount
VAT	-1,250,348.83	-4,757,677.68
Business tax	23,221,596.65	23,400,077.35
Enterprise income tax	15,884,641.78	10,068,399.05
Personal income tax	902,435.66	444,142.16
City maintenance and construction tax	1,895,518.80	1,845,487.01
Land using tax	1,515,989.53	639,180.73
Property tax	1,477,538.33	909,940.53
Education surtax	907,151.22	955,231.71
Local education surtax	148,031.74	95,693.78
Others	137,392.89	86,103.34
Total	44,839,947.77	33,686,577.98

Statement on tax payable. Please provide the calculating processes when taxable income is balanced between branch companies or factories as approved by the Tax Bureau.

1. 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.
2. The enterprise income tax payable this year is to be consolidated by the tax department.
3. Taxes payable at the end of the period increased 33.11% from the beginning of the year, mainly attributable to increase in the operating revenue and profit, which leads to increase in VAT and income tax.

26. Interest payable

In RMB

Items	Closing amount	Opening amount
Short-term borrowing interests payable	689,153.75	316,201.11
Short-term bond interest payable		1,638,356.16
Total	689,153.75	1,954,557.27

Notes to interest payable

The payable interest at the end of the period decreased by 64.74% from the beginning of the year, mainly attributable to the repayment of the short-term financing bonds in November 2013 and corresponding accrued interest.

27. Other payables**(1) Other payables**

In RMB

Items	Closing amount	Opening amount
Performance and quality deposit	20,142,316.44	20,513,800.46
Deposit	6,931,340.61	6,846,769.95
Reserved expense	6,587,792.11	7,248,198.58
Others	8,026,131.56	6,731,287.87
Total	41,687,580.72	41,340,056.86

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

In RMB

Entity	Closing amount	Opening amount
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(3) Notes to large other payables aged over one year

项目	年末账面余额	性质或内容	未偿还的原因
宁波来来节能门窗发展有限公司	2,060,000.00	工程保证金	工程在建

(4) Description of large other payables

项目	年末账面余额	性质或内容
广州南建土木工程有限公司	8,289,683.50	履约保证金
广州南建土木工程有限公司东莞市分公司	3,000,000.00	履约保证金
宁波来来节能门窗发展有限公司	2,060,000.00	工程保证金
江西长兴物流有限公司	2,356,449.42	运费
浙江名邦装饰工程有限公司	1,283,441.61	工程保证金
合计	16,989,574.53	

28. Other current liabilities

In RMB

Items	Closing balance of book value	Opening balance of book value
Short-term debentures	0.00	200,000,000.00
Total		200,000,000.00

Notes to other current liabilities

The phase I RMB200,000,000.00 of short-term financing bonds in 2012 has matured and been repaid in this

period.

29. Other non-current liabilities

In RMB

Items	Closing balance of book value	Opening balance of book value
Major investment project prize from Industry and Trade Development Division of Dongguan Finance Bureau	1,966,666.70	
Railway transport screen door controlling system and information transmission technology	294,436.78	
National Industry Revitalization and Technology Renovation Project fund	7,994,720.45	
Total	10,255,823.93	

Liabilities involving government subsidies

In RMB

Liabilities	Ending balance	Amount of new subsidy	Amount included in non-operating revenue	Other change	Closing balance	Related to assets/earning
Major investment project prize from Industry and Trade Development Division of Dongguan Finance Bureau		2,000,000.00	33,333.30		1,966,666.70	Assets-related
Massive production project of air-breathing double-layer hollow glass energy-saving curtain call		8,020,000.00	25,279.55		7,994,720.45	Assets-related
Railway transport screen door controlling system and information transmission technology		300,000.00	5,563.22		294,436.78	Assets-related
Total		10,320,000.00	64,176.07		10,255,823.93	--

(1) The Dongguan Finance Bureau Industry and Trade Development Division major subsidy project is a subsidized project not stipulated in Dongguan Financial Circular [2013] No.779. As the project has formed into long-term assets, the Company treats it as an assets-related government subsidy.

(2) The massive production project of air-breathing double-layer hollow glass energy-saving curtain wall is a subsidized project stipulated in Guangdong Financial Doc [2013] No.183. As the project has formed into long-term assets, the Company treats it as an assets-related government subsidy.

(3) The railway transport screen door controlling system and information transmission technology is a subsidized project stipulated in Shenzhen Tech Innovation [2013] No.242. RMB300,000 is used to purchase equipment and RMB900,000 is used to purchase materials and for travel fees. As the project has formed into long-term assets, the Company treats RMB300,000 as assets-related government subsidy and RMB900,000 as earning-related government subsidy.

30. 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

Notes to changes in capital shares. Name of CPA and number of verification report shall be provided if capital increasing or decreasing occurred in the report period; as for shareholding limited companies incorporated for less than three years, only net asset is required for the years prior to incorporation; for shareholding limited companies reformed from limited companies shall provide the capital verification at incorporation.

1. There is no change in the Company's capital shares in the year.
2. By December 31, 2013, the Company has 779,292 restricted shares, all of which are held by senior management natural person.

31. 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		1,108,815.63	40,952,829.53
Total	80,299,867.64		1,108,815.63	79,191,052.01

Notes to capital reserves

Note: Other capital servers increased RMB1,108,815.63 in this period, which is attributable to changes in the accumulative fair value due to transfer of the original value into equity for lease of Fangda Town.

32. Surplus reserves

In RMB

Items	Opening amount	Increase	Decrease	Closing amount
Statutory surplus reserves	30,494,542.94	15,894,599.27		46,389,142.21
Total	30,494,542.94	15,894,599.27		46,389,142.21

Notes to surplus reserves. Please state the related resolutions of the Board on capitalizing of reserves, making up losses, and dividends.

The increase in the surplus reserve is attributable to the 10% provision on the after-tax net profit of the parent according to Articles of Association of the Company.

33. 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	85,676,863.78	--
Less: Statutory surplus reserves	15,894,599.27	
Common share dividend payable	22,540,512.87	
Closing retained profit	278,149,631.63	--

Details of retained profit adjusted at beginning of year

- 1) Retrospective adjustment due to adopting of the Enterprise Accounting Standard and related regulations, included the retained profit by RMB0.
- 2) Variation of accounting policies, influenced the retained profit by RMB0.
- 3) Correction of material accounting errors, influenced the retained profit by RMB0.
- 4) Change of consolidation range caused by merger of entities under common control, influenced the retained profit by RMB0.
- 5) Other adjustment influenced the retained profit by RMB0.

34. Operational revenue and costs**(1) Operation incomes and costs**

In RMB

Items	Amount occurred in the current period	Occurred in previous period
Major business turnover	1,697,728,577.19	1,346,239,883.78

Other business income	49,892,268.55	51,661,540.81
Operation cost	1,425,369,204.42	1,145,066,535.43

(2) Business segments (on industries)

In RMB

Industry	Amount occurred in the current period		Occurred in previous period	
	Turnover	Operation cost	Turnover	Operation cost
Metal production	1,600,231,106.65	1,338,413,530.78	1,260,903,466.71	1,058,970,944.76
Railroad industry	97,497,470.54	74,411,698.93	83,977,888.26	60,474,460.25
Light production			1,358,528.81	4,238,572.08
Total	1,697,728,577.19	1,412,825,229.71	1,346,239,883.78	1,123,683,977.09

(3) Business segments (by products)

In RMB

Product	Amount occurred in the current period		Occurred in previous period	
	Turnover	Operation cost	Turnover	Operation cost
Curtain wall system and materials	1,600,231,106.65	1,338,413,530.78	1,260,903,466.71	1,058,970,944.76
Railroad industry	97,497,470.54	74,411,698.93	83,977,888.26	60,474,460.25
Light production			1,358,528.81	4,238,572.08
Total	1,697,728,577.19	1,412,825,229.71	1,346,239,883.78	1,123,683,977.09

(4) Business segments (by regions)

In RMB

Region	Amount occurred in the current period		Occurred in previous period	
	Turnover	Operation cost	Turnover	Operation cost
Domestic	1,663,142,782.51	1,390,561,924.48	1,218,323,612.70	1,033,772,604.56
Overseas	34,585,794.68	22,263,305.23	127,916,271.08	89,911,372.53
Total	1,697,728,577.19	1,412,825,229.71	1,346,239,883.78	1,123,683,977.09

(5) Revenue from top five customers

In RMB

Customer	Major business turnover	Percentage in total turnover of the Company %
No.1	102,920,098.22	5.89%
No.2	80,919,624.45	4.63%

No.3	80,906,763.16	4.63%
No.4	59,901,925.25	3.43%
No.5	58,457,696.28	3.34%
Total	383,106,107.36	21.92%

Notes to operating revenue

35. Business tax and surcharge

In RMB

Items	Amount occurred in the current period	Occurred in previous period	Rate
Business tax	13,788,191.30	16,383,394.34	
City maintenance and construction tax	4,071,880.14	3,229,213.03	
Education surtax	2,882,345.50	1,874,597.52	
Property tax	1,232,548.46	1,420,866.42	
Land using tax	150,753.68	160,203.19	
Others	1,146,594.76	834,627.85	
Total	23,272,313.84	23,902,902.35	--

Notes to business tax and surcharge

See X Financial Report V Tax for various business taxes and surcharges.

36. Sales expense

In RMB

Items	Amount occurred in the current period	Occurred in previous period
Labor costs	20,594,907.02	15,069,546.86
Freight and miscellaneous charges	6,061,750.15	7,060,994.29
After-sales service	2,917.32	29,568.03
Travel expense	3,211,228.05	3,835,444.59
Entertainment expense	1,956,831.61	2,917,590.98
Material consumption	911,912.24	732,100.87
Office costs	1,856,349.96	1,843,898.62
Rental	975,957.59	940,454.70
Test and experiment costs	103,587.08	475,562.36
Consultant costs	629,355.08	397,084.13
Export credit insurance		39,456.00

Others	1,078,245.50	1,773,153.48
Total	37,383,041.60	35,114,854.91

37. Management expenses

In RMB

Items	Amount occurred in the current period	Occurred in previous period
Labor costs	61,712,341.07	57,492,415.23
Depreciation and amortization	20,496,282.99	21,703,660.11
Agencies	1,934,253.99	2,197,604.30
Tax	5,462,000.30	4,716,869.72
Maintenance costs	2,775,338.16	6,376,839.36
Water and electricity	1,552,664.57	1,777,188.22
Office expense	3,588,714.66	2,249,701.54
Travel expense	2,357,134.52	2,675,487.85
R&D	9,671,242.90	4,596,146.75
Entertainment expense	1,653,162.04	1,872,551.30
Rental	3,591,131.18	2,743,677.38
Lawsuit	2,411,335.91	3,680,011.46
Material consumption	470,234.11	653,471.63
Property management fee	2,357,853.90	1,670,194.62
Others	7,220,556.96	8,272,070.77
Total	127,254,247.26	122,677,890.24

38. Financial expenses

In RMB

Items	Amount occurred in the current period	Occurred in previous period
Interest expense	24,548,276.25	25,243,962.12
Interest income	-3,054,605.10	-3,502,021.02
Acceptant discount		1,266,488.89
Exchange gain/loss	861,872.66	-12,022.85
Commission charges and others	753,042.58	1,775,569.62
Total	23,108,586.39	24,771,976.76

39. Income from fair value fluctuation

In RMB

Source of income from fluctuation of fair value	Amount occurred in the current period	Occurred in previous period
Investment real estate measured at fair value	16,647,859.74	12,290,834.22
Total	16,647,859.74	12,290,834.22

Notes to income from fair value fluctuation

The gains from change of fair value increased 35.45% from last period, mainly attributable to appreciation of investment real estate properties.

40. Investment income**(1) Details of investment gains**

In RMB

Items	Amount occurred in the current period	Occurred in previous period
Gains from long-term equity investment measured by equity	-5,434.45	
Gains from sellable financial assets and similar		3,448,207.99
Others	306,301.37	
Total	300,866.92	3,448,207.99

(2) Gains from long-term equity investment measured by costs

In RMB

Invested entity	Amount occurred in the current period	Occurred in previous period	Reason for change from the previous period

(3) Gains from long-term equity investment measured by equity

In RMB

Invested entity	Amount occurred in the current period	Occurred in previous period	Reason for change from the previous period

Statement on investment gains, please state whether or not there are material constrains on retrieving of investment gains. If the magnificent restriction does not exist, it should be explained.

41. Assets impairment loss

In RMB

Items	Amount occurred in the current period	Occurred in previous period
1. Bad debt loss	33,742,863.78	18,054,107.66
2. Inventory depreciation loss	40,254.89	6,009,784.40
7. Fixed assets impairment loss		12,926,539.43
12. Intangible assets impairment loss		5,525,863.77
13. Goodwill impairment loss		8,197,817.29
Total	33,783,118.67	50,714,112.55

42. Non-business income

(1) Non-business income

In RMB

Items	Amount occurred in the current period	Occurred in previous period	Amount accounted into the current accidental gain/loss
Including: Gains from disposal of fixed assets	154,552.62	1,082.24	
Government subsidy	1,815,855.07	6,275,756.00	
Penalty income	228,295.79	365,324.04	
Payable account not able to be paid	250,648.50	416,900.14	
Compensation received	190,428.00	3,920.00	
VAT rebated into revenue	818,825.27		
Others	4,137,250.99	4,754,284.64	
Total	7,595,856.24	11,817,267.06	

Notes to non-business income

Major projects are disclosed as follows:

- ① Fangda Decoration recovered the revenue of RMB1,173,180.00 related to the Taiyuan traffic police engineering project.
- ② Fangda Decoration recovered the revenue of RMB976,240.09 related to the Shanxi Insurance engineering project.
- ③ Income of RMB1,763,401.44 from disposal of wastes;

(2) Government subsidies accounted into current profit or loss.

In RMB

Item	Amount occurred in the current period	Occurred in previous period	Related to assets/earning	Non-recurring gain and loss
------	---------------------------------------	-----------------------------	---------------------------	-----------------------------

Railway transport screen door controlling system and information transmission technology	935,563.22			
Private enterprise and SME development fund IT construction project subsidy	570,000.00	450,000.00	Earning-related	
2012 High-quality foreign trade export subsidy granted by Shenzhen Finance Commission	188,179.00		Earning-related	
Nanchang Quality and Technology Supervision Bureau well-known brand product prize	50,000.00		Earning-related	
Major investment project prize from Industry and Trade Development Division of Dongguan Finance Bureau	33,333.30		Assets-related	
Massive production project of air-breathing double-layer hollow glass energy-saving curtain call	25,279.55		Assets-related	
Photon crystal project		1,200,000.00		
High Luminance low reduction direct plug LED industrial development		800,000.00		
Purchase of equipment for semi-conductor lighting technical development project		650,000.00		
Environment and energy-saving projects		500,000.00		
Graphic background production and extension and chip making		450,000.00		

Fund for optical-electric product projects		420,000.00		
Shenzhen hi-tech industry subsidy		349,339.00		
Nanchang Hi-Tech District Financial Bureau export credit insurance subsidy		327,200.00		
Nanchang Hi-Tech inland freight subsidy		262,000.00		
Nanchang Financial Bureau 2011 on-job training subsidy		236,700.00		
Nanchang Hi-Tech 2011 inland freight subsidy		184,800.00		
Shenzhen Nanshan District science and technology development fund		150,000.00		
Nanchang Hi-Tech District export subsidy		120,000.00		
Nanchang Hi-Tech District 2011 Award for Great Tax Contribution		100,000.00		
Others	13,500.00	75,717.00		
Total	1,815,855.07	6,275,756.00	--	--

43. Non-business expenses

In RMB

Items	Amount occurred in the current period	Occurred in previous period	Amount accounted into the current accidental gain/loss
Total of losses from disposal of non-current assets	617,106.70	220,018.04	617,106.70
Including: Losses from disposal of fixed assets	446,022.67	220,018.04	
Donation	367,000.00	120,000.00	367,000.00
Penalty and overdue fine	173,744.23	99,350.01	173,744.23
Others	186,524.37	3,223,156.38	186,524.37
Total	1,344,375.30	3,662,524.43	1,344,375.30

Notes to non-business expense

44. Income tax expenses

In RMB

Items	Amount occurred in the current period	Occurred in previous period
Income tax calculated according to the law and regulations of current term	19,777,942.50	11,618,150.98
Adjustment of differed income tax	-528,180.90	1,485,543.83
Total	19,249,761.60	13,103,694.81

45. Calculation of basic earnings per share and diluted earnings per share

Calculation of basic earnings per share and diluted earnings per share

Items	Code	Amount occurred in the current period	Occurred in previous period
Net profit attributable to common share holders of the Company	P1	85,676,863.78	24,948,377.20
Accidental gain/loss attributable to common share holders of the Company	F	17,283,472.22	17,587,102.82
Net profit attributable to the common owners of the PLC after deducting of non-recurring gains/losses	P2=P1-F	68,393,391.56	7,361,274.38
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 gains/losses	P4		
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	12	12
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 earnings 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			
Earnings per share attributable to common shareholders of the Company	$Y1=P1/S$	0.11	0.03
Basic earnings per share attributable to the common owners of the PLC after deducting of non-recurring gains/losses	$Y2=P2/S$	0.09	0.01

46. Other miscellaneous income

In RMB

Items	Amount occurred in the current period	Occurred in previous period
1. Amount of gain (loss) from sellable financial assets		1,533,000.00
Less: Income tax influence of available-for-sale financial assets		383,250.00
Net amount written into other gains and transferred into gain/loss in previous terms		1,398,250.00
Subtotal		-248,500.00
5. Others		91,831.63
Less: Income tax influence by other accounted into other misc. incomes		22,957.91

Net amount written into other gains and transferred into gain/loss in previous terms	1,108,815.63	
Subtotal	-1,108,815.63	68,873.72
Total	-1,108,815.63	-179,626.28

Notes to other miscellaneous income

47. Notes to the cash flow statement

(1) Other cash inflow related to operation

In RMB

Items	Amount
Interest income	3,091,050.93
Subsidy income	12,041,679.00
Retrieving of deposits for exchange bills	174,858.62
Retrieving of bidding deposits	4,508,546.79
Other operating accounts	21,236,605.34
Total	41,052,740.68

Notes to other cash inflow related to operation

(2) Other cash paid related to operation

In RMB

Items	Amount
Sales expense	16,096,357.83
Administrative expense	39,553,659.77
Bidding deposit paid	9,952,466.34
Net draft deposit net paid	10,697,929.46
Other trades	14,449,566.74
Total	90,749,980.14

Notes to other cash paid related to operation

(3) Other cash received related to investment activities

In RMB

Items	Amount
Bidding and contract deposit related to construction projects	429,055.00
Total	429,055.00

Notes to other cash received related to investment activities

(4) Other cash paid related to investment activities

In RMB

Items	Amount
Bidding deposit paid related to construction projects	1,659,058.00
Total	1,659,058.00

Notes to other cash paid related to investment activities

(5) Other cash received related to financing

In RMB

Items	Amount

Notes to other cash received related to financing

(6) Other cash paid related to financing

In RMB

Items	Amount
Total	0.00

Notes to other cash paid related to financing

48. Supplementary data of cash flow statement**(1) Supplementary data of cash flow statement**

In RMB

Supplementary information	Amount of the Current Term	Amount of the Previous Term
1. Net profit adjusted to cash flow of business operation	--	--
Net profit	81,400,779.56	6,443,242.38
Plus: Asset impairment provision	33,783,118.67	50,714,112.55
Fixed asset depreciation, gas and petrol depreciation, production goods depreciation	23,877,998.21	21,459,062.00
Amortization of intangible assets	3,920,173.92	4,557,857.66
Amortization of long-term amortizable expenses	1,362,450.83	716,916.61
Loss from disposal of fixed assets, intangible assets, and other long-term assets ("-" for gains)	410,730.16	-910,370.11
Loss from fixed asset discard ("-" for gains)	51,823.92	67,888.91

Loss from fair value fluctuation (“-“ for gains)	-16,647,859.74	-12,290,834.22
Financial expenses (“-“ for gains)	25,012,994.14	27,664,639.55
Investment losses (“-“ for gains)	-300,866.92	-3,448,207.99
Decrease of deferred income tax asset (“-“ for increase)	-4,974,658.47	-2,553,647.50
Increase of deferred income tax asset (“-“ for increase)	4,446,477.57	4,039,191.33
Decrease of inventory (“-“ for increase)	-22,336,480.28	-16,572,487.74
Decrease of operational receivable items (“-“ for increase)	-198,931,167.94	-127,562,194.03
Increase of operational receivable items (“-“ for decrease)	235,992,177.52	123,663,306.62
Others	-10,523,070.84	-16,726,404.65
Cash flow generated by business operations, net	156,544,620.31	59,262,071.37
2. Major investment and financing operation not involving with cash	--	--
3. Net change of cash and cash equivalents	--	--
Balance of cash at period end	285,237,255.38	240,167,372.86
Less: Initial balance of cash	240,167,372.86	300,177,008.78
Net increase in cash and cash equivalents	45,069,882.52	-60,009,635.92

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

In RMB

Supplementary information	Amount occurred in the current period	Occurred in previous period
I. Acquisition of subsidiaries and businesses	--	--
II. Disposal of subsidiaries and businesses	--	--

(3) Composition of cash and cash equivalents

In RMB

Items	Closing amount	Opening amount
I. Cash	285,237,255.38	240,167,372.86
Including: Cash in stock	33,975.32	10,565.48
Bank savings can be used at any time	285,145,634.33	240,155,936.57
Other monetary capital can be used at any time	57,645.73	870.81
3. Balance of cash and cash equivalents at end of term	285,237,255.38	240,167,372.86

(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	3,000.00	9.09%	9.09%		72984005-5
Shenzhen Shilihe Investment Co., Ltd.	Controlling shareholder	Ltd. liability	Shenzhen	Wang Shengguo	Industrial investment	1,978.0992	2.36%	2.36%		72984450-7
Shengjiu Investment Ltd.	Controlling shareholder	Ltd. liability	Hong Kong	Xiong Jianming	Industrial investment	HKD1.00	3.52%	3.52%		59046683-000-10-12-7

Particulars about the parent of the Company

- 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.
- 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	Type of subsidiary	Ownership type	Registered address	Legal representative	Business	Registered capital	Shareholding (%)	Proportion of votes %	Organization code
Fangda Decoration	Controlled subsidiaries	Ltd. liability	Shenzhen	Xiong Jianwei	Designing, manufacturing, and	310,000,000.00	100%	100%	19244418-2

					installation of curtain walls				
Fangda Automatic	Controlled subsidiaries	Ltd. liability	Shenzhen	Lin Kebin	Installation and processing of metro screen door	105,000,000.00	100%	100%	75425429-3
Fangda Yide	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 Material	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
Fangda Aluminium	Controlled subsidiaries	Ltd. liability (joint venture by the Company and domestic and overseas companies)	Nanchang	Yang Xioazhuan	Design, production, sales and installation of curtain wall aluminium materials, doors, windows and sectional materials	20,000,000.00	100%	100%	15830664-0
HK Junjia	Controlled subsidiaries	BODY CORPORATE	Hong Kong		Investment	HKD10,000.00	100%	100%	3007554-2000-04-10-4
Shenyang Fangda	Controlled subsidiaries	Ltd. liability	Shenyang	Wang Shengguo	Manufacturing of	200,000,000.00	64.58%	64.58%	66254891-3

					semiconductor lighting material and chips; lighting source encapsulation; developing, designing, manufacturing, engineering, installation and trading of semiconductor lighting system				
Kexunda	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
Fangda Property	Controlled subsidiaries	Ltd. liability (Sole investment by legal person)	Shenzhen	Lin Kebin	Development and operating of real estate on land of which land use right is legally obtained by the Company; property management	50,000,000.00	100%	100%	05895223-1

3. Joint ventures and affiliates

Name of invested entity	Ownership type	Registered address	Legal representative	Business	Registered capital	Shareholding (%)	Property of voting rights of the Company (%)	Relationship	Organization code
1. Joint venture									
2. Associate									
Shenzhen Ganshang Joint Investment Co., Ltd.	Co., Ltd.	Shenzhen	Xiong Jianming	Domestic trade; investment management; investment consulting; enterprise management consulting; equity investment, assets management	RMB49 million	20.40	20.40	Affiliated party	080140993

4. Other related parties

Other related parties	Relationship with the Company	Organization code
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Notes to other related parties

5. Related transactions

(1) Purchasing of goods and services

In RMB

Affiliated party	Related transaction	Pricing and decision making process	Amount occurred in the current period		Occurred in previous period	
			Amount	Portion in similar transactions (%)	Amount	Portion in similar transactions (%)

Sales of goods and services

In RMB

Affiliated party	Related transaction	Pricing and decision making process	Amount occurred in the current period		Occurred in previous period	
			Amount	Portion in similar transactions (%)	Amount	Portion in similar transactions (%)

(2) Related trusteeship or contracting

Related trusteeship or contracting in which the Company is the undertaker

In RMB

Name of the employer	Name of the undertaker	Asset situation of the undertaker	Start date	Terminating date	Pricing basis	Gains from the deal in report period
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Related trusteeship or contracting in which the Company is the undertaker

In RMB

Name of the employer	Name of the undertaker	Asset situation of the undertaker	Start date	Terminating date	Pricing basis	Amount recognized in the report period
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Notes on the trusteeship and contracting:

(3) Related leasing

The Company is the lender

In RMB

Name of the owner	Name of the lessee	Category of asset for lease	Starting date	Stop date	Pricing basis	Rental recognized in the period
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The Company is the undertaker

In RMB

Name of the owner	Name of the lessee	Category of asset for lease	Starting date	Stop date	Pricing basis	Rental recognized in the period
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Note to related leasing

(4) Related guarantees

In RMB

Guarantor	Beneficiary party	Amount guaranteed	Start date	Due date	Completed or not
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The Company	Fangda Decoration	50,000,000.00	November 5, 2013	November 5, 2014	No
The Company	Fangda Decoration	50,000,000.00	October 31, 2013	October 31, 2014	No
The Company, Fangda Jiangxi New Material	Fangda Decoration	50,000,000.00	October 30, 2013	October 29, 2014	No
The Company	Fangda Decoration	40,000,000.00	November 1, 2013	October 22, 2014	No
The Company	Fangda Decoration	42,000,000.00	November 1, 2013	October 28, 2014	No
The Company	Fangda Decoration	18,000,000.00	November 1, 2013	September 11, 2014	No
The Company, Fangda Jiangxi New Material	Fangda Automatic	15,000,000.00	September 29, 2013	September 28, 2014	No

Note to related guarantees

(5) Capital borrowing with related parties

In RMB

Affiliated party	Borrowed amount	Start date	Due date	Notes
Borrow in				
Lend out				

(6) Asset transferring and debt reconstruction with related parties

In RMB

Affiliated party	Type of transaction	Related transaction	Pricing principle	Amount occurred in the current period		Occurred in previous period	
				Amount	Portion in similar transactions (%)	Amount	Portion in similar transactions (%)

(7) Other related transactions

6. Receivable and payables due with related parties

Receivables from related parties

In RMB

Item	Affiliated party	End		Beginning of the period	
		Remaining book value	Bad debt provision	Remaining book value	Bad debt provision

Receivables to related parties

In RMB

Item	Affiliated party	Closing amount	Opening amount
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(X) Share payment**(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 st Middle Court of Chongqing	RMB17.07 million and its interest	First instance

Note: In 2010, Wang Weihong sued to the 1st 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. Currently, the process of evidence challenging has completed with damage verified. The case is yet to enter the debating procedure. An amount of RMB12 million in the bank account of Fangda Decoration has been frozen by the court.

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

By December 31, 2013, the Company has provided loan guarantees for the following entities:

Name of guaranteed entity	Guarantee	Amount	Term	Notes
1. Subsidiary				
Fangda Decoration	Guarantee	50,000,000.00	2013.11.5-2014.11.5	Borrowing
Fangda Decoration	Guarantee	50,000,000.00	2013.10.31-2014.10.31	Borrowing
Fangda Decoration	Guarantee	50,000,000.00	2013.10.30-2014.10.29	Borrowing
Fangda Decoration	Guarantee	40,000,000.00	2013.11.1-2014.10.22	Borrowing
Fangda Decoration	Guarantee	42,000,000.00	2013.11.1-2014.10.28	Borrowing
Fangda Decoration	Guarantee	18,000,000.00	2013.11.1-2014.9.11	Borrowing
Fangda Automatic	Guarantee	15,000,000.00	2013.9.29-2014.9.28	Borrowing
Total		265,000,000.00		

Other contingent liabilities and their influences

None

(XII) Commitments**1. Major commitments****2. Fulfilling of commitments made in previous periods**

None

(XIII) Post-balance-sheet events**1. Notes to material post-balance-sheet events**

In RMB

Items	Description	Influence on the financial position and business performance	Reason for not able to estimate the influence

2. Notes to profit distribution in post balance sheet period

In RMB

Profit or dividend to be distributed	22,707,297.15
Profit or dividend approved to be distributed	22,707,297.15

3. Notes to other issues in post balance sheet period**(XIV) Other material events****1. Non-monetary asset exchange****2. Debt reconstruction****3. Enterprise merger****5. Leasing**

The Company leases investment real estate and obtained a lease income of RMB35,814,900 million in the report period.

5. Financial instruments issued to outside, convertible to shares**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	16,647,859.74	91,831.63		174,778,756.62
Total	254,766,256.33	16,647,859.74	91,831.63		174,778,756.62
Financial liabilities	0	0	0		0

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			1,209,986.90	15,966,346.17
Subtotal	41,726,895.45			1,209,986.90	15,966,346.17
Financial liabilities	0.00				0.00

8. Main contents of annual rewarding plan and material changes

9. Others

Fangda Town reconstruction project

According to Announcement “2012 Shenzhen Urban Renewal Plan The First Projects” (Draft) issued by the Shenzhen Planning and Land Resources Committee on February 2, 2012, the Company’s Fangda Town project in Longjing, Xili, Nanshan District has been incorporated into the “2012 Shenzhen Urban Renewal Plan The First Projects” (Draft) by developed by Shenzhen Planning and Land Resources Committee.

The Nanshan Taoyuan Fangda Town Renovation Plan submitted by the Company has been principally approved by the Building and Environment Art Commission of Shenzhen Urban Planning Commission. The Company will fund the construction of the project through its wholly-owned subsidiary Fangda Property Development with a total investment of about RMB2.5 billion.

(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 for which bad debt provision is made by group								
Including: receivable out of the consolidation	623,154.11	100%	18,694.62	3%	8,455,543.17	100%	3,298,401.79	39.01%
Subtotal	623,154.11	100%	18,694.62	3%	8,455,543.17	100%	3,298,401.79	39.01%
Total	623,154.11	--	18,694.62	--	8,455,543.17	--	3,298,401.79	--

Notes to account receivable

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:	--	--	--	--	--	--
Less than 1 year	623,154.11	100%	18,694.62	490,582.84	5.8%	14,717.49
Subtotal for less than 1 year	623,154.11	100%	18,694.62	490,582.84	5.8%	14,717.49
1-2 years				1,196,767.80	14.15%	119,676.78
2-3 years				1,100,443.75	13.01%	330,133.13
Over 3 years				5,667,748.78	67.04%	2,833,874.39

Total	623,154.11	--	18,694.62	8,455,543.17	--	3,298,401.79
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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

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

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

In RMB

Entity	Nature	Time	Amount	Reason	Related transaction
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Notes to written-off account receivable

(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

In RMB

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

(5) Nature and description of major other account receivable

(6) Top 5 account receivable entities

In RMB

Entity	Relationship with the	Amount	Term	Percentage in the total
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	Company			account receivable (%)
Sky Solutions	Non-affiliated party	105,171.00	Less than 1 year	16.88%
Shenzhen Aidong Investment	Non-affiliated party	79,087.50	Less than 1 year	12.69%
Shenzhen Gaojian Industrial Co., Ltd.	Non-affiliated party	68,979.55	Less than 1 year	11.07%
Shenzhen Dianlitong Technologies Co., Ltd.	Non-affiliated party	67,332.04	Less than 1 year	10.81%
Shenzhen Fuchuangtong Technology Co., Ltd.	Non-affiliated party	53,207.88	Less than 1 year	8.54%
Total	--	373,777.97	--	59.99%

(7) Account receivable from affiliates

In RMB

Entity	Relationship with the Company	Amount	Percentage in the total account receivable (%)
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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 for which bad debt provision is made by group								
Including: receivable out of the consolidation	1,900,854.89	0.33%	619,111.55	32.57%	2,213,985.94	0.43%	567,657.33	25.64%
Receivable accounts consolidated	570,338,916.39	99.66%			510,652,461.91	99.55%		
Subtotal	572,239,771.28	99.99%	619,111.55	0.11%	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	0.01%	77,046.00	100%	77,046.00	0.02%	77,046.00	100%

Total	572,316,817.28	--	696,157.55	--	512,943,493.85	--	644,703.33	--
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Notes to other receivables

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:	--	--	--	--	--	--
Less than 1 year	495,648.00	26.08%	14,869.44	953,182.40	43.05%	28,595.47
Subtotal for less than 1 year	495,648.00	26.08%	14,869.44	953,182.40	43.05%	28,595.47
1-2 years	144,403.35	7.6%	14,440.34	203,000.00	9.17%	20,300.00
2-3 years	203,000.00	10.68%	60,900.00	50,699.54	2.29%	15,209.86
Over 3 years	1,057,803.54	55.64%	528,901.77	1,007,104.00	45.49%	503,552.00
Total	1,900,854.89	--	619,111.55	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

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

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
Trade receivable	44,546.00	44,546.00	100%	Unlikely to recover

Engineering receivables	24,000.00	24,000.00	100%	Unlikely to recover
Receivable deposit	4,500.00	4,500.00	100%	Unlikely to recover
Engineering receivables	4,000.00	4,000.00	100%	Unlikely to recover
Total	77,046.00	77,046.00	--	--

Notes to other receivables with minor individual amount but triggering substantial risks after being grouped

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

In RMB

Entity	Nature	Time	Amount	Reason	Related transaction
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Notes to written-off other receivables

(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

In RMB

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

(5) Nature and description of major other receivables

(6) Top 5 other receivable entities

In RMB

Entity	Relationship with the Company	Amount	Term	Percentage in the total other receivables (%)
Fangda Property	Subsidiary	297,383,545.30	Less than 1 year	51.96%
Fangda Decoration	Subsidiary	223,254,619.46	Less than 1 year	39.01%
HK Junjia	Subsidiary	3,230.28	Less than 1 year	0%
HK Junjia	Subsidiary	6,529.28	1-2 years	0%
HK Junjia	Subsidiary	49,352.88	2-3 years	0.01%
HK Junjia	Subsidiary	30,330,898.93	Over 3 years	5.3%
Kexunda	Subsidiary	12,295,215.27	Less than 1 year	2.15%
Shenyang Fangda	Subsidiary	6,674,389.28	2-3 years	1.17%
Shenyang Fangda	Subsidiary	232,382.30	Over 3 years	0.04%
Total	--	570,230,162.98	--	99.64%

(7) Other receivables from affiliates

In RMB

Entity	Relationship with the Company	Amount	Percentage in the total other receivables (%)
Fangda Decoration	Subsidiary	223,254,619.46	39.01%
HK Junhjia	Subsidiary	30,390,011.37	5.31%
Shenyang Fangda	Subsidiary	6,906,771.58	1.21%
Kexunda	Subsidiary	12,295,215.27	2.15%
Shenzhen Woke	Subsidiary	108,753.41	0.02%
Fangda Property	Subsidiary	297,383,545.30	51.96%
Total	--	570,338,916.39	99.66%

3. Long-term share equity investment

In RMB

Invested entity	Audit method	Investment cost	Ending balance	Change	Closing 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
① Investment in subsidiaries											
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	19,800,000.00		19,800,000.00	99%	99%		19,800,000.00		
Fangda Yide	Cost	19,907,760.00	19,907,760.00		19,907,760.00	75%	75%		19,907,760.00		

HK Junhjia	Cost	10,600.00	10,600.00		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%				
Fangda 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	64.58%	64.58%				
Kexunda	Cost	1,000,000.00	1,000,000.00		1,000,000.00	100%	100%				
Fangda Property	Cost	50,000,000.00	10,000,000.00	40,000,000.00	50,000,000.00	100%	100%				
② Investment in affiliates											
Shenzhen Ganshang Joint Investment Co., Ltd.	Equity	10,000,000.00		9,994,565.55	9,994,565.55	20.4%	20.4%				
Total	--	760,160,031.73	709,452,105.58	49,994,565.55	759,446,671.13	--	--	--	39,718,360.00		

Notes to long-term share equity investment

4. Operational revenue and costs

(1) Turnover

In RMB

Items	Amount occurred in the current period	Occurred in previous period
Other business income	45,659,921.07	46,185,831.72
Total	45,659,921.07	46,185,831.72
Operation cost	10,980,932.52	11,267,937.63

(2) Revenue from top five customers

In RMB

Customer	Total operating revenue	Percentage in total turnover of the Company %
No.1	7,903,917.72	17.31%
No.2	7,828,181.00	17.14%
No.3	1,835,584.20	4.02%
No.4	987,064.20	2.16%
No.5	980,786.91	2.15%
Total	19,535,534.03	42.78%

Notes to operating revenue

5. Investment income

(1) Details of investment gains

In RMB

Items	Amount occurred in the current period	Occurred in previous period
Gains from long-term equity investment measured by costs		39,356,000.00
Gains from long-term equity investment measured by equity	-5,434.45	
Gains from sellable financial assets and similar		4,548,207.99
Total	-5,434.45	43,904,207.99

(2) Gains from long-term equity investment measured by costs

In RMB

Invested entity	Amount occurred in the current period	Occurred in previous period	Reason for change from the previous period

(3) Gains from long-term equity investment measured by equity

In RMB

Invested entity	Amount occurred in the current period	Occurred in previous period	Reason for change from the previous period

Notes to investment gains

6. Supplementary data of cash flow statement

In RMB

Supplementary information	Amount of the Current Term	Amount of the Previous Term
1. Net profit adjusted to cash flow of business operation	--	--
Net profit	158,945,992.66	58,184,657.79
Plus: Asset impairment provision	-3,228,252.95	326,187.02
Fixed asset depreciation, gas and petrol depreciation, production goods depreciation	3,544,338.93	2,768,825.10
Amortization of intangible assets	633,639.50	658,245.20
Amortization of long-term amortizable expenses	25,157.27	
Loss from disposal of fixed assets, intangible assets, and other long-term assets (“-“ for gains)	-191,838,123.97	-6,525.64
Loss from fixed asset discard (“-“ for gains)	36,756.07	67,888.91
Loss from fair value fluctuation (“-“ for gains)	-16,647,859.74	-13,791,134.22
Financial expenses (“-“ for gains)	19,221,420.48	14,606,321.17
Investment losses (“-“ for gains)	5,434.45	-43,904,207.99
Decrease of deferred income tax asset (“-“ for increase)	-9,216.25	2,082,082.91
Increase of deferred income tax asset (“-“ for increase)	52,405,087.86	4,450,464.09
Decrease of operational receivable items (“-“ for increase)	247,913,465.21	-246,906,847.34
Increase of operational receivable items (“-“ for decrease)	109,065,053.78	17,207,519.64
Cash flow generated by business operations, net	380,072,893.30	-204,256,523.36
2. Major investment and financing operation not involving with cash	--	--
3. Net change of cash and cash equivalents	--	--
Balance of cash at period end	67,973,808.76	25,540,604.84
Less: Initial balance of cash	25,540,604.84	24,337,261.80
Net increase in cash and cash equivalents	42,433,203.92	1,203,343.04

(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)	-462,554.08	
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)	1,815,855.07	
Capital using expense charged to non-financial enterprises and	2,149,420.09	

accounted into the current income account		
Gain from entrusted investment or assets management	306,301.37	Earns from financial products purchased
Gain/loss from change of fair value of investment property measured at fair value in follow-up measurement	16,647,859.74	
Other non-business income and expenditures other than the above	1,929,934.59	
Less: Influenced amount of income tax	5,177,842.87	
Influenced amount of minority shareholders' equity (after-tax)	-74,498.31	
Total	17,283,472.22	--

Government subsidies included in current gains and losses should be explained separately.

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 term	Previous term	Closing amount	Opening amount
On Chinese accounting standards	85,676,863.78	24,948,377.20	1,160,639,730.85	1,098,612,195.57
Items and amounts adjusted according International Accounting Standards				
On international accounting standards	85,676,863.78	24,948,377.20	1,165,403,129.09	1,103,375,593.81

2. 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 term	Previous term	Closing amount	Opening amount
On Chinese accounting standards	85,676,863.78	24,948,377.20	1,160,639,730.85	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. Net income on asset ratio and earnings per share

In RMB

Profit of the report period	Weighted average net income/asset ratio (%)	Earnings per share	
		Basic earnings per share	Diluted earnings per share
Net profit attributable to common shareholders of the Company	7.61%	0.11	0.11
Net profit attributable to the common owners of the PLC after deducting of non-recurring gains/losses	6.07%	0.09	0.09

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

None

XI Documents for Reference

1. The Annual Report 2013 and the Summary with signature of the legal representative (Chinese and English);
2. Accounting Statements with signatures and seals of the legal representative and financial principal and chief of accounting department;
3. Original copy of the Auditors' Report under the seal of the CPA and signed by and under the seal of certified accountants.
4. Originals of all documents and manuscripts of Public Notices of the Company disclosed in public in the newspapers as designated by China Securities Regulatory Commission.