

China Fangda Group Co., Ltd.

2014 Interim Report

August 2014

I Important Statement, Table of Contents and Definitions

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

Directors other than the following ones have attended the Board meeting to review the interim report.

Name of absent director	Position of absent director	Reason	Name of proxy
Lin Bin	Independent director	Business engagement	Huang Yaying

The Company will distribute no cash dividends or bonus shares and has no reserve capitalization plan.

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

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

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Definitions

Terms	Defined as	Description
Fangda Group, company, the Company	Defined as	China Fangda Group Co., Ltd.
Articles of Association	Defined as	Articles of Association of China Fangda Group Co., Ltd.
Meeting of shareholders	Defined as	Meetings of shareholders of China Fangda Group Co., Ltd.
Board of Directors	Defined as	Board of Directors of China Fangda Group Co., Ltd.
Supervisory Committee	Defined as	Supervisory Committee of China Fangda Group Co., Ltd.
Banglin Co.	Defined as	Shenzhen Banglin Technologies Development Co., Ltd.
Shilihe Co.	Defined as	Shenzhen Shilihe Investment Co., Ltd.
Shengjiu Co.	Defined as	Shengjiu Investment Ltd.
Fangda Jianke	Defined as	Shenzhen Fangda Jianke Group 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.
Fangda Dongguan New Material	Defined as	Dongguan Fangda New Material Co., Ltd.
Kexunda Co.	Defined as	Shenzhen Kexunda Software Co., Ltd.
Fangda Property	Defined as	Shenzhen Fangda Property Development Co., Ltd.
Fangda Chengdu New Material	Defined as	Chengdu Fangda New Material Co., Ltd.
Shenyang Decoration	Defined as	Fangda Decoration Engineering (Shenyang) Co., Ltd.
Fangda New Energy		Shenzhen Fangda New Energy Co., Ltd.
Fang SOZN		Guangdong Fangda SOZN Lighting Co., Ltd.
CSRC	Defined as	China Securities Regulatory Commission
SZSE	Defined as	Shenzhen Stock Exchange
Sponsor, Zhongshan Securities	Defined as	Zhongshan Securities Co., Ltd.

II Company Profile

1. Company Profile

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

2. Contacts and liaisons

	Secretary of the Board	Representative of Stock Affairs
Name	Zhou Zhigang	Guo Linchen
Address	20F, Fangda Building, Kejinan 12 th Avenue, High-tech Zone, Shenzhen, PR China.	20F, Fangda Building, Kejinan 12 th Avenue, High-tech Zone, Shenzhen, PR China.
Tel.	86(755) 26788571 ext. 6622	86(755) 26788571 ext. 6622
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Email	zqb@fangda.com	zqb@fangda.com

3. Other Information

1. Liaison

Changes to the Company's registered address, office address, post code, website or email during the report period

Applicable Inapplicable

Registered address	Fangda Building, Kejinan 12 th Avenue, High-tech Zone, Shenzhen, PR China.
Post code	518057
Office address	20F, Fangda Building, Kejinan 12 th Avenue, High-tech Zone, Shenzhen, PR China.
Post code	518057
Website	http://www.fangda.com

Email	fd@fangda.com
Enquiry date on specific websites for provisional announcement disclosure (if any)	January 13, 2014
Website where specific websites for provisional announcement disclosure are listed (if any)	http://www.cninfo.com.cn

2. Information disclosure and inquiring

Changes to the information disclosure and inquiring place

Applicable Inapplicable

Please refer to the 2013 annual report for the newspapers and websites where the Company's information is disclosed. The inquiry address of the interim report has remained unchanged during the report period.

3. Registration changes

Whether the registration has changed during the report period

Applicable Inapplicable

Please refer to 2013 annual report for the Company's registration date and address, business license No., tax registration No. and organization registration code, which have remained unchanged during the report period.

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

	This report period	Same period last year	Year-on-year change (%)
Turnover (yuan)	822,792,739.02	736,828,039.88	11.67%
Net profit attributable to shareholders of the listed company (yuan)	40,769,958.24	39,361,593.42	3.58%
Net profit attributable to the shareholders of the listed company and after deducting of non-recurring gain/loss (RMB)	39,669,548.38	37,591,750.20	5.53%
Net cash flow generated by business operation (RMB)	-268,552,729.61	1,089,862.59	-
Basic earnings per share (yuan/share)	0.05	0.05	0.00%
Diluted Earnings per share (yuan/share)	0.05	0.05	0.00%
Weighted average net income/asset ratio	3.49%	3.54%	-0.05%
	End of the report period	End of last year	Year-on-year change
Total asset (RMB)	3,125,590,102.60	2,599,557,542.57	20.24%
Net profit attributable to the shareholders of the listed company (RMB)	1,178,738,091.94	1,160,639,730.85	1.56%

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

Applicable Inapplicable

In RMB

	Net profit attributable to the shareholders of the listed company		Net profit attributable to the shareholders of the listed company	
	This period	Last period	Closing amount	Opening amount
On Chinese accounting standards	40,769,958.24	39,361,593.42	1,178,738,091.94	1,160,639,730.85
Items and amounts adjusted according International Accounting Standards				

Capitalization of borrowing expenses	0.00	0.00	4,763,398.24	4,763,398.24
On international accounting standards	40,769,958.24	39,361,593.42	1,183,501,490.18	1,165,403,129.09

2. There is no difference in net profits and assets in financial statements disclosed according to the international and Chinese account standards during the report period.

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

Applicable Inapplicable

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

Applicable Inapplicable

In RMB

Items	Amount	Notes
Non-current asset disposal gain/loss (including the write-off part for which assets impairment provision is made)	-1,351,811.27	
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)	158,595.54	
Other non-business income and expenditures other than the above	1,646,215.46	
Other gain/loss items satisfying the definition of non-recurring gain/loss account	1,010,926.07	Gains from reverse repurchase of treasury bonds
Less: Influenced amount of income tax	363,515.94	
Total	1,100,409.86	--

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

Items	Amount	Reason
Gains from reverse repurchase of treasury bonds	1,010,926.07	Gains from reverse repurchase of treasury bonds
Tax refunded related to software products	526,615.39	It is related to the Company's business. The amount is refunded to the Company according to the tax rate provided by the taxation

		administration.
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IV Board of Directors' Report

1. Summary

The Chinese economy remained mixed and largely uncertain in H1 2014. The market remained weak and fragile. To survive the weak economy and increasingly fierce competition, the Company has continued improving the brand equity, expertise and services, stabilizing the growth. In the report period, the Company recorded a sales income of RMB822,792,700, up 11.67% year on year. The net profit attributed to owners of the parent reached RMB40,770,000, up 3.58% year on year. The revenue from main businesses continued growing. By the end of the report period, the Company had secured new orders worth RMB1.371 billion with undelivered orders worth RMB2.171 billion, which 263.86% of the operating revenue in H1 2014, paving the way for the Company to complete the whole year's sales target.

1. Curtain wall system and material industry continued growing rapidly

Currently, the curtain wall system and material industry remains a main source of income and profit for the Company. The brand equity of the Company's curtain wall systems and materials has been further improved, boosting the sales. During the report period, the Company won bids in a series of large-sized energy-saving low-carbon high-end curtain wall and material products such as the Shenzhen Excellence Meilin Center Plaza, Shenzhen Hualin Business Center, Alibaba Chengdu West Base, Chongqing Tianhe International Center, Wuhan Lianfa•Jiudu International, Haikou Meilan Airport West Corridor, Suzhou Center Plaza, and Kunming Qicaiyun Nanhua City. By the end of the report period, the Company has secured new orders for curtain wall systems and materials worth RMB1.296 billion, adding the value of undelivered orders to RMB1.578 billion. In H1 2014, the Company managed to continue production to fulfill orders despite the rainy weather. In the report period, the curtain wall system and material business generated a sales income of RMB757,874,900, up 12.89% year on year.

The Company has adhered to the business philosophy of integrity, trust, cooperation and continuous improvement and seeks to meet customers' needs thanks to our customer-centered value, strong innovation and high engineering quality, receiving wide recognition among customers. In the report period, the Company won the only outstanding curtain wall supplier prize from Wanda Group as the first curtain wall supplier of Wanda Group.

2. Multiple preliminary railway traffic equipment orders enter design, production and engineering stages

2. Multiple preliminary railway traffic equipment orders enter design, production and engineering stages. During the report period, screen doors and safety safes for Shenzhen metro 3rd phase No.9 and 11 lines, Xi'an metro No.3 line, Wuhan metro No.4 line 2nd phase, Nanchang metro No.1 line, Fuzhou metro No.1 line, Wuhan-Xiaogan railway, Singapore metro Tuas expansion line have been designed, produced and installed as scheduled. During the report period, the Company has become a metro screen door supplier for well-known international motor producers including Siemens, Hitachi and Alston, propelling the overseas expansion strategy. During the report period, thanks to high reliability and stability, the Company's screen door systems made the record the zero failure in the one-million attempt service life test of the Singapore Tuas expansion line and Nanchang No.1 line. The two projects have completed the one-million attempt service life test and acceptance procedure and have been put into massive product. By the end of the report period, undelivered orders for screen doors are worth RMB593 million.

3. Fangda Town renovation project is performed as scheduled

The Fangda Town renovation project ("the Project") is constructed and invested by the Company's

wholly-owned subsidiary Shenzhen Fangda Property Development Co., Ltd. With an investment of about RMB2.5 billion, the project will be completed at the end of 2016. The project will serve to house hi-tech industry and hi-end emerging industry R&D headquarters and a landmark complex providing R&D and business facilities and integrating ecological offices, shopping malls and entertainment. 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. Since the commencement on May 18, the project has been performed as scheduled. Currently, the project is in the foundation pit construction stage. The project will add the Company's net and total assets, create substantial cash flows for the Company and yield a stable rental income to support the future development of the Company and accelerate growth of the Company's other business.

4. Developing solar energy PV and LED new resource business via the new energy company

In the report period, the Company invested RMB100 million from the working capital to set up Shenzhen Fangda New Energy Co., Ltd. to develop energy-saving technologies such as solar energy PV application, PV construction and LED industry. It will extend the Company's existing energy-saving business and coincides with the development trend of the energy-saving industry.

Currently, the Company is proceeding with the development of the new energy industry as scheduled. On July 18, the Company entered into an agreement with natural person Luo Huichi to acquire 60% stake in the Guangdong Fangda SOZN Lighting Co., Ltd ("New Company") set up with the fixed assets, intangible assets, sales networks and teams of three LED lighting companies controlled by Luo. The investment does not exceed RMB48 million in cash. The payment includes conditional stock transfer to Luo and conditional investment to the New Company. The New Company will generate a sales income of RMB150 million and a net profit of RMB3 million between July and December 2014, and a sales income of RMB600 million and a net profit of RMB36 million in 2015, a sales income of RMB1 billion and a net profit of RMB60 million in 2016. On July 22, the Company signed the strategic cooperation framework agreement with BOC Shenzhen branch ("Shenzhen BOC"). Under the agreement, Shenzhen BOC will provide credit facilities of no more than RMB5 billion for the Company, its subsidiaries and partners in separate loans and multi-bank loans, including without limitation RMB loans, factoring, acceptance draft, discount, letters of guarantee, credit and other forms of financing and credit support to facilitate the development of PV plants and PV construction. On August 13, the Company entered into the new energy PV project cooperation framework agreement with Information Industry Electronics 11th Design Institute Sci & Tech Engineering Co., Ltd. ("11th Sci & Tech"). The Company will make investment to build and operate PV plants. 11th Sci & Tech will provide project resources for the construction of PV plants. 11th Sci & Tech will provide about 500MW of resource for the Company by the end of 2015, 2.5GW by 2020. 11th Sci and Tech will provide a full range of technical, designing and contracting services for the Company.

The Company will develop the LED, PV power plant and PV construction businesses rapidly through acquiring the LED company, and signing strategic cooperation framework agreements with Shenzhen BOC and 11th Sci & Technical. The strategy will generate a stable income for the Company and have profound significance in the future income and profit structure of the Company. Accelerating the development of new energy LED and PV businesses will create a profit point for the Company, restructure the Company's business structure, boost the Company's long-term growth, and create substantial returns for shareholders.

5. Introducing talents and building the corporate culture

As orders increase rapidly over the past few years and five industry bases are put into operation, the Company has further improved the management matrix, optimized the business process, aggressively introduced high-quality and diligent management and technical professionals to build a modern management led by engineers, technicians, comprehensive management executives and technical sales representatives. The Company has paid great efforts to building a positive corporate and harmonious employment relationship by holding the Women's Day health care

seminar, Youngers' Day speech competition, birthday parties for employees on a monthly basis, social clubs for single employees, and various outdoor training programs.

6. Others

In the report period, the trademark FANGDA was recognized as a nationwide famous trademark by the SAIC, which will help the Company protect the intelligent property right, marking a great achievement for the Company's brand building strategy and showing the Company's competitiveness. The Company was also chosen by Sina Finance as the most promising listed company and received the title of Shenzhen Famous Brand for the 12th consecutive year.

The Company's wholly-owned subsidiary Shenzhen Fangda Jianke Group Co., Ltd. received the Shenzhen High-Quality Engineering Company and the 1994-2014 Sustainable Outstanding Enterprise from China Construction Metal Structure Association; Shenzhen Kerry Plaza and Shenzhen Gulf Stadium curtain wall projects undertaken by the Company won the 2013 Guangdong Gold Construction Project prize and 2013 Guangdong High-Quality Construction Engineering prize. Shenzhen Kerry Plaza also won the 2013 Shenzhen Golden Bull Engineering prize. Dalian Wanda Mansion curtain wall project won the 2013 Liaoning Construction Decoration prize and 2013 Dalian Construction Decoration prize.

2. Main business analysis

Year-on-year changes in major financial data

In RMB

	This report period	Same period last year	YOY change	Cause of change
Turnover	822,792,739.02	736,828,039.88	11.67%	
Operation cost	668,447,444.31	584,493,820.44	14.36%	
Sales expense	18,245,120.86	17,614,987.09	3.58%	
Administrative expense	67,185,503.16	57,347,495.40	17.16%	
Financial expenses	11,047,478.14	12,213,522.40	-9.55%	
Income tax expenses	4,362,903.54	7,795,908.42	-44.04%	Decrease in differed income tax
R&D investment	41,228,960.53	50,595,655.72	-18.51%	
Cash flow generated by business operations, net	-268,552,729.61	1,089,862.59	-24,740.97%	Increase in the development cost of Fangda Plaza and slow recovery of accounts receivable
Cash flow generated by investment activities, net	-3,392,292.06	-55,371,598.84	-93.87%	Decrease in construction amounts received
Net cash flow generated by financing activities	313,893,052.10	61,738,199.71	408.43%	Increase in short-term borrowing
Net increase in cash and cash equivalents	41,940,681.64	7,456,427.28	462.48%	General result of changes in cash flows due to operating, investment

				and financing activities
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Major changes in profit composition or sources during the report period

Applicable Inapplicable

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

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

Applicable Inapplicable

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

Implementation of business plans disclosed in previous periods in this period

The Company has continued the strategy of developing the curtain wall system and material business and boosted income and profit by providing differential products and solutions, thus consolidating the Company's market share. Multiple preliminary orders have entered designing, production and installation stages and will generate sales income in the near future. The Fangda Town renovation project has been commenced and conducted as scheduled. The Company has aggressively expanded into new energy industry to optimize the Company's business structure and improve the Company's competitiveness. The Company has set up Shenzhen Fangda New Energy Co., Ltd. to develop solar energy PV applications, PV construction and LED industry to create new growth driving forces and fuel the Company's long-term growth.

3. Business composition

In RMB

	Turnover	Operation cost	Gross margin	Year-on-year change in operating revenue	Year-on-year change in operating costs	Year-on-year change in gross margin
Industry						
Metal production	757,874,901.80	626,439,954.13	17.34%	12.89%	14.06%	-0.85%
Product						
Curtain wall system and materials	757,874,901.80	626,439,954.13	17.34%	12.89%	14.06%	-0.85%
District						
Domestic	793,400,026.10	655,681,119.68	17.36%	13.96%	15.72%	-1.25%

4 Core Competitiveness Analyses

(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 368 curtain wall and material patents

(including 23 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. FANGDA is a nationwide well-known trademark in China.

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 212 metro screen door patents, including 40 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.

(3) Real Estate

The Fangda Town renovation project is well-positioned and enjoys express transport, unique landscape resources, preferential policies and moderate competition in the district. 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 be put into pre-sales in Q4 2015 and sold out in 2017. The project will buoy the Company's net assets and total assets, bring strong cash flows for the Company, provide capital support for the development of businesses, and gain experience in the real-estate development industry.

(4) New energy industry

In the report period, the Company set up the Shenzhen Fangda New Energy Co., Ltd. to develop solar energy PV applications, PV construction and LED industry. The move will extend the Company's energy-saving and

environment protection business, coincide with the national plan and industry policies as well as the development trend of the industry.

1. Technical advantage

With more than ten years' experience in developing solar energy PV power generating curtain wall technology, the Company is the earliest company that masters the intelligent property right in the designing, production and integration of solar energy PV curtain wall systems and is a pioneer in the application of PV curtain wall technology. The Company built the first solar energy PV integrated building curtain wall system in China – Shenzhen Fangda Building photoelectric curtain wall system.

2. Relation with other industries

The solar power PV industry is closely related to the other businesses of the Company. The distributed solar energy PV system is related to construction. Moreover, the Company has more than 10 years' experience in electrical product integration. The Company also has more than 20 years' experience in construction management and has the level-1 construction curtain wall engineering qualification and electrical installation engineering qualification.

3. Strategic advantage

The Company is engaged in the upper, middle and downstream of the LED industry and is familiar with industry policies in China. Currently, the Company is acquiring LED companies to realize fast expansion in the LED business and seek to create a new profit source for the Company.

VI. Investment

1. External equity investment

The Company made no external investment in the report period.

(2) The Company held no stake in financial companies in the report period.

(3) The Company made no investment in securities in the report period

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

(1) The Company made no trust investment in the report period

(2) Derivative investment

Applicable Inapplicable

In RMB10,000

Derivative investment operator	Relationship	Related transaction	Type	Initial amount	Start date	End date	Initial investment amount	Impairment provision (if any)	Closing investment amount	Proportion of closing investment amount in the closing	Actual gain/loss in the report period

										net assets in the report period	
Shanghai Futures Exchange	None	No	Shanghai aluminum	1459.21	May 5, 2014	July 23, 2014	0	0	398.85	0.34%	6.27
Total				1459.21	--	--	0	0	398.85	0.34%	6.27
Capital source				Self-owned fund							
Lawsuit (if any)				Inapplicable							
Disclosure date of derivative investment approval by the Board of Directors (if any)				None							
Disclosure date of derivative investment approval by the Shareholders' Meeting (if any)				None							
Risk analysis and control measures for the derivative holding in the report period (including without limitation market, liquidity, credit, operation and legal risks)				To prevent the risk of fluctuation of raw material prices, the Company adopted the aluminum futures exchanged at the domestic futures exchange to provide hedging for aluminum as a raw material for the Company. The Company has set up and implemented the Provincial Regulations on China Fangda Group Domestic Futures Hedging to prevent risks.							
Changes in the market price or fair value of the derivative in the report period, the analysis of the derivative's fair value should disclose the method used and related assumptions and parameters.				The fair value of the derivative should be calculated with the open quotation of the futures market and should be reviewed regularly to ensure effective hedging.							
Material changes in the accounting policies and rules related to the derivative in the report period compared to last period				No							
Opinions of independent directors on the Company's derivative investment and risk controlling				None							

(3) Trusted loans

Applicable Inapplicable

The Company borrowed no trust loan in the report period.

3. Use of raised capital

(1) Overview

Applicable Inapplicable

In RMB10,000

Total amount of the raised capital	33,658.69
Total raised capital invested in the report period	624.22
Total accumulative raised capital invested	31,294.63
Amount of raised capital of which the purpose was changed in the report period	0
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

Applicable Inapplicable

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	511.67	25,250.74	93.52%	June 30, 2013	4,042.3	Yes	No
2. PSD production expansion project	Yes	12,658.69	6,658.69	112.55	6,043.89	90.77%	December 31, 2012			No
Subtotal of promised	--	33,658.69	33,658.69	624.22	31,294.63	--	--	4,042.3	--	--

investment projects										
Investment of excessive raised capital										
Total	--	33,658.69	33,658.69	624.22	31,294.63	--	--	4,042.3	--	--
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 Jianke 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 Jianke; and RMB10 million was made to Fangda Automatic. On 19.08.11, 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 Jianke; 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 Jianke; 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 Jianke; and RMB10 million was made to Fangda Automatic. On February 4, 2013, 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 Jianke; 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 31, 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

√ Applicable □ Inapplicable

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	511.67	25,250.74	93.52%	June 30, 2013	4,042.3	Yes	No
2. PSD production expansion project	2. PSD production expansion project	6,658.69	112.55	6,043.89	90.77%	December 31, 2012			No
Total	--	33,658.69	624.22	31,294.63	--	--	4,042.3	--	--
Alteration reason, decision-making process and information disclosure (by project)		The screen door project in Nanchang aimed to use a plant in Dafang 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 and report period, the Company undertook orders worth RMB526 million, accounting for nearly 70% of all orders in the country. At the end of report period, orders without delivery totaled RMB593 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) Projects financed by raised capital

Projects financed by raised capital	Date of disclosure	Index for information disclosure
The Company's Raised Capital Deposit and Use Report 2014 Interim	August 26, 2014	www.cninfo.com.cn

4. Analysis of major subsidiaries and joint-stock companies

Applicable Inapplicable

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 Jianke	Subsidiary	Decoration	Curtain wall system	310,000,000	2,043,306,967.30	531,396,764.86	701,733,135.72	48,621,432.87	42,467,792.01

5. Major projects of non-raised capital

Applicable Inapplicable

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

VI. Forecast of operating performance between January and September 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

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

Applicable Inapplicable

VIII. Statement of the Board of Directors on the Non-standard Auditor’s Report for H1 2014

Applicable Inapplicable

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

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

Applicable Inapplicable

The 2013 Profit Distribution Proposal was approved on the 28th meeting of the 6th Board of Director held on March 7, 2014 and will be confirmed after being reviewed at the 2013 General Shareholders' Meeting held on March 31, 2014. A cash dividend of RMB0.30 (tax inclusive) will be paid on each ten shares to all shareholders on the basis of 756,909,905 shares with a total amount of RMB22,707,297.15. The planning, review and implementation procedure of the profit distribution complies with related laws and regulations and the Company’s Articles of Association. The profit distribution plan was implemented on April 15, 2014 (see the Announcement on Implementation of the 2013 Equity Distribution Plan 2014-29).

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	Inapplicable

X. Profit Distribution and Reserve Capitalization Plan in the Report Period

Applicable Inapplicable

The Company distributed no cash dividends or bonus shares and has no reserve capitalization plan.

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

Applicable Inapplicable

Time/date	Place	Way	Visitor	Visitor	Main content involved and materials provided
March 13, 2014	Shenzhen	Onsite investigation	Institution	Industrial Securities, Goldstate Securities and Guosen Securities	Business and future development
March 18, 2014	Shenzhen	Onsite investigation	Institution	Goldstate Securities	Business and future development
March 19, 2014	Shenzhen	Onsite investigation	Institution	Essences Securities	Business and future development
April 23, 2014	Shenzhen	Onsite investigation	Institution	Dongxing Securities	Business and future development
May 14, 2014	Shenzhen	Onsite investigation	Institution	Minsen Investment	Business and future development
May 21, 2014	Shenzhen	Onsite investigation	Institution	Industrial Securities, Citic-Prudential Fund, CCFund, Fortune SG Fund, Bosera Fund, Essence Fund, Galaxy AMC, Qianhai QianBaBa Fund	Business and future development
June 26, 2014	Shenzhen	Onsite investigation	Institution	China Post Fund	Business and future development

V Significant Events

I. Corporate Governance

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

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

III. The Company has no significant affair that arouses media questioning.

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

V. Assets trade

1. The Company required no assets in the report period.

2. The Company sold no assets in the report period.

3. The Company merged no company in the report period.

VI. The Company made or implement no option incentive scheme in the report period.

VII. Material related transactions

The Company made no related transaction related to daily operating in the report period.

2. The Company made no related transaction of assets requisition and sales in the report period.

3. The Company made no related transaction of joint external investment in the report period.

4. The Company had no related debt in the report period.

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

VIII. The controlling shareholder and its affiliates occupied no capital for non-operating purpose of the Company during the report period.

IX. Significant contracts and performance

1. Asset entrusting, leasing, contracting

(1) The Company made no custody in the report period

(2) The Company made no contract in the report period**(3) Leasing**

√ Applicable □ Inapplicable

Leasing

The Company leases investment real estate and obtained a lease income of RMB12,305,300 million in the report period.

The Company leased no projects that create gains accounting for over 10% of the Company's total profit in the report period.

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
Fangda Jianke	March 23, 2013	60,000	October 29, 2013	30,449.89	Joint liability	since engage of contract to 2 years upon due of debt	No	No
Fangda Jianke	August 10, 2013	20,000	September 27, 2013	14,836.31	Joint liability	since engage of contract to 2 years upon due of debt	No	No
Fangda Jianke	March 23, 2013	21,000	November 5, 2013	17,639.5	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	19,212.7	Joint liability	since engage of contract to	No	No

						2 years upon due of debt		
Fangda Jiangxi New Material	March 11, 2014	7,080	April 11, 2014	1,712.78	Joint liability	since engage of contract to 2 years upon due of debt	No	No
Fangda Jiangxi New Material	March 11, 2014	8,000	May 5, 2014	5,498.61	Joint liability	since engage of contract to 2 years upon due of debt	No	No
Fangda Jiangxi New Material	March 11, 2014	2,000	April 29, 2014	526.22	Joint liability	since engage of contract to 2 years upon due of debt	No	No
Fangda Property	January 4, 2014	21,000	January 29, 2014	21,000	Joint liability	since engage of contract to 2 years upon due of debt	No	No
Total of guarantee to subsidiaries approved in the report period		38,080	Total of guarantee to subsidiaries actually occurred in the report period			66,281.24		
Total of guarantee to subsidiaries approved as of the report period		159,080	Total of balance of guarantee actually provided to the subsidiaries as of end of report period			110,876.01		
Total of guarantee provided by the Company (total of the above two)								
Total of guarantee approved in the report term		38,080	Total of guarantee occurred in the report term			66,281.24		
Total of guarantee approved as of end of report term		159,080	Total of guarantee occurred as of the end of report term			110,876.01		
Percentage of the total guarantee occurred on net asset of the						94.06%		

Company	
Including:	
Amount of guarantee over 50% of the net asset	51,939.73
Total of the above 3	51,939.73
Statement on the possible joint liabilities on the guarantees not due yet (if any)	None
Statement of external guarantees violating the procedure (if any)	None

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

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

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

X. The Company and shareholders with more than 5% stakes in the Company made no guarantee in the report period or before report period but remaining effective in the report period.

XI. Engaging and dismissing of CPA

Whether the interim financial report is audited

Yes No

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

XIII. The Company has no risks of delisting due to violating laws in the report period.

XIV. The Company had no other significant event to be explained 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	779,292	0.10%						779,292	0.10%
3. Other domestic shares	779,292	0.10%						779,292	0.10%
Domestic natural person shares	779,292	0.10%						779,292	0.10%
II. Shares without trading limited conditions	756,130,613	99.90%						756,130,613	99.90%
1. Common shares in RMB	420,179,425	55.51%						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	100.00%						756,909,905	100.00%

Reasons

Applicable Inapplicable

Approval of the change

Applicable Inapplicable

Share transfer

Applicable Inapplicable

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

Applicable Inapplicable

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

Applicable Inapplicable

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

Applicable Inapplicable

2. Shareholders and shareholding

In share

Number of shareholders of common shares at the end of the report period		46,291		Number of shareholders of preferred stocks of which voting rights recovered in the report period		0		
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	0	0	68,774,273	Pledged	32,510,000
Shengjiu Investment Ltd.	Foreign legal person	4.75%	35,929,581	+9,283,075	0	35,929,581		
Huang Jupei	Domestic natural person	4.24%	32,068,920	+7,151,720	0	32,068,920		
Zhou Shijian	Domestic natural person	2.79%	21,123,481	+21,123,481	0	21,123,481		
Shenzhen Shilihe Investment Co., Ltd.	Domestic non-state legal person	2.36%	17,860,992	0	0	17,860,992		
Wang Shaolin	Domestic natural person	2.28%	17,272,486	+472,486	0	17,272,486		
Bank of Communication – Huaan Chuangxin Securities Investment Fund	Others	1.72%	13,028,408	+13,028,408	0	13,028,408		
Jiang Jing	Domestic	1.41%	10,635,440	0	0	10,635,440		

	natural person							
Zhao Bing	Domestic natural person	1.38%	10,420,126	+10,420,126	0	10,420,126		
Lou Chenglin	Domestic natural person	0.73%	5,500,000	+5,500,000	0	5,500,000		
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					
Shengjiu Investment Ltd.	35,929,581	Foreign shares listed in domestic exchanges	35,929,581					
Huang Jupei	32,068,920	RMB common shares	32,068,920					
Zhou Shijian	21,123,481	RMB common shares	21,123,481					
Shenzhen Shilihe Investment Co., Ltd.	17,860,992	RMB common shares	17,860,992					
Wang Shaolin	17,272,486	RMB common shares	17,272,486					
Bank of Communication – Huaan Chuangxin Securities Investment Fund	13,028,408	RMB common shares	13,028,408					
Jiang Jing	10,635,440	RMB common shares	10,635,440					
Zhao Bing	10,420,126	RMB common	10,420,126					

		shares	
Lou Chenglin	5,500,000	RMB common shares	5,500,000
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)	Huang Jupei holds 32,063,920 shares of the Company through GF Securities customer credit transaction guarantee securities account; Zhou Shijian holds 21,123,481 shares of the Company through GF Securities customer credit transaction guarantee securities account, Zhao Bing holds 900,000 shares of the Company through Everbright Securities customer credit transaction guarantee securities account; Lou Chenglin holds 5,500,000 shares of the Company through China Investment Securities customer credit transaction guarantee securities account.		

There is no agreed re-purchasing by top-10 shareholders in the report period.

3. Neither the controlling shareholder nor the substantial controller of the Company has changed in the report period.

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.			9,283,075	1.23%		

VII Particulars about the Directors, Supervisors, and Senior Management

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

The Company's Directors, supervisors and senior management shareholding has remained unchanged during the report period. For details, please refer to the 2013 annual report.

2. Changes in the Directors, Supervisors and Senior Executives

√ Applicable □ Inapplicable

Name	Job	Type	Date	Reason
Xiong Jianming	Chairman, president	Elected	March 31, 2014	Term expired and re-elected
Wang Shengguo	Director, vice president	Elected	March 31, 2014	Term expired and re-elected
Xiong Jianwei	Director	Elected	March 31, 2014	Term expired and re-elected
Zhou Zhigang	Director, secretary of the Board	Elected	March 31, 2014	Term expired and re-elected
Huang Yaying	Independent director	Elected	March 31, 2014	Term expired and re-elected
Guo Wanda	Independent director	Elected	March 31, 2014	Term expired and re-elected
Lin Bin	Independent director	Elected	March 31, 2014	Term expired and re-elected
Zhen Hua	Supervisory Committee meeting convener	Elected	March 31, 2014	Term expired and re-elected
Yin Changjian	Supervisor	Elected	March 31, 2014	Term expired and re-elected
Zen Xiaowu	Supervisor	Elected	March 31, 2014	Term expired and re-elected
Lin Kebin	Vice president and CFO	Engaged	March 31, 2014	Term expired and re-elected
Wei Yuexing	Vice president	Engaged	March 31, 2014	Term expired and re-elected

Guo Jinlong	Independent director	Leaving office	March 31, 2014	Term expired and re-elected
Shao Hanqing	Independent director	Leaving office	March 31, 2014	Term expired and re-elected
Yu Guoan	Supervisor	Leaving office	March 31, 2014	Term expired and re-elected
Cao Naisi	Supervisor	Leaving office	March 31, 2014	Term expired and re-elected
Yang Xioazhuan	Vice president	Leaving office	March 31, 2014	Term expired and re-elected

VIII Financial Statements

1. Auditor's report

The financial statements for H1 2014 have not been audited.

2. Financial statements

Unit for statements in notes to financial statements: RMB yuan

1. Consolidated Balance Sheet

Prepared by: China Fangda Group Co., Ltd.

In RMB

Items	Closing balance	Ending balance
Current asset:		
Monetary capital	307,429,623.20	333,876,921.97
Settlement provision		
Outgoing call loan		
Transactional financial assets		
Notes receivable	10,729,852.00	21,898,770.43
Account receivable	993,638,618.20	898,780,981.93
Prepayment	46,893,077.41	28,364,016.21
Insurance receivable		
Reinsurance receivable		
Provisions of Reinsurance contracts receivable		
Interest receivable	20,800.00	36,387.50
Dividend receivable		
Other receivables	65,536,182.96	66,298,730.17
Repurchasing of financial assets		
Inventory	786,872,945.78	428,537,851.82
Non-current assets due in 1 year		
Other current assets	89,808,955.68	
Total current assets	2,300,930,055.23	1,777,793,660.03
Non-current assets:		

Disburse of consigned loans		
Sellable financial assets		
Investment held until mature		
Long-term receivable		
Long-term share equity investment	9,952,757.98	9,994,565.55
Investment real estate	189,468,158.14	195,249,069.13
Fixed assets	458,760,985.23	462,930,269.98
Construction in process	182,694.92	940,841.00
Engineering materials		
Disposal of fixed assets	32,625.31	177,298.11
Productive biological assets		
Gas & petrol		
Intangible assets	91,199,895.95	91,527,650.52
R&D expense		
Goodwill		
Long-term amortizable expenses	3,925,316.69	3,799,354.79
Deferred income tax assets	45,658,823.25	41,166,043.56
Other non-current assets	25,478,789.90	15,978,789.90
Total of non-current assets	824,660,047.37	821,763,882.54
Total of assets	3,125,590,102.60	2,599,557,542.57
Current liabilities		
Short-term loans	725,000,000.00	369,000,000.00
Loans from Central Bank		
Deposit received and held for others		
Call loan received		
Transactional financial liabilities		
Notes payable	202,336,802.87	188,570,850.63
Account payable	650,805,706.90	489,216,140.32
Prepayment received	144,109,711.31	168,386,251.94
Selling of repurchased financial assets		
Fees and commissions payable		
Employees' wage payable	17,028,555.42	30,182,851.80
Taxes payable	52,316,813.48	44,839,947.77

Interest payable	884,716.66	689,153.75
Dividend payable		
Other payables	49,463,331.24	41,687,580.72
Reinsurance fee payable		
Insurance contract provision		
Entrusted trading of securities		
Entrusted selling of securities		
Non-current liabilities due in 1 year		
Other current liabilities		
Total current liabilities	1,841,945,637.88	1,332,572,776.93
Non-current liabilities:		
Long-term loans		
Bond payable		
Long-term payable		
Special payables		
Anticipated liabilities		
Deferred income tax liabilities	40,858,031.32	40,656,763.97
Other non-current liabilities	10,158,474.47	10,255,823.93
Total of non-current liabilities	51,016,505.79	50,912,587.90
Total liabilities	1,892,962,143.67	1,383,485,364.83
Owners' equity (or shareholders' equity)		
Capital paid in (or share capital)	756,909,905.00	756,909,905.00
Capital reserves	79,226,752.01	79,191,052.01
Less: Shares in stock		
Special reserves		
Surplus reserves	46,389,142.21	46,389,142.21
Common risk provisions		
Retained profit	296,212,292.72	278,149,631.63
Difference caused by translation of foreign currency statements		
Total of owner's equity belong to the parent company	1,178,738,091.94	1,160,639,730.85
Minor shareholders' equity	53,889,866.99	55,432,446.89

Total of owners' equity (or shareholders' equity)	1,232,627,958.93	1,216,072,177.74
Total of liability and owners' equity (or shareholders' equity)	3,125,590,102.60	2,599,557,542.57

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	7,499,144.67	68,223,808.76
Transactional financial assets		
Notes receivable		
Account receivable	604,459.49	604,459.49
Prepayment	43,089.61	218,984.07
Interest receivable		
Dividend receivable	39,356,000.00	39,356,000.00
Other receivables	588,210,866.78	571,620,659.73
Inventory		
Non-current assets due in 1 year		
Other current assets	689,184.18	
Total current assets	636,402,744.73	680,023,912.05
Non-current assets:		
Sellable financial assets		
Investment held until mature		
Long-term receivable		
Long-term share equity investment	719,686,503.56	719,728,311.13
Investment real estate	163,615,954.05	174,778,756.62
Fixed assets	60,399,293.21	48,117,849.19
Construction in process		914,126.00
Engineering materials		
Disposal of fixed assets		

Productive biological assets		
Gas & petrol		
Intangible assets	2,120,864.58	1,351,845.98
R&D expense		
Goodwill		
Long-term amortizable expenses	79,002.15	50,314.43
Deferred income tax assets	13,638,159.39	12,342,430.37
Other non-current assets		
Total of non-current assets	959,539,776.94	957,283,633.72
Total of assets	1,595,942,521.67	1,637,307,545.77
Current liabilities		
Short-term loans	200,000,000.00	104,000,000.00
Transactional financial liabilities		
Notes payable		
Account payable	606,941.85	1,849,090.36
Prepayment received	693,045.60	798,586.70
Employees' wage payable	841,088.14	1,881,681.86
Taxes payable	561,161.47	260,761.30
Interest payable	344,300.00	193,930.00
Dividend payable		
Other payables	83,396,825.27	192,765,065.68
Non-current liabilities due in 1 year		
Other current liabilities		
Total current liabilities	286,443,362.33	301,749,115.90
Non-current liabilities:		
Long-term loans		
Bond payable		
Long-term payable		
Special payables		
Anticipated liabilities		
Deferred income tax liabilities	88,810,341.61	88,615,374.26
Other non-current liabilities		
Total of non-current liabilities	88,810,341.61	88,615,374.26

Total liabilities	375,253,703.94	390,364,490.16
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	38,690,396.63
Less: Shares in stock		
Special reserves		
Surplus reserves	46,389,142.21	46,389,142.21
Common risk provisions		
Retained profit	378,699,373.89	404,953,611.77
Difference caused by translation of foreign currency statements		
Total of owners' equity (or shareholders' equity)	1,220,688,817.73	1,246,943,055.61
Total of liability and owners' equity (or shareholders' equity)	1,595,942,521.67	1,637,307,545.77

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	822,792,739.02	736,828,039.88
Incl. Business income	822,792,739.02	736,828,039.88
Interest income		
Insurance fee earned		
Fee and commission received		
2. Total business cost	781,151,190.76	693,328,494.53
Incl. Business cost	668,447,444.31	584,493,820.44
Interest expense		
Fee and commission paid		
Insurance discharge payment		
Net claim amount paid		

Net insurance policy reserves provided		
Insurance policy dividend paid		
Reinsurance expenses		
Business tax and surcharge	11,358,459.71	13,633,238.09
Sales expense	18,245,120.86	17,614,987.09
Administrative expense	67,185,503.16	57,347,495.40
Financial expenses	11,047,478.14	12,213,522.40
Asset impairment loss	4,867,184.58	8,025,431.11
Plus: gains from change of fair value (“-“ for loss)		
Investment gains (“-“ for loss)	969,118.50	
Incl. Investment gains from affiliates and joint ventures	-41,807.57	
Exchange gains (“-“ for loss)		
3. Operational profit (“-“ for loss)	42,610,666.76	43,499,545.35
Plus: non-operational income	3,041,518.40	2,504,701.74
Less: non-operational expenditure	2,061,903.28	672,299.16
Incl. Loss from disposal of non-current assets	1,569,906.67	169,723.53
4. Gross profit (“-“ for loss)	43,590,281.88	45,331,947.93
Less: Income tax expenses	4,362,903.54	7,795,908.42
5. Net profit (“-“ for net loss)	39,227,378.34	37,536,039.51
Including: Net profit realized by the entity taken over before the takeover		
Net profit attributable to the owners of parent company	40,769,958.24	39,361,593.42
Minor shareholders' equity	-1,542,579.90	-1,825,553.91
6. Earnings per share:	--	--
(1) Basic earnings per share	0.05	0.05
(2) Diluted earnings per share	0.05	0.05
7. Other misc. incomes	35,700.00	
8. Total of misc. incomes	39,263,078.34	37,536,039.51

Total of misc. incomes attributable to the owners of the parent company	40,805,658.24	39,361,593.42
Total misc gains attributable to the minor shareholders	-1,542,579.90	-1,825,553.91

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	14,332,254.25	23,580,401.58
Less: Operation cost	2,129,602.96	4,742,190.07
Business tax and surcharge	1,179,113.66	1,829,817.82
Sales expense		
Administrative expense	11,316,843.92	10,381,634.49
Financial expenses	5,364,994.52	2,086,644.86
Asset impairment loss	-53,159.58	14,817.75
Plus: gains from change of fair value ("-" for loss)		
Investment gains ("-" for loss)	-41,807.57	
Incl. Investment gains from affiliates and joint ventures	-41,807.57	
2. Operational profit ("-" for loss)	-5,646,948.80	4,525,296.59
Plus: non-operational income	1,326,268.74	1,025,011.10
Less: non-operational expenditure	327,022.34	373,248.83
Incl. Loss from disposal of non-current assets	125,522.34	34,285.02
3. Gross profit ("-" for loss)	-4,647,702.40	5,177,058.86
Less: Income tax expenses	-1,100,761.67	994,439.99
4. Net profit ("-" for net loss)	-3,546,940.73	4,182,618.87
5. Earnings per share:	--	--
(1) Basic earnings per share		
(2) Diluted earnings per share		
6. Other misc. incomes	0.00	0.00

7. Total of misc. incomes	-3,546,940.73	4,182,618.87
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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	749,511,473.43	746,305,400.55
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	575,871.97	1,402,420.40
Other cash received from business operation	47,867,585.96	24,853,131.88
Sub-total of cash inflow from business operations	797,954,931.36	772,560,952.83
Cash paid for purchasing products	852,304,489.33	596,363,985.36

and services		
Net increase of client trade and advance		
Net increase of savings in central bank and brother company		
Cash paid for original contract claim		
Cash paid for interest, processing fee and commission		
Cash paid for policy dividend		
Cash paid to and for the staff	105,126,526.67	80,075,568.67
Taxes paid	43,416,941.46	39,998,936.89
Other cash paid for business activities	65,659,703.51	55,032,599.32
Sub-total of cash outflow from business operations	1,066,507,660.97	771,471,090.24
Cash flow generated by business operations, net	-268,552,729.61	1,089,862.59
2. Cash flow generated by investment:		
Cash received from investment recovery		
Cash received as investment profit	1,008,267.73	
Net cash retrieved from disposal of fixed assets, intangible assets, and other long-term assets	4,577,733.50	230,729.00
Net cash received from disposal of subsidiaries or other operational units		
Other investment-related cash received	133,500.00	371,500.00
Sub-total of cash inflow generated from investment	5,719,501.23	602,229.00
Cash paid for construction of fixed assets, intangible assets and other long-term assets	8,981,293.29	35,013,827.84
Cash paid as investment		20,000,000.00
Net increase of loan against pledge		
Net cash paid for acquiring subsidiaries and other operational units		

Other cash paid for investment	130,500.00	960,000.00
Subtotal of cash outflows	9,111,793.29	55,973,827.84
Cash flow generated by investment activities, net	-3,392,292.06	-55,371,598.84
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	356,000,000.00	160,000,000.00
Cash received from bond placing		
Other cash received from financing activities		
Subtotal of cash inflow from financing activities	356,000,000.00	160,000,000.00
Cash paid to repay debts		70,000,000.00
Cash paid as dividend, profit, or interests	41,950,857.15	28,180,178.76
Incl. Dividend and profit paid by subsidiaries to minority shareholders		
Other cash paid for financing activities	156,090.75	81,621.53
Subtotal of cash outflow from financing activities	42,106,947.90	98,261,800.29
Net cash flow generated by financing activities	313,893,052.10	61,738,199.71
4. Influence of exchange rate changes on cash and cash equivalents	-7,348.79	-36.18
5. Net increase in cash and cash equivalents	41,940,681.64	7,456,427.28
Plus: Balance of cash and cash equivalents at the beginning of term	285,237,255.38	240,167,372.86
6. Balance of cash and cash equivalents at the end of the period	327,177,937.02	247,623,800.14

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	12,110,570.32	17,270,087.97
Tax refunded		
Other cash received from business operation	486,019,552.00	297,539,451.29
Sub-total of cash inflow from business operations	498,130,122.32	314,809,539.26
Cash paid for purchasing products and services	2,860,543.41	5,883,177.71
Cash paid to and for the staff	7,871,822.76	5,654,402.78
Taxes paid	1,340,978.19	2,290,978.47
Other cash paid for business activities	784,384,264.75	181,902,222.11
Sub-total of cash outflow from business operations	796,457,609.11	195,730,781.07
Cash flow generated by business operations, net	-298,327,486.79	119,078,758.19
2. Cash flow generated by investment:		
Cash received from investment recovery		
Cash received as investment profit		
Net cash retrieved from disposal of fixed assets, intangible assets, and other long-term assets	171,005,300.50	729.00
Net cash received from disposal of subsidiaries or other operational units		
Other investment-related cash received		
Sub-total of cash inflow generated from investment	171,005,300.50	729.00
Cash paid for construction of fixed	1,118,624.57	73,788.50

assets, intangible assets and other long-term assets		
Cash paid as investment		40,000,000.00
Net cash paid for acquiring subsidiaries and other operational units		
Other cash paid for investment		
Subtotal of cash outflows	1,118,624.57	40,073,788.50
Cash flow generated by investment activities, net	169,886,675.93	-40,073,059.50
3. Cash flow generated by financing activities:		
Cash received from investment		
Cash received from borrowed loans	96,000,000.00	90,000,000.00
Cash received from bond placing		
Other cash received from financing activities		
Subtotal of cash inflow from financing activities	96,000,000.00	90,000,000.00
Cash paid to repay debts		70,000,000.00
Cash paid as dividend, profit, or interests	28,150,357.15	26,856,728.43
Other cash paid for financing activities	156,090.75	81,621.53
Subtotal of cash outflow from financing activities	28,306,447.90	96,938,349.96
Net cash flow generated by financing activities	67,693,552.10	-6,938,349.96
4. Influence of exchange rate changes on cash and cash equivalents		
5. Net increase in cash and cash equivalents	-60,747,258.76	72,067,348.73
Plus: Balance of cash and cash equivalents at the beginning of term	67,973,808.76	25,540,604.84
6. Balance of cash and cash equivalents at the end of the period	7,226,550.00	97,607,953.57

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.

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	79,191,052.01			46,389,142.21		278,149,631.63		55,432,446.89	1,216,072,177.74
Plus: Changes in accounting policies										
Correction of previous errors										
Others										
2. Balance at the beginning of current year	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
3. Amount of change in current term ("-" for decrease)		35,700.00					18,062,661.09		-1,542,579.90	16,555,781.19
(1) Net profit							40,769,958.24		-1,542,579.90	39,227,378.34
(2) Other misc. income		35,700.00								35,700.00
Sub-total of (1) and (2)		35,700.00					40,769,958.24		-1,542,579.90	39,263,078.34
(3) Investment or decreasing of capital by owners										
1. Capital input by owners										
2. Amount of shares paid and accounted as owners' equity										
3. Others										
(4) Profit allotment							-22,707,297.15			-22,707,297.15
1. Providing of surplus reserves										
2. Common risk provision										

3. Allotment to the owners (or shareholders)							-22,707,297.15			-22,707,297.15
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	79,226,752.01			46,389,142.21		296,212,292.72		53,889,866.99	1,232,627,958.93

In RMB

Items	Amount of Last Year									
	Owners' Equity Attributable to the Parent Company								Minor shareholders' equity	Total of owners' equity
	Capital paid in (or share capital)	Capital reserves	Less: Shares in stock	Special reserves	Surplus reserves	Common risk provisions	Retained profit	Others		
1. Balance at the end of last year	756,909,905.00	80,299,867.64			30,494,542.94		230,907,879.99		59,708,531.11	1,158,320,726.68
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	80,299,867.64			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
(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

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.

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	38,690,396.63			46,389,142.21		404,953,611.77	1,246,943,055.61
Plus: Changes in accounting policies								
Correction of previous errors								
Others								
2. Balance at the beginning of current year	756,909,905.00	38,690,396.63			46,389,142.21		404,953,611.77	1,246,943,055.61
3. Amount of change in current term ("-" for decrease)							-26,254,237.88	-26,254,237.88
(1) Net profit							-3,546,940.73	-3,546,940.73
(2) Other misc. income								
Sub-total of (1) and (2)							-3,546,940.73	-3,546,940.73
(3) Investment or decreasing of capital by owners								
1. Capital input by owners								
2. Amount of shares paid and accounted as owners' equity								
3. Others								
(4) Profit allotment							-22,707,297.15	-22,707,297.15
1. Providing of surplus reserves								
2. Common risk provision								
3. Allotment to the owners (or shareholders)							-22,707,297.15	-22,707,297.15

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		378,699,37 3.89	1,220,688, 817.73

In RMB

Items	Amount of Last Year							
	Capital paid in (or share capital)	Capital reserves	Less: Shares in stock	Special reserves	Surplus reserves	Common risk provisions	Retained profit	Total of owners' equity
1. Balance at the end of last year	756,909,90 5.00	39,799,212 .26			30,494,542 .94		284,442,73 1.25	1,111,646, 391.45
Plus: Changes in accounting policies								
Correction of previous errors								
Others								
2. Balance at the beginning of current year	756,909,90 5.00	39,799,212 .26			30,494,542 .94		284,442,73 1.25	1,111,646, 391.45
3. Amount of change in current term ("-" for decrease)		-1,108,815. 63			15,894,599 .27		120,510,88 0.52	135,296,66 4.16
(1) Net profit							158,945,99 2.66	158,945,99 2.66
(2) Other misc. income		-1,108,815. 63						-1,108,815. 63
Sub-total of (1) and (2)		-1,108,815.					158,945,99	157,837,17

		63				2.66	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		-38,435,11	-22,540,51
				.27		2.14	2.87
1. Providing of surplus reserves				15,894,599		-15,894,59	
				.27		9.27	
2. Common risk provision							
3. Allotment to the owners (or shareholders)						-22,540,51	-22,540,51
						2.87	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	38,690,396		46,389,142		404,953,61	1,246,943,
	5.00	.63		.21		1.77	055.61

Legal representative: Xiong Jianming

CFO: Lin Kebing

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

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

(I) Basis for the preparation of financial statements

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

Except for subsidiaries that have stopped operating, the financial statements are prepared on the basis of continuous operation. The financial statements for subsidiaries that have stopped operating (Shenyang Fangda, Fangda Aluminium and Fang Yide) are prepared on the basis of non-continuous operation.

The Company's audit is based on the accrual basis. Except for some financial instruments and property held for investment, 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 June 30, 2014, and business performance and cash

flow situation between January and June 2014 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 a basket of transactions

When the terms, conditions and economic impacts of several transactions of disposal of share equity and loss of control meet one or multiple situations listed below, the Company will treat the several transactions as a basket of transactions:

These transactions are conducted concurrently or with mutual impacts considered;

- ② These transactions can only achieve the business result as a whole;
- ③ The effectiveness of one transaction depends the occurrence of at least another transaction;
- ④ A single transaction is not economic and is economic when considered together with other transactions.

(2) Accounting treatment of a basket of transactions

For transactions in step disposal of stock equity and loss of control, the difference between the book value and proceeds from the long-term equity investment corresponding to each disposal of equity in separate financial statement and the book value of the disposal of long-term equity investment is included in the current investment gain.

In consolidated financial statements, between step disposal of stock equity and loss of control, the measurement of residual stock equity and accounting ratio of related stock equity disposal gain/loss are subject to the disposal of loss of subsidiary control. The difference between every disposal amount before losing control and the share of net assets of the subsidiary enjoyed corresponding to the disposal is recognized as other general gains and is included in capital reserve (other capital reserve). It is transferred to current gain/loss from loss of control when the control is lost.

(3) Accounting treatment of non-package transactions

For transactions in step disposal of stock equity and loss of control, the difference between the book value and proceeds from the long-term equity investment corresponding to each disposal of equity in separate financial statement and the book value of the disposal of long-term equity investment is included in the current investment gain.

In consolidated financial statements, between step disposal of stock equity and loss of control, the measurement of residual stock equity and accounting ratio of related stock equity disposal gain/loss are subject to the disposal of loss of subsidiary control. The difference between every disposal amount before losing control and the share of net assets of the subsidiary enjoyed corresponding to the disposal is included in capital reserve (stock premium/capital premium) as an equity transaction. It will not be transferred to current gain/loss from loss of control when the control is lost.

(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

(VIII) Foreign currencies

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

(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 de-recognition 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.

Verification of impairment in various sellable financial assets

(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	Accounts receivable consolidated are accounted using the separate test method.

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)	3.00%	3.00%
1-2 years	10.00%	10.00%
2-3 years	30.00%	30.00%
Over 3 years	50.00%	50.00%
3-4 years	50.00%	50.00%
4-5 years	50.00%	50.00%
Over 5 years	50.00%	50.00%

Receivables adopting the balance percentage method in the group

Applicable Inapplicable

Receivables adopting other methods in the group

Applicable Inapplicable

(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 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

(2) 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	10.00%	2-2.57
Mechanical equipment	10	10.00%	9

Electronic equipment	5	10.00%	18
Transport equipment	5	10.00%	18

(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 adjusted 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 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 assets;
- (2) The borrowing expense has already occurred;
- (3) Purchasing and production activity, which is necessary for the asset to reach the useful status, has already started.

(2) During borrowing expense capitalization

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

(3) Capitalization suspension period

If the construction assets satisfying the capitalizing conditions are 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	
Proprietary technology	10	
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 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 and joint ventures, 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 and joint ventures, 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 leaser

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 leaser

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 arbitrage hedging

Arbitrage hedging is one or multiple hedging tools used to prevent the commodity price risk by using the forecast fluctuation of the hedging tools to offset the all or part of the cash flow changes in the arbitration items. The Company uses aluminum futures contracts as the arbitrage tools. The arbitrated item is forecast raw material – aluminum purchase. The arbitrage must meet all the following conditions to be considered as highly effective by the Company:

1. Before and during arbitrage, the arbitrage will effectively offset the cash flow changes caused by the arbitrated risks during the period.

2. The actual offsetting result ranges between 80% and 125%.

The part of gains or losses in arbitrage tools in the effective arbitrage are directly recognized as owner's interests and reflected as separate items. The amount in the effective arbitrage is recognized by the accumulative gains or losses from the starting of arbitrage and accumulative changes to the current value of future forecast cash flows from the start of arbitrage. When it is forecasted that a transaction would cause the Company to recognize financial assets or liabilities, the related gains or losses previously recognized as owner's interests will be transferred out when the financial assets or liabilities impact the Company's gain/loss and included in the current gain/loss. When the net loss previously recognized in owner's interests cannot be offset in the future account period, the part that cannot be offset should be transferred out and included in the current gain/loss. The above-mentioned arbitrage account expires when the arbitrage tools expire or are sold, terminated and no longer meet the accounting conditions.

33. Major changes in accounting policies and estimates

No change in major accounting estimates in the report period

(1) No change in major accounting policies in the report period**(2) No change in major accounting policies in the report period****34. Correction of previous accounting faults**

Faults in previous accounts in the current report period

Yes No

No fault in previous accounts in the current report period

(1) Retrospective restatement method

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

Yes No

(2) Prospective application method

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

Yes No

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

Income tax rates for branches and factories

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 Jianke 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 address	Business	Registered capital	Business scope	Actual investment at the end of the period	Balance of other items composing net investment in subsidiaries	Shareholding	Proportion of votes	Consolidate statements	Minor shareholder's equity	Amount for deducting minority gain/loss in the minority interest	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	Fully-owned	Shenzhen	Designing, manufacturing	310,000.00	Designing, manufacturing, and	310,000.00		100.00%	100.00%	Yes			

Jianke Group Co., Ltd.	subsidiary		cturing, and installation of curtain walls		installatio	n of curtain walls							
Shenzhen Fangda Automatic System Co., Ltd.	Fully-owned subsidiary	Shenzhen	Installation and processing of metro screen door	105,000.00	Designing, technical developing, installation, and sales of PSD system; import & export; installation and processing of PSD.	183,777.27		100.00%	100.00%	Yes			
Shenzhen Fangda Yide New Material Co., Ltd.	Fully-owned subsidiary	Shenzhen	Production and distribution of new-type composite materials	USD 3,200,000.00	R&D, design and production of new-type composite materials	3,200,000.00		100.00%	100.00%	Yes			
Fangda New Materials (Jiangxi) Co., Ltd.	Fully-owned subsidiary	Nanchang	Production and sales of new-type materials composite	USD 12,000,000.00	Production and sales of new-type materials, composite materials, production of curtain walls,	12,000,000.00		100.00%	100.00%	Yes			

			site materials and production of curtain walls		windows, metal structures and components, metal products and environmental protection materials and products								
Jiangxi Fangda New Type Aluminium Co., Ltd.	Fully-owned subsidiary	Nanchang	Design, production, sales and installation of various curtain wall aluminium doors and windows	20,000,000.00	Design, production, sales and installation of curtain wall aluminium materials, doors, windows and sectional materials	20,000,000.00		100.00%	100.00%	Yes			
Hong Kong Junjia Group Co., Ltd.	Fully-owned subsidiary	Hong Kong	Investment	HKD 10,000,000.00	Investment	10,000,000.00		100.00%	100.00%	Yes			
Shenyang Fangda Semi-conductor Lighting	Controlled subsidiaries	Shenyang	Manufacturing of semiconductor	200,000,000.00	Manufacturing of semiconductor lighting material	108,852,073.85		64.58%	64.58%	Yes	53,889,866.99	-1,542,579.90	

Co., Ltd.			lighting material and chips; lighting source encapsulation; developing, designing, manufacturing, engineering, installation and trading of semiconductor lighting system		and chips; lighting source encapsulation; developing, designing, manufacturing, engineering, installation and trading of semiconductor lighting system								
Shenzhen Kexunda Software Co., Ltd.	Fully-owned subsidiary	Shenzhen	Developing of hardware and software, system integration, technical consulting	1,000,000.00	Computer software and hardware development and sales, computer software development, system integration and	1,000,000.00		100.00%	100.00%	Yes			

					technical consulting								
Shenzhen Fangda Property Development Co., Ltd.	Fully-owned subsidiary	Shenzhen	Real-estate development and operation; 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		100.00%	100.00%	Yes			

Notes to subsidiaries founded or acquired from investment

2. 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:	--	--	15,392.46	--	--	33,975.32
RMB	--	--	15,280.78	--	--	29,296.71
HK Dollar	142.04	0.78623	111.68	5,950.69	0.78623	4,678.61
Bank deposits:	--	--	258,658,623.21	--	--	297,145,634.33
RMB	--	--	208,370,365.42	--	--	296,625,709.31
USD	8,120,413.19	6.0969	49,509,347.19	10,734.32	6.0969	65,446.08
SGD	162,798.75	4.7845	778,910.60	94,989.85	4.7845	454,478.94
Other monetary capital:	--	--	48,755,607.53	--	--	36,697,312.32

RMB	--	--	48,755,607.53	--	--	36,697,312.32
USD						
Total	--	--	307,429,623.20	--	--	333,876,921.97

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 Jianke. For details of the case please see Note VII-1.

Balance of RMB48,755,607.53 under other monetary capital was mainly deposit for bank accepted notes and letter of guarantee, including deposit of RMB48,639,666.59 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	4,121,078.00	21,898,770.43
Commercial acceptance	6,608,774.00	
Total	10,729,852.00	21,898,770.43

(2) Pledged notes receivable at the end of period

In RMB

Issuer	Date of issue	Due date	Amount	Notes

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

The Company has no note transferred into account receivable due to the failure of the issuer to perform.

Notes endorsed to other parties but remaining immature

In RMB

Issuer	Date of issue	Due date	Amount	Notes
Yufeng Group Co., Ltd.	March 12, 2014	September 12, 2014	1,500,000.00	
CPI Environmental Protection Engineering Co. Ltd.	May 27, 2014	November 27, 2014	1,348,800.00	
Yufeng Group Co., Ltd.	March 14, 2014	September 19, 2014	1,000,000.00	
Yufeng Group Co., Ltd.	March 14, 2014	September 19, 2014	1,000,000.00	
Yufeng Group Co., Ltd.	March 14, 2014	September 19, 2014	1,000,000.00	

Total	--	--	5,848,800.00	--
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3. Receivable interest

(1) Receivable interest

In RMB

Items	Opening amount	Increase	Decrease	Closing amount
Interest receivable	36,387.50	30,062.50	45,650.00	20,800.00
Total	36,387.50	30,062.50	45,650.00	20,800.00

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 for which bad debt provision is made by group								
Receivable accounts outside consolidation	1,158,177,273.39	98.18%	164,538,655.19	14.21%	1,059,935,942.75	98.00%	161,204,960.82	15.21%
Subtotal	1,158,177,273.39	98.18%	164,538,655.19	14.21%	1,059,935,942.75	98.00%	161,204,960.82	15.21%
Account receivable with minor individual amount and bad debt provision provided individually	21,520,471.60	1.82%	21,520,471.60	100.00%	21,620,471.60	2.00%	21,570,471.60	99.77%
Total	1,179,697,744.99	--	186,059,126.79	--	1,081,556,414.35	--	182,775,432.42	--

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”.

The Company had no account receivable with major individual amount and bad debt provision provided individually at the end of the period.

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

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	630,127,874.39	53.41%	18,917,677.59	549,013,214.34	51.80%	16,472,504.90
Subtotal for less than 1 year	630,127,874.39	53.41%	18,917,677.59	549,013,214.34	51.80%	16,472,504.90
1-2 years	237,102,431.44	20.10%	23,710,243.12	209,253,623.01	19.74%	20,925,362.29
2-3 years	117,813,746.62	9.99%	35,344,124.00	135,137,295.40	12.75%	40,541,188.60
Over 3 years	173,133,220.94	14.68%	86,566,610.49	166,531,810.00	15.71%	83,265,905.03
Total	1,158,177,273.39	--	164,538,655.19	1,059,935,942.75	--	161,204,960.82

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	Provision rate	Reason
Trade receivable	4,478,919.79	4,478,919.79	100.00%	Aged over 5 years, unlikely to be recovered
Trade receivable	634,619.39	634,619.39	100.00%	Litigation-related, unlikely to be recovered
Curtain wall project payment	3,160,003.20	3,160,003.20	100.00%	Aged over 5 years, unlikely to be recovered
Curtain wall project payment	430,629.58	430,629.58	100.00%	Litigation-related, unlikely to be recovered
Others	12,816,299.64	12,816,299.64	100.00%	
Total	21,520,471.60	21,520,471.60	--	--

(2) No written-back or recovered account receivable during the report period

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	Provision rate	Reason
Trade receivable	4,478,919.79	4,478,919.79	100.00%	Aged over 5 years, unlike to be recovered
Trade receivable	634,619.39	634,619.39	100.00%	Litigation-related, unlikely to be recovered
Curtain wall project payment	3,160,003.20	3,160,003.20	100.00%	Aged over 5 years, unlike to be recovered
Curtain wall project payment	430,629.58	430,629.58	100.00%	Litigation-related, unlikely to be recovered
Others	12,816,299.64	12,816,299.64	100.00%	
Total	21,520,471.60	21,520,471.60		

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

The Company accounts receivables with long accounting ages, worsening customer credit but small amount as other receivables with combined major risks.

(3) No written-off account receivable during the report period

(4) No shareholder holding 5% or above shares with voting rights of the Company owes any account receivable to the Company at the end of period.

(5) Top 5 account receivable entities

In RMB

Entity	Relationship with the Company	Amount	Term	Percentage in the total account receivable
No.1	Curtain wall engineering customer	37,584,874.83	Less than 1 year	3.19%
No.2	Curtain wall engineering customer	29,410,011.31	1-2 years	2.49%
No.3	Curtain wall engineering customer	28,646,942.98	1-3 years	2.43%
No.4	Curtain wall engineering customer	27,499,096.15	Less than 1 year	2.33%
No.5	Curtain wall engineering customer	25,243,279.60	1-3 years	2.14%
Total	--	148,384,204.87	--	12.58%

(6) There is no receivable from affiliates at the end of the report period.

(7) The Company did not de-recognize account receivable in the report period.

(8) The Company did not conduct securitization of receivables in the report period.

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 and bad debt provision provided individually	1,220,316.84	1.46%	1,220,316.84	100.00%	1,220,316.84	1.47%	1,220,316.84	100.00%
Other receivables for which bad debt provision is made by group								
Including: other receivables out of the consolidation	80,300,887.97	96.18%	14,764,705.01	18.39%	79,642,281.33	96.15%	13,343,551.16	16.75%
Subtotal	80,300,887.97	96.18%	14,764,705.01	18.39%	79,642,281.33	96.15%	13,343,551.16	16.75%
Other receivables with minor individual amount and bad debt provision provided individually	1,971,822.77	2.36%	1,971,822.77	100.00%	1,971,822.77	2.38%	1,971,822.77	100.00%
Total	83,493,027.58	--	17,956,844.62	--	82,834,420.94	--	16,535,690.77	--

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	Provision rate	Reason
Receivable deposit	1,220,316.84	1,220,316.84	100.00%	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	36,735,780.21	44.00%	1,097,323.30	37,490,912.58	47.07%	1,124,727.37
Subtotal for less than 1 year	36,735,780.21	44.00%	1,097,323.30	37,490,912.58	47.07%	1,124,727.37
1-2 years	12,980,583.13	15.55%	1,298,058.32	16,166,703.85	20.30%	1,616,670.39
2-3 years	14,581,647.76	17.46%	4,374,494.34	11,950,894.86	15.01%	3,585,268.47
Over 3 years	16,005,376.87	19.17%	7,994,829.06	14,033,770.04	17.62%	7,016,884.93
Total	80,300,887.97	--	14,764,705.02	79,642,281.33	--	13,343,551.16

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	Provision rate	Reason
Prepaid engineering amount	834,065.01	834,065.01	100.00%	Aged over 5 years, unlikely to be recovered
Receivable deposit	550,000.00	550,000.00	100.00%	Aged over 5 years, unlikely to be recovered
Prepaid account	100,000.00	100,000.00	100.00%	Aged over 5 years, unlikely to be recovered
Others	487,757.76	487,757.76	100.00%	
Total	1,971,822.77	1,971,822.77	--	--

(2) No written-back or recovered other receivables during the report period

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	Provision rate	Reason
Receivable deposit	1,220,316.84	1,220,316.84	100.00%	Aged over 5 years, unlike to be recovered
Prepaid engineering amount	834,065.01	834,065.01	100.00%	Aged over 5 years, unlike to be recovered
Receivable deposit	550,000.00	550,000.00	100.00%	Aged over 5 years, unlike to be recovered
Prepaid account	100,000.00	100,000.00	100.00%	Aged over 5 years, unlike to be recovered
Others	487,757.76	487,757.76	100.00%	
Total	3,192,139.61	3,192,139.61	--	--

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

The Company accounts receivables with long accounting ages, worsening customer credit but small amount as other receivables with combined major risks.

(3) No written-off other receivable during the report period

(4) No shareholder holding 5% or above shares with voting rights of the Company owes any other receivables to the Company at the end of period.

(5) Nature and description of major other receivables

In RMB

Entity	Amount	Nature or description	Percentage in the total other receivables
Hainan GreenTown Investment Co., Ltd.	4,346,000.00	Deposit	5.21%
Shenyang Zhongyi Industrial Co., Ltd.	4,365,161.24	House payment	5.23%
Zhejiang Jiayue Industrial Co., Ltd.	3,699,100.00	Deposit	4.43%
Total	12,410,261.24	--	14.87%

(6) Top 5 other receivable entities

In RMB

Entity	Relationship with the Company	Amount	Term	Percentage in the total other receivables
Hainan GreenTown Investment Co., Ltd.	Customer	4,346,000.00	1-2 years	5.21%
Shenyang Zhongyi Industrial Co., Ltd.	Customer	4,365,161.24	Less than 1 year	5.23%
Zhejiang Jiayue Industrial Co., Ltd.	Customer	3,699,100.00	2-3 years	4.43%
Xin Song	Curtain wall engineering contractor	575.00	2-3 years	0.00%
Xin Song	Curtain wall engineering contractor	2,673,752.61	Over 3 years	3.20%
Wang Weihong	Curtain wall engineering contractor	196,384.29	Less than 1 year	0.24%
Wang Weihong	Curtain wall engineering contractor	458,570.59	1-2 years	0.55%
Wang Weihong	Curtain wall engineering contractor	1,123,604.99	2-3 years	1.35%
Wang Weihong	Curtain wall engineering contractor	841,123.48	Over 3 years	1.01%
Total	--	17,704,272.20	--	21.22%

(7) There is no other receivable from affiliates at the end of the report period.

(8) No other receivables de-recognized in the report period

(9) The Company did not conduct securitization of other receivables in the report period.

(10) Governmental subsidy recognized as receivable at the end of the report period

In RMB

Entity	Governmental subsidy	Closing balance	Closing age	Estimated receiving date	Estimated amount	Estimated receiving basis	Reason for failing to receiving the amount on time (if any)
Shenzhen national tax software VAT bureau	VAT rebated	313,025.62	Less than 1 year	August 31, 2014	313,025.62	VAT refunded for software companies	
Total	--	313,025.62	--	--	313,025.62	--	--

6. Prepayment

(1) Account age of prepayments

In RMB

Age	Closing amount		Opening amount	
	Amount	Proportion	Amount	Proportion
Less than 1 year	43,797,585.83	90.91%	24,086,301.50	81.30%
1-2 years	1,886,554.46	4.32%	2,582,202.92	9.27%
2-3 years	186,327.58	0.46%	486,463.33	1.76%
Over 3 years	1,022,609.54	4.31%	1,209,048.46	7.67%
Total	46,893,077.41	--	28,364,016.21	--

(2) Top 5 prepayment entities

In RMB

Entity	Relationship with the Company	Amount	Time	Reason
Shenzhen Gongkan Geotechnical Group Co., Ltd.	Supplier	9,222,934.32	June 5, 2014	Prepaid engineering amount
Foshan Jianmei Aluminium Co., Ltd.	Supplier	3,139,847.19	December 1, 2013	Prepaid account
CSG Holding Co., Ltd.	Supplier	2,052,527.19	March 1, 2014	Prepaid account
Henan Yongtong Aluminium Co., Ltd.	Supplier	2,495,086.38	April 4, 2014	Prepaid account
Litong Aluminum Industry (Guangdong) Co., Ltd.	Supplier	1,956,078.22	July 1, 2012	Prepaid account
Total	--	18,866,473.30	--	--

(3) No shareholder holding 5% or above shares with voting rights of the Company receives prepayment from the Company at the end of period.

(4) Notes to prepayment

The prepayment increased by 65% year on year mainly due to prepayment made by the Company's subsidiary Fangda Property Development Co., Ltd.

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	75,384,550.69	1,492,798.29	73,891,752.40	47,592,162.78	1,492,798.29	46,099,364.49
Product in process	4,382,783.72		698,107,091.26	5,992,333.49		5,992,333.49
Finished goods in stock	16,329,671.20	1,984,145.11	14,345,526.09	10,246,627.50	1,984,145.11	8,262,482.39
Asset formed by construction contract	198,614,835.34	1,830,742.67	38,526.81	229,499,318.33	1,830,742.67	227,668,575.66
Low price consumable	46,560.72		46,560.72	51,278.67		51,278.67
OEM materials	443,488.50		443,488.50	873,790.05		873,790.05
Development cost	496,978,741.68			139,590,027.07		139,590,027.07
Materials in transit						
Total	792,180,631.85	5,307,686.07	786,872,945.78	433,845,537.89	5,307,686.07	428,537,851.82

(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	1,492,798.29				1,492,798.29
Finished goods in stock	1,984,145.11				1,984,145.11
Asset formed by construction contract	1,830,742.67				1,830,742.67
Total	5,307,686.07				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. Other current assets

In RMB

Items	Closing amount	Opening amount
Reverse repurchase of treasury bonds	80,642,000.00	
VAT to be deducted	9,166,955.68	
Total	89,808,955.68	

Notes to other current assets

The reverse repurchase of treasury bonds coincides with the definition of cash equivalent and is treated as cash equivalent in the consolidated cash flow statement.

9. 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 Co., Ltd.	20.40%	20.40%	50,330,423.32	1,562,001.85	48,768,421.47	4,166.00	-204,939.05

10. Long-term share equity investment

(1) Details of long-term share equity investment

In RMB

Invested entity	Audit method	Investme nt cost	Ending balance	Change	Closing balance	Sharehold ing in the invested entity	Proportio n of voting rights in the invested	Notes to inconsiste nce between the sharehold	Impairme nt provision	Provision made in this period	Cash dividend in the period
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							entity	ing and voting right proportio n			
Shenzhen Ganshang Joint Investme nt Co., Ltd.	Equity	10,000,00 0.00	9,994,565 .55	-41,807.5 7	9,952,757 .98	20.40%	20.40%				
Total	--	10,000,00 0.00	9,994,565 .55	-41,807.5 7	9,952,757 .98	--	--	--			

(2) Restriction for transfer of capital to invested companies

11. 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	26,150,933.45	17,666,669.66	14,743,910.08	29,073,693.03
1. Houses & buildings	26,150,933.45	17,666,669.66	14,743,910.08	29,073,693.03
II Accumulative total depreciation and amortization	5,680,620.94	828,617.22	3,287,749.22	3,221,488.94
1. Houses & buildings	5,680,620.94	828,617.22	3,287,749.22	3,221,488.94
III Total net book value of investment real estate	20,470,312.51	16,838,052.44	11,456,160.86	25,852,204.09
1. Houses & buildings	20,470,312.51	16,838,052.44	11,456,160.86	25,852,204.09
V Total book value of investment real estate	20,470,312.51	16,838,052.44	11,456,160.86	25,852,204.09
1. Houses & buildings	20,470,312.51	16,838,052.44	11,456,160.86	25,852,204.09

In RMB

	Current period
Depreciation and amortized amount for the current period	374,634.30

Impairment provision for investment real estate for the current period	0.00
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(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	101,311,548.23					7,961,202.44	93,350,345.79
(1) Houses & buildings	101,311,548.23					7,961,202.44	93,350,345.79
2. Total changes in fair value	73,467,208.39					3,201,600.13	70,265,608.26
(1) Houses & buildings	73,467,208.39					3,201,600.13	70,265,608.26
3. Total book value of investment real estate	174,778,756.62					11,162,802.57	163,615,954.05
(1) Houses & buildings	174,778,756.62					11,162,802.57	163,615,954.05

12. 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:	685,695,819.65	35,007,004.98		27,421,366.03	693,281,458.60
Houses & buildings	393,946,389.09	29,972,052.95		25,293,669.66	398,624,772.38
Mechanical equipment	233,769,225.30	1,102,240.95		194,800.00	234,676,666.25
Transportation facilities	17,163,113.28	101,367.52		194,114.00	17,070,366.80
Electronics and other devices	40,817,091.98	3,831,343.56		1,738,782.37	42,909,653.17
--	Opening balance of book value	Increase	Provision	Decrease	Closing balance
2. Total accumulative depreciation:	207,630,801.74	3,287,749.22	11,783,729.60	2,457,654.92	220,244,625.64

Houses & buildings	26,604,093.45	3,287,749.22	5,091,814.20	994,401.07	33,989,255.80
Mechanical equipment	150,791,998.23		4,567,449.94	175,320.00	155,184,128.17
Transportation facilities	9,179,557.42		785,200.11	100,614.60	9,864,142.93
Electronics and other devices	21,055,152.64		1,339,265.35	1,187,319.25	21,207,098.74
--	Opening balance of book value		--		Closing balance
3. Total of net book value of fixed assets	478,065,017.91		--		473,036,832.96
Houses & buildings	367,342,295.64		--		364,635,516.58
Mechanical equipment	82,977,227.07		--		79,492,538.08
Transportation facilities	7,983,555.86		--		7,206,223.87
Electronics and other devices	19,761,939.34		--		21,702,554.43
4. Total impairment provision	15,134,747.93		--		14,275,847.73
Houses & buildings	1,131,563.50		--		272,663.30
Mechanical equipment	14,003,184.43		--		14,003,184.43
Electronics and other devices			--		
5. Total of the book value of fixed assets	462,930,269.98		--		458,760,985.23
Houses & buildings	366,210,732.14		--		364,362,853.28
Mechanical equipment	68,974,042.64		--		65,489,353.65
Transportation facilities	7,983,555.86		--		7,206,223.87
Electronics and other devices	19,761,939.34		--		21,702,554.43

The depreciation amounts to RMB11,783,729.60. The original value of transfer of construction progress into the fixed original assets amounts to RMB1,932,263.77.

(2) Temporary idle fixed assets

In RMB

Items	Book value	Accumulative depreciation	Impairment provision	Net book value	Notes
Houses & buildings	46,268,742.05	4,359,595.27	277,744.50	41,631,402.28	
Mechanical equipment	105,591,939.34	65,176,273.05	12,648,794.93	27,826,427.92	
Transportation facilities	358,087.84	335,208.75		22,879.09	

(3) No fixed assets leased through financial leasing**(4) No fixed assets lend through financial leasing****(5) No fixed assets held for sales at the end of the period****(6) Fixed assets without ownership certificate**

Items	Reason	Time
1. Houses in Urumuqi for offsetting debt	Applying for	
2. Houses in Dalian of Fangda Jianke for offsetting debt	Applying for	
3. Shenyang Fangda extension workshop	Entering into liquidation	
4. Shenyang Fangda dorm and workshop 2#	Entering into liquidation	
5. Dining hall and power station of Shenyang Fangda	Entering into liquidation	
6. Yuehai Office Building C 502	Historical reasons	

13. 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
Construction of Chengdu Xinjin Base	44,803.00		44,803.00	26,715.00		26,715.00

Decoration of office building				914,126.00		914,126.00
Floor renovation engineering	137,891.92		137,891.92			
Total	182,694.92		182,694.92	940,841.00		940,841.00

(2) No change in major construction in process**(3) No impairment provisions for construction in process****(4) No progress of major construction in process****14. Disposal of fixed assets**

In RMB

Items	Opening book value	Closing book value	Reason for disposal
Tools and apparatus	3,761.50		
Mechanical equipment	144,421.47	32,625.31	Retirement to be processed
Other equipment	26,285.39		
Transport equipment	2,829.75		
Total	177,298.11	32,625.31	--

15. 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	127,766,601.18	1,387,101.05		129,153,702.23
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	28,195,043.67	960,767.82		29,155,811.49
Computer software	6,426,752.12	426,333.23		6,853,085.35
2. Total accumulative amortization	30,713,086.89	1,714,855.62		32,427,942.51
Land using rights of Fangda	1,898,812.70	116,297.62		2,015,110.32

Tech Garden on Gaoxin Road Nanchang				
Shenyang Fangda land use right	5,108,021.70	420,417.90		5,528,439.60
Dongguan land using right	2,469,223.86	400,414.68		2,869,638.54
Patent and classified tech	18,107,946.73	431,305.44		18,539,252.17
Computer software	3,129,081.90	346,419.98		3,475,501.88
3. Total net intangible assets book value	97,053,514.29	-327,754.57		96,725,759.72
Land using rights of Fangda Tech Garden on Gaoxin Road Nanchang	9,165,735.71	-116,297.62		9,049,438.09
Shenyang Fangda land use right	36,930,769.53	-420,417.90		36,510,351.63
Dongguan land using right	37,572,241.89	-400,414.68		37,171,827.21
Patent and classified tech	10,087,096.94	529,462.38		10,616,559.32
Computer software	3,297,670.22	79,913.25		3,377,583.47
4. Total impairment provision	5,525,863.77			5,525,863.77
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	91,527,650.52	-327,754.57		91,199,895.95
Land using rights of Fangda Tech Garden on Gaoxin Road Nanchang	9,165,735.71	-116,297.62		9,049,438.09
Shenyang Fangda land use right	36,930,769.53	-420,417.90		36,510,351.63
Dongguan land using right	37,572,241.89	-400,414.68		37,171,827.21
Patent and classified tech	4,561,233.17	529,462.38		5,090,695.55
Computer software	3,297,670.22	79,913.25		3,377,583.47

The total amortization amounts to RMB1,714,855.62.

(2) Development project expenses**16. Goodwill**

In RMB

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

Basis for impairment testing and provision of goodwill

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

17. Long-term amortizable expenses

In RMB

Items	Opening amount	Increase in this period	Amortized	Other decrease	Closing amount	Reason for other decrease
Factory decoration	3,642,307.84	15,621.55	475,550.24		3,182,379.15	
Decoration of office building	94,732.52	660,388.57	98,185.70		656,935.39	
Hoisting fee	12,000.00		5,000.00		7,000.00	
Software service fee	50,314.43	49,519.66	20,831.94		79,002.15	
Total	3,799,354.79	725,529.78	599,567.88		3,925,316.69	--

18. 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	36,416,345.81	35,815,369.06
Deductible loss	5,960,308.62	2,365,000.74
Unrealizable gross profit	2,111,217.08	1,636,018.35
Reserved expense	645,182.15	354,228.28
Reserved wage		459,594.93
Deferred earning	525,769.59	535,832.20
Subtotal	45,658,823.25	41,166,043.56
Deferred income tax liabilities:		
Adjustment of fair value of investment real estate	40,858,031.32	40,656,763.97
Subtotal	40,858,031.32	40,656,763.97

Details of unrecognized deferred income tax assets

In RMB

Items	Closing amount	Opening amount
Deductible temporary difference	58,817,902.52	58,902,435.47
Deductible loss	73,293,328.91	69,150,558.57
Total	132,111,231.43	128,052,994.04

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

In RMB

Year	Closing amount	Opening amount	Notes
2014	7,652,531.29	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	20,241,373.78	
2018	11,190,371.90	11,190,371.90	
2019	4,355,109.83		
Total	73,293,328.91	69,150,558.57	--

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	162,627,055.88

Subtotal	162,627,055.88	162,627,055.88
Deductible different items		
Assets impairment provision	221,377,494.39	216,510,309.81
Deductible loss	18,141,129.26	9,460,002.94
Unrealizable gross profit	8,444,868.32	6,715,484.36
Deferred earning	2,213,067.05	2,261,103.48
Reserved expense	4,301,214.31	2,361,521.89
Reserved wage		3,063,966.18
Subtotal	254,477,773.33	240,372,388.66

19. 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	200,581,750.60	5,036,621.98	169,437.40	103,208.00	205,345,727.18
2. Inventory depreciation provision	5,307,686.07				5,307,686.07
7. Fixed assets impairment provision	15,134,747.93			858,900.20	14,275,847.73
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	235,494,385.28	5,036,621.98	169,437.40	962,108.20	239,399,461.66

20. Other non-current assets

In RMB

Items	Closing amount	Opening amount
Prepaid house amount	25,478,789.90	15,978,789.90
Total	25,478,789.90	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 Jianke to Dalian Gaoxing Wanda Plaza Investment Co., Ltd.

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

In RMB

Items	Closing amount	Opening amount
Loan by pledge	200,000,000.00	104,000,000.00
Guarantee loan	525,000,000.00	265,000,000.00
Total	725,000,000.00	369,000,000.00

(2) No mature but not repaid short-term borrowing**22. Notes payable**

In RMB

Type	Closing amount	Opening amount
Commercial acceptance	3,401,883.33	9,356,905.04
Bank acceptance	198,934,919.54	179,213,945.59
Total	202,336,802.87	188,570,850.63

Amount due in next fiscal term will be RMB111,082,405.00.

23. Account payable**(1) Account payable**

In RMB

Items	Closing amount	Opening amount
Account repayable and engineering repayable	306,430,502.00	366,465,573.67
Construction payable	7,226,852.86	10,418,557.07
Payable installation and implementation fees	130,144,359.65	107,489,398.01
Others	207,003,992.39	4,842,611.57
Total	650,805,706.90	489,216,140.32

(2) No account payable to shareholder holding 5% or above shares with voting rights of the Company in the report period

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

24. Prepayment

(1) Prepayment

In RMB

Items	Closing amount	Opening amount
Engineering payment	140,419,006.04	163,602,896.86
Material loan	1,285,976.88	1,970,928.42
Others	2,404,728.39	2,812,426.66
Total	144,109,711.31	168,386,251.94

(2) No prepayment from shareholders 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 prepayments aged over one year

25. Employees' wage payable

In RMB

Items	Opening balance of book value	Increase	Decrease	Closing balance of book value
1. Wage, bonus, allowance and subsidies	27,807,395.20	81,072,358.34	94,086,213.26	14,793,540.28
2. Employee welfare	32,064.56	2,229,934.21	2,261,998.77	0.00
3. Social insurance	136,727.95	6,772,039.91	6,908,767.86	0.00
Medical insurance	51,062.33	1,679,725.22	1,730,787.54	0.00
Basic pension	71,030.72	4,408,202.02	4,479,232.73	0.00
Annuity	2,811.36	0.00	2,811.36	0.00
Unemployment insurance	6,651.88	343,232.77	349,884.64	0.00

Labor injury insurance	3,429.18	236,835.00	240,264.18	0.00
Breeding insurance	1,742.48	104,044.91	105,787.39	0.00
4. Housing fund	99,607.50	1,901,004.82	1,850,273.32	150,339.00
6. Others	2,107,056.59	127,271.68	149,652.13	2,084,676.14
Labor union and staff education budget	2,107,056.59	126,871.68	149,252.13	2,084,676.14
Total	30,182,851.80	92,102,608.96	105,256,905.34	17,028,555.42

Note: 1. The Company does not own any wage to employees.

2. The work union fund and staff education fund amount to RMB2,084,676.14 without non-monetary welfare amount and compensation for termination of employment.

3. Wages, bonus, allowance and subsidies will be paid in July.

26. Taxes payable

In RMB

Items	Closing amount	Opening amount
VAT	8,374,385.36	-1,250,348.83
Business tax	26,295,439.32	23,221,596.65
Enterprise income tax	9,940,013.05	15,884,641.78
Personal income tax	1,166,793.33	902,435.66
City maintenance and construction tax	1,946,440.57	1,895,518.80
Land using tax	1,860,146.32	1,515,989.53
Property tax	1,532,848.51	1,477,538.33
Education surtax	983,645.92	907,151.22
Local education surtax	67,074.39	148,031.74
Others	150,026.71	137,392.89
Total	52,316,813.48	44,839,947.77

27. Interest payable

In RMB

Items	Closing amount	Opening amount
Short-term borrowing interests payable	884,716.66	689,153.75
Total	884,716.66	689,153.75

28. Other payables**(1) Other payables**

In RMB

Items	Closing amount	Opening amount
Performance and quality deposit	28,832,965.69	20,142,316.44
Deposit	3,780,404.72	6,931,340.61
Reserved expense	4,865,133.07	6,587,792.11
Others	11,984,827.76	8,026,131.56
Total	49,463,331.24	41,687,580.72

(2) No account payable to shareholder holding 5% or above shares with voting rights of the Company in the report period**(3) Notes to large other payables aged over one year**

Item	Closing book value	Nature or content	reason
Guangzhou Nanjiang Civil Engineering Co., Ltd.	11,289,683.50	Performance deposit	To be settled
Ningbo Lailai Energy-Saving Doors & Windows Development Co., Ltd,	2,060,000.00	Deposit	In construction

(4) Description of large other payables

Item	Amount	Nature or content	Reason
Guangzhou Nanjiang Civil Engineering Co., Ltd.	11,289,683.50	Performance deposit	To be settled
Shenzhen Gongkan Geo-technical Group Co., Ltd.	8,200,000.00	Performance deposit	In construction
Jiangxi Changxing Logistics Co., Ltd. Jingdezhen Branch	2,310,906.06	Transport fee	Unmature
Nongbo Lailai Energy-Saving Doors & Windows Development Co., Ltd.	2,060,000.00	Bidding deposit	In construction
Zhejiang Mingbang Decoration Engineering Co., Ltd.	1,283,441.61	Bidding deposit	Unmature

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	1,938,095.30	1,966,666.70
Railway transport screen door controlling system and information transmission technology	274,971.75	294,436.78
National Industry Revitalization and Technology Renovation Project fund	7,944,161.34	7,994,720.45

Others	1,246.08	
Total	10,158,474.47	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 or key domestic project in Dongguan	1,966,666.70	0.00	28,571.40		1,938,095.30	Assets-related
National Industry Revitalization and Technology Renovation Project fund	7,994,720.45	0.00	50,559.11		7,944,161.34	Assets-related
Railway transport screen door controlling system and information transmission technology	294,436.78	0.00	19,465.03		274,971.75	Assets-related
Total	10,255,823.93	0.00	98,595.54		10,157,228.39	--

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

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	40,952,829.53	35,700.00		40,988,529.53
Total	79,191,052.01	35,700.00		79,226,752.01

Note: The increase in the capital reserve of RMB35,700 in the report period is attributed to the arbitrage hedging of aluminum ingots performed by Fangda Jiangxi New Material, floating earning of the holding.

32. Surplus reserves

In RMB

Items	Opening amount	Increase	Decrease	Closing amount
Statutory surplus reserves	46,389,142.21			46,389,142.21
Total	46,389,142.21			46,389,142.21

33. Retained profit

In RMB

Items	Amount	Provided or distributed proportion
Adjustment on retained profit of previous year	278,149,631.63	--
Retained profit adjusted at beginning of year	278,149,631.63	--
Plus: Net profit attributable to owners of the parent	40,769,958.24	--
Closing retained profit	296,212,292.72	--

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	805,064,175.79	716,466,138.21
Other business income	17,728,563.23	20,361,901.67
Operation cost	668,447,444.31	584,493,820.44

(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	757,874,901.80	626,439,954.13	671,324,125.17	549,199,043.56
Railroad industry	47,189,273.99	36,592,658.69	45,126,972.67	29,541,447.74
Others			15,040.37	24,382.00
Total	805,064,175.79	663,032,612.82	716,466,138.21	578,764,873.30

(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	757,874,901.80	626,439,954.13	671,324,125.17	549,199,043.56
Metro screen door	47,189,273.99	36,592,658.69	45,126,972.67	29,541,447.74
Others			15,040.37	24,382.00
Total	805,064,175.79	663,032,612.82	716,466,138.21	578,764,873.30

(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	793,400,026.10	655,681,119.68	696,184,686.27	566,604,060.60
Export	11,664,149.69	7,363,232.76	20,281,451.94	12,160,812.70
Total	805,064,175.79	663,044,352.44	716,466,138.21	578,764,873.30

(5) Revenue from top five customers

In RMB

Customer	Major business turnover	Percentage in total turnover of the Company %
No.1	51,014,416.58	6.20%
No.2	49,103,969.86	5.97%
No.3	48,955,708.49	4.56%
No.4	37,532,573.05	4.43%

No.5	37,075,086.14	3.68%
Total	223,681,754.12	24.84%

Notes to operating revenue

None

35. Business tax and surcharge

In RMB

Items	Amount occurred in the current period	Occurred in previous period	Rate
Business tax	7,943,113.33	9,460,385.99	3%、5%
City maintenance and construction tax	1,607,076.28	1,836,559.18	1%、5%、7%
Education surtax	773,681.80	842,658.97	3%
Property tax	539,320.21	715,990.93	
Land using tax	50,304.06	83,890.57	
Others	444,964.03	693,752.45	
Total	11,358,459.71	13,633,238.09	--

Notes to business tax and surcharge

36. Sales expense

In RMB

Items	Amount occurred in the current period	Occurred in previous period
Labor costs	10,990,132.53	8,844,748.71
Freight and miscellaneous charges	2,390,569.27	3,197,506.17
Travel expense	2,108,543.24	1,840,093.38
Entertainment expense	795,733.71	945,025.75
Material consumption	38,742.59	22,755.35
Office costs	304,476.16	148,767.75
Rental	579,779.25	279,843.66
Consultant costs		627,255.66
Others	1,037,144.11	1,708,990.66
Total	18,245,120.86	17,614,987.09

37. Management expenses

In RMB

Items	Amount occurred in the current period	Occurred in previous period
Labor costs	33,875,067.26	26,995,811.11
Depreciation and amortization	8,996,264.62	10,127,940.22
Agencies	1,569,858.99	841,979.21
Tax	2,785,530.76	1,599,803.72
Maintenance costs	1,598,482.33	1,822,143.23
Water and electricity	990,722.31	778,910.68
Office expense	1,019,710.61	990,134.27
Travel expense	1,291,812.58	1,341,062.18
Entertainment expense	699,909.83	889,358.81
Rental	1,399,130.22	1,177,344.49
Lawsuit	130,337.00	396,663.42
Material consumption	1,223,688.25	379,286.79
Property management fee	1,236,357.40	757,691.60
R&D	4,955,581.09	4,156,980.82
Others	5,413,049.91	5,092,384.85
Total	67,185,503.16	57,347,495.40

38. Financial expenses

In RMB

Items	Amount occurred in the current period	Occurred in previous period
Interest expense	11,901,596.69	11,981,599.56
Less: Interest income	1,463,393.70	1,237,905.09
Exchange gain/loss	229,139.52	549,645.66
Commission charges and others	380,135.63	920,182.27
Total	11,047,478.14	12,213,522.40

39. 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	-41,807.57	

Others	1,010,926.07	
Total	969,118.50	

(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
Shenzhen Ganshang Joint Investment Co., Ltd.	-41,807.57	0.00	
Total	-41,807.57	0.00	--

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.

40. Assets impairment loss

In RMB

Items	Amount occurred in the current period	Occurred in previous period
1. Bad debt loss	4,867,184.58	8,025,431.11
Total	4,867,184.58	8,025,431.11

41. 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
Total of gains from disposal of non-current assets	218,095.40	144,075.88	218,095.40
Including: Gains from disposal of fixed assets	218,095.40	144,075.88	218,095.40
Government subsidy	685,210.93	50,000.00	158,595.54

Penalty income	193,907.55	104,162.32	193,907.55
Penalty received	10,000.00	15,085.00	10,000.00
Payable account not able to be paid	1,242,148.51	65,309.08	1,242,148.51
Others	708,156.01	2,126,069.46	708,156.01
Total	3,041,518.40	2,504,701.74	

(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
Patent application subsidy	23,000.00	0.00	Earning-related	Yes
Railway transport screen door controlling system and information transmission technology	19,465.03	0.00	Assets-related	
Nanchang Quality and Technology Supervision Bureau well-known brand product prize	0.00	50,000.00	Earning-related	No
Dongguan major or key domestic project award	28,571.40	0.00	Assets-related	
National Industry Revitalization and Technology Renovation Project fund	50,559.11	0.00	Assets-related	
VAT refunding	547,615.39	0.00		
Others	16,000.00			
Total	685,210.93	50,000.00	--	--

42. 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	1,569,906.67	169,723.53	
Including: Losses from disposal of fixed assets	1,569,906.67	169,723.53	

Donation	300,000.00	305,000.00	
Others	191,996.61	197,575.63	
Total	2,061,903.28	672,299.16	

43. 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	8,660,715.86	9,028,463.76
Adjustment of differed income tax	-4,297,812.32	-1,232,555.34
Total	4,362,903.54	7,795,908.42

44. 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	40,769,958.24	39,361,593.42
Accidental gain/loss attributable to common share holders of the Company	F	1,100,409.86	1,769,843.22
Net profit attributable to the common owners of the PLC after deducting of non-recurring gains/losses	P2=P1-F	39,669,548.38	37,591,750.20
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	S_j		
Number of months since the next month of share decreasing to the end of report term	M_j		
Amount of shares reduced	S_k		
Number of months in the report term	M_0	6	6
Weighted average of common shares issued outside	$S=S_0+S_1+S_i*M_i/M_0-S_j*M_j/M_0-S_k$	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	X_1		
Weighted average of common shares for calculating diluted earnings per share	$X_2=S+X_1$	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 share holders of the Company	$Y_1=P_1/S$	0.05	0.05
Basic earnings per share attributable to the common owners of the PLC after deducting of non-recurring gains/losses	$Y_2=P_2/S$	0.05	0.05

45. Other miscellaneous income

In RMB

Items	Amount occurred in the current period	Occurred in previous period
3. Proceeds generated by cash flow arbitrage hedging tools	42,000.00	
Less: impacts on income tax caused by cash flow arbitrage hedging tools	6,300.00	
Net amount written into other gains and transferred into gain/loss in previous terms	0.00	
Transferred to adjustment of initial recognized amount of arbitrated items	0.00	
Subtotal	35,700.00	
Total	35,700.00	

46. Notes to the cash flow statement**(1) Other cash inflow related to operation**

In RMB

Items	Amount
Interest income	1,405,149.55
Subsidy income	73,335.30
Retrieving of bidding deposits	43,912,943.25
Operational trade received, net	131,098.26
Others	2,345,059.60
Total	47,867,585.96

(2) Other cash paid related to operation

In RMB

Items	Amount
Management costs paid	14,368,126.02
Sales costs paid	3,978,971.73
Deposit and pledge paid	27,198,442.50
Personal borrowing	2,763,090.54
Others	17,351,072.72
Total	65,659,703.51

(3) Other cash received related to investment activities

In RMB

Items	Amount
Retrieving of deposits, net	133,500.00
Total	133,500.00

(4) Other cash paid related to investment activities

In RMB

Items	Amount
Deposit returned	130,500.00
Total	130,500.00

(5) Other cash received related to financing

In RMB

Items	Amount
-------	--------

(6) Other cash paid related to financing

In RMB

Items	Amount
Dividend commission	156,090.75
Total	156,090.75

47. 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	39,227,378.34	37,536,039.51
Plus: Asset impairment provision	4,867,184.58	8,025,431.11
Fixed asset depreciation, gas and petrol depreciation, production goods depreciation	11,931,523.88	10,398,112.15
Amortization of intangible assets	1,714,855.62	1,600,637.51
Amortization of long-term amortizable expenses	599,567.88	334,886.78
Loss from disposal of fixed assets, intangible assets, and other long-term assets (“-“ for gains)	1,351,811.27	-147,631.06
Loss from fixed asset discard (“-“ for gains)		46,118.27
Financial expenses (“-“ for gains)	11,901,596.69	11,834,723.26
Investment losses (“-“ for gains)	-969,118.50	0.00
Decrease of deferred income tax asset (“-“ for increase)	-4,492,779.69	-1,674,888.70
Increase of deferred income tax asset (“-“ for increase)	201,267.35	442,333.36
Decrease of inventory (“-“ for increase)	-358,335,093.96	-9,025,857.85
Decrease of operational receivable items (“-“ for increase)	-106,160,080.05	-116,350,428.69
Increase of operational receivable items (“-“ for decrease)	141,821,176.57	58,070,386.94
Others	-12,212,019.59	0.00
Cash flow generated by business operations, net	-268,552,729.61	1,089,862.59

2. Major investment and financing operation not involving with cash	--	--
3. Net change of cash and cash equivalents	--	--
Balance of cash at period end	246,577,937.02	247,623,800.14
Less: Initial balance of cash	285,237,255.38	240,167,372.86
Add: Ending balance of cash equivalents	80,600,000.00	
Less: Ending balance of cash equivalents	0.00	
Net increase in cash and cash equivalents	41,940,681.64	7,456,427.28

(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	246,577,937.02	285,237,255.38
Including: Cash in stock	15,392.46	17,785.62
Bank savings can be used at any time	246,562,544.56	247,606,014.52
2. Cash equivalents	80,600,000.00	0.00
3. Balance of cash and cash equivalents at end of term	327,177,937.02	285,237,255.38

Notes to supplementary data of cash flow statement

The Company held reverse re-purchased treasury bonds of RMB80.6 million with a short term and strong liquidity at the end of the report period. It is easy to be converted into cash. Therefore, the risk of value fluctuation is minor and the bonds comply with the definition of cash equivalent. Therefore, it is treated as cash equivalent in consolidated statements.

48. Notes to statement of change in owners' equity

No name and adjusted amount of the items of previous year, and retrospective adjustment on merger of entities under common control

VIII 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 Technology Development Co., Ltd.	Controlling shareholder	Ltd. liability	Shenzhen	Chen Jinwu	Industrial investment	3,000.00	9.09%	9.09%	Xiong Jianming	72984005-5
Shenzhen Shilihe Investment Co., Ltd.	Controlling shareholder	Ltd. liability	Shenzhen	Wang Shengguo	Industrial investment	1,978.0992	2.36%	2.36%	Xiong Jianming	72984450-7
Shengjiu Investment Ltd.	Controlling shareholder	Ltd. liability	Hong Kong	Xiong Jianming	Industrial investment	HKD1.00	4.75%	4.75%	Xiong Jianming	59046683-000-10-13-1

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
Shenzhen Fangda Jianke Group Co.,	Controlled subsidiaries	Ltd. liability	Shenzhen	Xiong Jianwei	Designing, manufacturing, and installation	310,000,000.00	100.00%	100.00%	19244418-2

Ltd.					of curtain walls				
Shenzhen Fangda Automatic System Co., Ltd.	Controlled subsidiaries	Ltd. liability	Shenzhen	Lin Kebin	Design, R&D, installation and sales of railway transport screen door systems	105,000,000.00	100.00%	100.00%	75425429-3
Shenzhen Fangda Yide New Material Co., Ltd.	Controlled subsidiaries	Sino-foreign joint venture	Shenzhen	Yang Xioazhuan	Production and distribution of new-type composite materials	USD3,200,000.00	100.00%	100.00%	61929454-0
Fangda New Materials (Jiangxi) Co., Ltd.	Controlled subsidiaries	joint venture by the Company and companies in Taiwan, Hong Kong or Macao	Nanchang	Yang Xioazhuan	Production and sales of new-type materials composite materials and production of curtain walls	USD12,000,000.00	100.00%	100.00%	74852611-7
Jiangxi Fangda New Type Aluminum Co., Ltd.	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	100.00%	100.00%	15830664-0
Hong Kong Junjia Group Co., Ltd.	Controlled subsidiaries	BODY CORPORATE	Hong Kong		Investment	HKD10,000.00	100.00%	100.00%	3007554-2000-04-10-4

Shenyang Fangda Semiconductor Lighting Co., Ltd.	Controlled subsidiaries	Ltd. liability	Shenyang	Wang Shengguo	Manufacturing of semiconductor lighting material and chips; lighting source encapsulation; developing, designing, manufacturing, engineering, installation and trading of semiconductor lighting system	200,000,000.00	64.58%	64.58%	66254891-3
Shenzhen Kexunda Software Co., Ltd.	Controlled subsidiaries	Ltd. liability (Sole investment by legal person)	Shenzhen	Lin Kebin	Developing of hardware and software, system integration, technical consulting	1,000,000.00	100.00%	100.00%	58409491-9
Shenzhen Fangda Property Development Co., Ltd.	Controlled subsidiaries	Ltd. liability (Sole investment by legal person)	Shenzhen	Lin Kebin	Development and operating of real estate on land of which land use right is legally obtained by the Company; property management	10,000,000.00	100.00%	100.00%	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%	Associate	080140993

4. Other related parties**5. Related transactions****(1) No purchasing of goods and services****(2) No related trusteeship or contracting****(3) No related leasing****(4) No related guarantees****(5) No capital borrowing with related parties****(6) No asset transferring and debt reconstruction with related parties****(7) No other related transactions****6. No receivable and payables due with related parties****IX Contingencies****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 Jianke	Engineering dispute	The 1 st Middle Court of Chongqing	RMB17.07 million and its interest	Trial of second instance

Note: In 2010, Wang Weihong sued to the 1st Middle Court of Chongqing against Fangda Jianke – one of the Company's subsidiaries, claiming for payment RMB17 million project payment and interest, while Fangda Jianke claimed RMB18 million of project payment and related loss. The first instance judged that Fangda Jianke pays the engineering amount RMB14 million to Wang Weihong. Fangda Jianke and Wang Weihong both appealed against the decision. The second instance is received but no court session is opened. Currently, the evidence questioning is completed and is yet to enter the court trial. An amount of RMB12 million in the bank account of Fangda Jianke has been frozen by the court.

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

The Company has provided bank loan guarantees for the following subsidiaries by June 30, 2014:

Subsidiary	Guarantee	Amount	Period	Remarks
Fangda Automatic	Guarantee	15,000,000.00	2013.9.29-2014.9.28	Bank loan
Fangda Jianke	Guarantee	50,000,000.00	2013.10.30-2014.10.29	Bank loan
Fangda Jianke	Guarantee	42,000,000.00	2013.11.01-2014.10.28	Bank loan
Fangda Jianke	Guarantee	18,000,000.00	2013.11.01-2014.9.11	Bank loan
Fangda Jianke	Guarantee	40,000,000.00	2013.11.01-2014.10.22	Bank loan
Fangda Jianke	Guarantee	50,000,000.00	2013.11.03-2014.11.05	Bank loan
Fangda Jianke	Guarantee	50,000,000.00	2013.10.31-2014.10.31	Bank loan
Fangda Property Development	Guarantee	80,000,000.00	2014.02.28-2015.02.27	Bank loan
Fangda Property Development	Guarantee	40,000,000.00	2014.03.28-2015.03.27	Bank loan
Fangda Property Development	Guarantee	30,000,000.00	2014.03.26-2015.03.25	Bank loan
Fangda Property Development	Guarantee	60,000,000.00	2014.04.01-2015.03.31	Bank loan
Fangda Jiangxi New Material	Guarantee	50,000,000.00	2014.05.22-2015.05.21	Bank loan
Total		525,000,000.00		

X Commitments

1. No major commitments

2. No fulfilling of commitments made in previous periods

XI Post-balance-sheet events

1. No note to material post-balance-sheet events

2. Notes to profit distribution in post balance sheet period

3. Notes to other issues in post balance sheet period

On July 10, 2014, the Company incorporated Shenzhen Fangda New Energy Co., Ltd and planned to invest RMB100 million to develop solar energy PV applications, PV construction and LED industry. On July 18, 2014, Shenzhen Fangda New Energy Co., Ltd. entered into an agreement with Luo Huichi to acquire 60% stakes in three LED lighting companies controlled by Luo and established Guangdong Fangda SOZN Lighting Co., Ltd. to operate LED lighting products.

XII Other material events**1. No non-monetary asset exchange****2. No debt reconstruction****3. No enterprise merger****5. Leasing**

The Company leases investment real estate and obtained a lease income of RMB12,305,300 million in the report period.

5. No financial instruments issued to outside, convertible to shares at the end of the report period**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	174,778,756.62				163,615,954.05
Total	174,778,756.62				163,615,954.05
Financial liabilities	0.00				0.00

7. Foreign currency financial assets and liabilities

In RMB

Items	Opening amount	Gain/loss caused by changes in fair value	Accumulative changes in fair value accounting into the income account	Impairment provided in the period	Closing amount
Financial assets					
3. Loans and receivables	15,966,346.17				3,468,762.00
Subtotal	15,966,346.17				3,468,762.00
Financial liabilities	15,966,346.17				3,468,762.00

8. No annuity plan implemented**9. Others****XIII 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	100.00%	18,694.62	3.00%	623,154.11	100.00%	18,694.62	3.00%
Subtotal	623,154.11	100.00%	18,694.62	3.00%	623,154.11	100.00%	18,694.62	3.00%
Total	623,154.11	--	18,694.62	--	623,154.11	--	18,694.62	--

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	100.00%	18,694.62	623,154.11	100.00%	18,694.62
Subtotal for less than 1 year	623,154.11	100.00%	18,694.62	623,154.11	100.00%	18,694.62
Total	623,154.11	--	18,694.62	623,154.11	--	18,694.62

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) No written-back or recovered account receivable during the report period

(3) No written-off account receivable during the report period

(4) No shareholder holding 5% or above shares with voting rights of the Company owes any account receivable to the Company at the end of period.

(5) Nature and description of major other account receivable

(6) Top 5 account receivable entities

In RMB

Entity	Relationship with the Company	Amount	Term	Percentage in the total 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) No account receivable from affiliates

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

(9) No securitization of assets of receivables

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	1,738,196.00	0.15%	565,951.97	32.56%	1,900,854.89	0.33%	619,111.55	32.57%
Receivable accounts consolidated	587,038,622.75	49.93%	0.00	0.00%	570,338,916.39	99.66%		
Subtotal	588,776,818.75	50.07%	565,951.97	0.10%	572,239,771.28	99.99%	619,111.55	0.11%
Other receivables with minor individual amount and bad debt provision provided individually	77,046.00	0.01%	77,046.00	100.00%	77,046.00	0.01%	77,046.00	100.00%
Total	588,853,864.75	--	642,997.97	--	572,316,817.28	--	696,157.55	--

Notes to other receivables

Bad debt provision is made for consolidated receivables using the separate testing method.

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
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	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	471,272.11	27.11%	14,138.16	495,648.00	26.08%	14,869.44
Subtotal for less than 1 year	471,272.11	27.11%	14,138.16	495,648.00	26.08%	14,869.44
1-2 years	199,120.35	11.46%	19,912.04	144,403.35	7.60%	14,440.34
2-3 years	10,000.00	0.58%	3,000.00	203,000.00	10.68%	60,900.00
Over 3 years	1,057,803.54	60.86%	528,901.77	1,057,803.54	55.64%	528,901.77
Total	1,738,196.00	--	565,951.97	1,900,854.89	--	619,111.55

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) No written-back or recovered other receivables during the report period

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	Provision rate	Reason
Civil Center (security)	4,000.00	4,000.00	100.00%	
Baishida Garden (Chen Rui) (security)	4,500.00	4,500.00	100.00%	
Chongqing Fangda (security)	44,546.00	44,546.00	100.00%	
Shenzhen Geotechnical Engineering Co., Ltd.	24,000.00	24,000.00	100.00%	
Total	77,046.00	77,046.00	--	--

(3) No written-off other receivables during the report period

(4) No shareholder holding 5% or above shares with voting rights of the Company owes any other receivable to the Company at the end of period.

(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 Jianke	Subsidiary	241,501,303.36	Less than 1 year	41.01%
Fangda Property	Subsidiary	182,067,564.01	Less than 1 year	30.92%
Fangda Automatic	Subsidiary	81,364,292.21	Less than 1 year	13.82%
Fangda Jiangxi New Material	Subsidiary	41,672,943.73	Less than 1 year	7.08%
Hong Kong Junjia	Subsidiary	30,473,194.50	1-3 years	5.18%
Total	--	577,079,297.81	--	98.01%

(7) Other receivables from affiliates

In RMB

Entity	Relationship with the Company	Amount	Percentage in the total other receivables
Fangda Jianke	Subsidiary	241,501,303.36	41.01%
Fangda Property	Subsidiary	182,067,564.01	30.92%
Fangda Automatic	Subsidiary	81,364,292.21	13.82%
Fangda Jiangxi New Material	Subsidiary	41,672,943.73	7.08%
Hong Kong Junjia	Subsidiary	30,473,194.50	5.18%
Shenyang Fangda	Subsidiary	7,545,524.99	1.28%
Kexunda Co.	Subsidiary	2,413,799.95	0.41%
Total	--	587,038,622.75	99.70%

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

(9) No securitization of assets of other receivables

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 Jianke	Cost	305,000.00	305,000.00		305,000.00	98.39%	98.39%				
Fangda Aluminum	Cost	19,800,000.00	19,800,000.00		19,800,000.00	99.00%	99.00%		19,800,000.00		
Fangda Yide	Cost	19,907,760.00	19,907,760.00		19,907,760.00	75.00%	75.00%		19,907,760.00		
HK Junhija	Cost	10,600.00	10,600.00		10,600.00	100.00%	100.00%		10,600.00		
Fangda Automatic	Cost	170,385,071.73	170,385,071.73		170,385,071.73	94.08%	94.08%				
Fangda New	Cost	74,496,600.00	74,496,600.00		74,496,600.00	75.00%	75.00%				

Material											
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	100.00%	100.00%				
Fangda Property	Cost	50,000,000.00	50,000,000.00		50,000,000.00	100.00%	100.00%				
② Investment in affiliates											
Shenzhen Ganshan Joint Investment Co., Ltd.	Equity	10,000,000.00	9,994,565.55	-41,807.57	9,952,757.98	20.40%	20.40%				
Total	--	760,160,031.73	759,446,671.13	-41,807.57	759,404,863.56	--	--	--	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	14,332,254.25	23,580,401.58
Total	14,332,254.25	23,580,401.58
Operation cost	2,129,602.96	4,742,190.07

(2) Business segments (on industries)

In RMB

Industry	Amount occurred in the current period		Occurred in previous period	
	Turnover	Operation cost	Turnover	Operation cost

(3) Business segments (by products)

In RMB

Product	Amount occurred in the current period		Occurred in previous period	
	Turnover	Operation cost	Turnover	Operation cost

(4) Business segments (by regions)

In RMB

Region	Amount occurred in the current period		Occurred in previous period	
	Turnover	Operation cost	Turnover	Operation cost

(5) Revenue from top five customers

In RMB

Customer	Total operating revenue	Percentage in total turnover of the Company %
No.1	2,513,379.90	17.54%
No.2	717,653.73	5.01%
No.3	590,879.96	4.12%
No.4	516,862.69	3.61%
No.5	537,795.30	3.75%
Total	4,876,571.58	34.03%

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 equity	-41,807.57	
Total	-41,807.57	

(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
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(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
Shenzhen Ganshang Joint Investment Co., Ltd.	-41,807.57	0.00	
Total	-41,807.57	0.00	--

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	-3,546,940.73	4,182,618.87
Plus: Asset impairment provision	-53,159.58	14,817.75
Fixed asset depreciation, gas and petrol depreciation, production goods depreciation	1,075,663.40	1,665,113.65
Amortization of intangible assets	203,055.90	333,612.30
Amortization of long-term amortizable expenses	20,831.94	10,482.19
Loss from disposal of fixed assets, intangible assets, and other long-term assets ("-" for gains)	14,040.00	34,285.02
Loss from fixed asset discard ("-" for gains)	113,701.67	
Loss from fair value fluctuation ("-" for gains)	0.00	
Financial expenses ("-" for gains)	5,593,430.00	2,220,824.92
Investment losses ("-" for gains)	41,807.57	
Decrease of deferred income tax asset ("-" for increase)	-1,295,729.02	552,106.63
Increase of deferred income tax asset ("-" for increase)	194,967.35	442,333.36
Decrease of inventory ("-" for increase)	0.00	
Decrease of operational receivable items ("-" for increase)	-190,527,168.37	133,114,979.09
Increase of operational receivable items ("-" for decrease)	-110,161,986.92	-23,492,415.59
Others	0.00	
Cash flow generated by business operations, net	-298,327,486.79	119,078,758.19
2. Major investment and financing operation not involving with cash	--	--

3. Net change of cash and cash equivalents	--	--
Balance of cash at period end	7,226,550.00	97,607,953.57
Less: Initial balance of cash	67,973,808.76	25,540,604.84
Net increase in cash and cash equivalents	-60,747,258.76	72,067,348.73

XIV 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)	-1,351,811.27	
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)	158,595.54	
Other non-business income and expenditures other than the above	1,646,215.46	
Other gain/loss items satisfying the definition of non-recurring gain/loss account	1,010,926.07	Gains from reverse repurchase of treasury bonds
Less: Influenced amount of income tax	363,515.94	
Total	1,100,409.86	--

Government subsidies included in current gain/loss are recurrent profit and loss items:

Items	Amount	Reason
Tax refunded related to software products	526,615.39	It is related to the Company's business. The amount is refunded to the Company according to the tax rate provided by the taxation administration.

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	
	This period	Last period	Closing amount	Opening amount
On Chinese accounting standards	40,769,958.24	39,361,593.42	1,178,738,091.94	1,160,639,730.85
Items and amounts adjusted according International Accounting Standards				

Capitalization of borrowing expenses	0.00	0.00	4,763,398.24	4,763,398.24
On international accounting standards	40,769,958.24	39,361,593.42	1,183,501,490.18	1,165,403,129.09

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	
	This period	Last period	Closing amount	Opening amount
On Chinese accounting standards	40,769,958.24	39,361,593.42	1,178,738,091.94	1,160,639,730.85
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	3.49%	0.05	0.05
Net profit attributable to the common owners of the PLC after deducting of non-recurring gains/losses	3.39%	0.05	0.05

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

Items	Closing amount	Opening amount	Change	Cause of change
Notes receivable	10,729,852.00	21,898,770.43	-51.00%	Caused by endorsement received
Inventory	786,872,945.78	428,537,851.82	83.62%	Fangda Town reclaimed the land use right and

				recognize the land transfer amount according to the land transfer contract.
Other current assets	89,808,955.68	0.00		Mainly the residual amount of the reverse treasury bond repurchase
Other non-current assets	25,478,789.90	15,978,789.90	59.45%	House prepayment to Tianjin Wanda Center Investment Company
Short-term loans	725,000,000.00	369,000,000.00	96.48%	Additional financing demand
Account payable	650,805,706.90	489,216,140.32	33.03%	Unpaid Fangda Town land transfer payment
Employees' wage payable	17,028,555.42	30,182,851.80	-43.58%	2013 bonus paid
Items	Amount of the Current Term	Amount of the Previous Term	Change	Cause of change
Non-business expenses	2,061,903.28	672,299.16	206.69%	Increase in loss due to disposal of fixed assets
Income tax expenses	4,362,903.54	7,795,908.42	-44.04%	Decrease in differed income tax
Other cash received from business operation	47,867,585.96	24,853,131.88	92.60%	Caused by increase in operation deposit paid
Cash paid for purchasing products and services	852,304,489.33	596,363,985.36	42.92%	Fangda Town land transfer payment
Cash flow generated by business operations, net	-268,552,729.61	1,089,862.59	-24740.97%	Increase in the development cost of Fangda Plaza and slow recovery of accounts receivable

IX Documents for Reference

1. The Interim Report 2014 and the Summary with signature of the legal representative (Chinese and English);
2. Financial statements stamped and signed by the legal representative, CFO and accounting manager;
3. Originals of all documents and manuscripts of Public Notices of the Company disclosed in public in the newspapers as designated by China Securities Regulatory Commission.