

China Fangda Group Co., Ltd.
2014 Annual Report

March 2015

I. Important Statement, Table of Contents and Definitions

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

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

The Board meeting reviewed and approved the profit distribution preplan: distributing cash dividend of RMB0.3 for each ten shares to all shareholders on the basis of all shares of the Company on December 31, 2014 and no dividend share is issued to shareholders. No reserve is capitalized.

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

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Definitions

Terms	Refers to	Description
Fangda Group, company, the Company	Refers to	China Fangda Group Co., Ltd.
Articles of Association	Refers to	Articles of Association of China Fangda Group Co., Ltd.
Meeting of shareholders	Refers to	Meetings of shareholders of China Fangda Group Co., Ltd.
Board of Directors	Refers to	Board of Directors of China Fangda Group Co., Ltd.
Supervisory Committee	Refers to	Supervisory Committee of China Fangda Group Co., Ltd.
Banglin Co.	Refers to	Shenzhen Banglin Technologies Development Co., Ltd.
Shilihe Co.	Refers to	Shenzhen Shilihe Investment Co., Ltd.
Shengjiu Co.	Refers to	Shengjiu Investment Ltd.
Fangda Jianke, Fangda Decoration	Refers to	Formerly Shenzhen Fangda Decoration Engineering Co., Ltd., now known as Shenzhen Fangda Jianke Group Co., Ltd.
Fangda Automatic	Refers to	Shenzhen Fangda Automation System Co., Ltd.
Fangda New Material	Refers to	Fangda New Materials (Jiangxi) Co., Ltd.
Fangda New Resource	Refers to	Shenzhen Fangda New Energy Co., Ltd.
Fang SOZN	Refers to	Guangdong Fangda SOZN Lighting Co., Ltd.
Shenyang Fangda	Refers to	Shenyang Fangda Semi-conductor Lighting Co., Ltd.
Shenzhen Woke	Refers to	Shenzhen Woke Semi-conductor Lighting Co., Ltd.
Hong Kong Junjia	Refers to	Hong Kong Junjia Group Co., Ltd.

	to	
Fangda Aluminium	Refers to	Jiangxi Fangda New Type Aluminum Co., Ltd.
Fangda Yide Co.	Refers to	Shenzhen Fangda Yide New Material Co., Ltd.
Dongguan Fangda New Material	Refers to	Dongguan Fangda New Material Co., Ltd.
Kexunda Co.	Refers to	Shenzhen Kexunda Software Co., Ltd.
Fangda Property	Refers to	Shenzhen Fangda Property Development Co., Ltd.
Chengdu Fangda New Material	Refers to	Formerly Chengdu Fangda New Material Co., Ltd., now known as Chengdu Fangda Construction Technology Co., Ltd.
Shenyang Decoration	Refers to	Fangda Decoration Engineering (Shenyang) Co., Ltd.
CSRC	Refers to	China Securities Regulatory Commission
SZSE	Refers to	Shenzhen Stock Exchange
Sponsor, Zhongshan Securities	Refers to	Zhongshan Securities Co., Ltd.

Major Risk Statement

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

II. Company Profile

1. Company profiles

Stock ID	Fangda Group, Fangda B	Stock code	000055、200055
Modified stock ID (if any)	None		
Stock Exchange	Shenzhen Stock Exchange		
Chinese name	China Fangda Group Co., Ltd.		
Chinese abbreviation	Fangda Group		
English name (if any)	CHINA FANGDA GROUP CO., LTD.		
English abbreviation (if any)	CFGC		
Legal representative	Xiong Jianming		
Registered address	Fangda Building, Kejinan 12 th Avenue, High-tech Zone, Shenzhen, PR China.		
Zip code	518057		
Office address	20F, Fangda Building, Kejinan 12 th Avenue, High-tech Zone, Shenzhen, PR China.		
Zip code	518057		
Website	http://www.fangda.com		
Email	fd@fangda.com		

2. Contacts and liaisons

	Secretary of the Board	Representative of Stock Affairs
Name	Zhou Zhigang	Guo Linchen
Address	20F, Fangda Building, Kejinan 12 th Avenue, Hi-Tech Zone, Shenzhen	20F, Fangda Building, Kejinan 12 th Avenue, Hi-Tech Zone, Shenzhen
Tel.	86(755) 26788571 ext. 6622	86(755) 26788571 ext. 6622
Fax	86(755)26788353	86(755)26788353
Email	zqb@fangda.com	zqb@fangda.com

3. Information disclosure and inquiring

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

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

	Registration date	Registration place	Business license number	Tax registration number	Organization code
First registration	December 13, 1995	Shenzhen Bureau of Industry & Commerce Administration	440301501124785	440301192448589	19244858-9
Registration at the end of the reporting period	June 20, 2013	Market Supervision Administration of Shenzhen Municipality	440301501124785	440301192448589	19244858-9
Changes in main businesses since the listing of the Company	None				
Changes in the controlling shareholders (if any)	In 1996, the Company listed its A and B shares and the controlling shareholder is Shenzhen Fangda Group Co., Ltd. On August 25, 2000, the controlling shareholder changed its name into Shenzhen Fangda Economic Development Co., Ltd. On July 5, 2002, the controlling shareholder changed into Shenzhen Banglin Technologies Development Co., Ltd. By the end of this reporting period, the controlling shareholder remains the Shenzhen Banglin Technologies Development Co., Ltd..				

5. Other information

Public accountants employed by the Company

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

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

☒ Applicable ☐ Inapplicable

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

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

☐ Applicable ☒ Inapplicable

III Financial Highlight

1. Financial Highlight

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

☐ Yes ☒ No

	2014	2013	Increase/decrease	2012
Turnover (yuan)	1,938,324,435.51	1,747,620,845.74	10.91%	1,397,901,424.59
Net profit attributable to shareholders of the listed company (yuan)	96,998,429.76	85,676,863.78	13.21%	24,948,377.20
Net profit attributable to the shareholders of the listed company and after deducting of non-recurring gain/loss (RMB)	69,068,577.10	68,393,391.56	0.99%	7,361,274.38
Net cash flow generated by business operation (RMB)	-557,893,929.44	156,544,620.31	-456.38%	59,262,071.37
Basic earnings per share (yuan/share)	0.13	0.11	18.18%	0.03
Diluted Earnings per share (yuan/share)	0.13	0.11	18.18%	0.03
Weighted average net income/asset ratio	8.14%	7.61%	0.53%	2.30%
	End of 2014	End of 2013	Increase/decrease	End of 2012
Total asset (RMB)	3,662,719,900.41	2,599,557,542.57	40.90%	2,327,802,889.51
Net profit attributable to the shareholders of the listed company (RMB)	1,234,930,863.46	1,160,639,730.85	6.40%	1,098,612,195.57

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	Net profit attributable to the shareholders of the
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	listed company		listed company	
	This period	Last period	Closing amount	Opening amount
On Chinese accounting standards	96,998,429.76	85,676,863.78	1,234,930,863.46	1,160,639,730.85
Items and amounts adjusted according International Accounting Standards				
On international accounting standards	96,998,429.76	85,676,863.78	1,239,694,261.70	1,165,403,129.09

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

☐ Applicable ☒ Inapplicable

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	2014	2013	2012	Notes
Non-current asset disposal gain/loss (including the write-off part for which assets impairment provision is made)	-24,398.43	-462,554.08	260,038.90	
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)	2,340,175.75	1,815,855.07	6,275,756.00	
Capital using expense charged to non-financial enterprises and accounted into the current income account	3,649,313.12	2,149,420.09	1,180,032.08	
Gain from entrusted investment or assets management	2,144,844.80	306,301.37		

Gain/loss from change of fair value of transactional financial asset and liabilities, and investment gains from disposal of transactional financial assets and liabilities and sellable financial assets, other than valid period value instruments related to the Company's common businesses	-2,852,885.00		3,448,207.99	
Gain/loss from change of fair value of investment property measured at fair value in follow-up measurement	34,897,632.10	16,647,859.74	12,290,834.22	
Other non-business income and expenditures other than the above	-3,671,724.03	1,929,934.59	917,890.35	
Less: Influenced amount of income tax	9,526,862.57	5,177,842.87	5,353,185.48	
Influenced amount of minority shareholders' equity (after-tax)	-973,756.92	-74,498.31	1,432,471.24	
Total	27,929,852.66	17,283,472.22	17,587,102.82	--

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

No accidental gain/loss defined as recurrent gain/loss as defined in Explanation Announcement of Information Disclosure No. 2

IV Board of Directors' Report

1. Summary

In 2014, the growth of the Chinese economy continued slowing down, subdued by weak government investment in fixed assets. Economic risks resurfaced, creating numerous difficulties for enterprises. 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 RMB1,938,324,400, up 10.91% year on year. The net profit attributed to owners of the parent reached RMB96,998,400, up 13.21% year on year. The revenue from main businesses continued growing. In 2014, the Company had secured new orders worth RMB2.816 billion with undelivered orders worth RMB3.268 billion, which 172.04%, paving the way for the Company to complete the sales target for 2015. While developing existing businesses, the Company has increased investment in new energy sector in the report period and focused on solar power plants and LED lights as a development area.

1、Curtain wall and material industry development trend

Currently, the curtain wall system and material sector remains the Company's main source of sales revenue and profit. The Company has further consolidated its brand advantages and visibility, making remarkable progress in key sales regions. In the report period, the Company has won bids in a series of notable energy-saving and green curtain wall and material projects. The curtain wall system used in Shenyu Shangcheng South project, China Energy Storage Building, and Chongqing Tianhe Global Center is 300m high. The Company has sought to expand the business size, improve field management, optimize design and engineering solutions, elevate production and engineering efficiency, lower costs, consolidate profitability to boost the Company's long-term development.

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. The Company won the title of Outstanding Supplier in the report period.

2. New energy business

The Company established a new energy company to develop solar PV applications, PV construction and LED industry. In the report period, the Company has entered into solar energy power plant construction agreements of 900MWp in Jiangxi Pingxiang, Xinjian and Longnan and obtained government approval for solar energy power plant construction of 100MWp. On December 23, 2014, the Board of Directors approved the proposal of private A-share issuing. No more than 105 million shares (inclusive) will be issued to raise no more than RMB1.008 billion. The fund will be used to support construction solar power plants and repay bank loans. The private share issuing is now undergoing. Solar power generation business is a strategic business of the Company and coincides with the national policy. The business enjoys a bright development lookout and will fuel the Company's long-term development.

In the report period, the Company acquired Fangda SOZN, which is specialized in LED lights. After the acquisition, management teams are established to explore traditional channels and first- and second-tier markets in China. The innovative direct sales mode is introduced and is highly received among local customers and consumers. Four modern production bases with new and outstanding equipment are set up, including more than 20 automatic

assembly lines and intelligent R&D and production devices. Fangda SOZN can produce more than 10 million LED bulbs now with more than 100 patented technologies, more than 10,000 sales networks. The Company continued to promote the online and office sales mode in order to tap on the advantages of e-business and traditional sales channels, making Fangda SOZN the domestic leading LED bulb producer.

3. Metro screen door business

In the report period, several screen door orders entered design, production and engineering stage. Screen doors for Shenzhen metro phase III line No.9 and 11, Xi'an metro line No.3, Wuhan metro phase II line No.4, Nanchang metro line No.1, Fuzhou metro line No.1, Wuhan-Xiaogan railway, Singapore Dashi extension line have been designed, produced and installed as scheduled. The screen door business's sales revenue increased 64.55% from the last year. 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.

The metro screen door maintenance business is high added-value service sector. As many screen doors enter the maintenance cycle, the business enjoys a bright outlook. The Company has a natural advantage in this high-end service industry. Our screen door system are independently developed by us, thus enabling us to provide prompt, overall, effective and standard maintenance services for our customers without other third parties. In the report period, the Company received maintenance orders in Tianjin, Nanjing and Shenzhen, showing the Company's leadership in the sector. The business will expand the Company's rail transport industry line.

4. Fangda Town renovation

In the report period, Fangda Town renovation project has obtained construction permits. Since commencement in 2014, various works have been performed as scheduled. The sales will start in the 4th quarter in 2015. To reach the sales target, the Company has launched promotion, business introduction, media development and advertising in the report period.

5. Introducing talents and build the corporate culture

As orders increase rapidly over the past few year and five industry bases are put into operation, the Company has further improved the management matrix, optimize the business process, aggressively introduced high-quality and diligent management and technical professional to build a modern management led by engineers, technicians, comprehensive management executives and technical sales representatives. The Company attaches great importance to corporate culture and construction of a harmonious working environment. Various activities such as health care lectures, speech competition, sports competitions are held for the staff, including birthday parties and speed dating for single employees to refresh employees and get them ready for elevating the Company's core competitiveness.

6. Awards

In the report period, Fangda is selected by the national industry and commerce administration as a Chinese well-known trademark and the Company is selected as one of the most promising listing company by Sina. Fangda also won the title a Shenzhen well-known brand for 12 consecutive years.

Thanks to outstanding quality and brand equity, the Company has won a series of remarkable titles including the 1994-2014 outstanding enterprise for sustained development, National Construction Engineering Award, High-quality Construction Award, Guangdong Engineering Golden Award, Guangdong Construction Engineering Quality Award, Shenzhen Golden Bull Engineering Award, National Construction Decoration Award, anmd QCC silver and outstanding performance awards. Mr. Wei Yuexing, general manager of Fangda Jianke is given the title as one of the Shenzhen 100 industry leaders in the curtain wall industry.

Fangda Automatic is given titles as the Xi'an metro construction outstanding supplier, advanced equipment supplier, outstanding maintenance provider, Nanjing metro construction outstanding supplier, Dongguan railway line R2 outstanding supplier, Wuhan metro line No.4 phase II outstanding supplier.

Jiangxi New Material was given the title as an outstanding company in the Nanchang Hi-tech Park, class-A taxpayer.

2. Main business analysis

1. Summary

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

In 2014, the growth of the Chinese economy continued slowing down, subdued by weak government investment in fixed assets. Economic risks resurfaced, creating numerous difficulties for enterprises. 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 RMB1,938,324,400, up 10.91% year on year. The net profit attributed to owners of the parent reached RMB96,998,400, up 13.21% year on year. The revenue from main businesses continued growing. In 2014, the Company had secured new orders worth RMB2.816 billion with undelivered orders worth RMB3.268 billion, which 172.04%, paving the way for the Company to complete the sales target for 2015. While developing existing businesses, the Company has increased investment in new energy sector in the report period and focused on solar power plants and LED lights as a development area.

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

☐ Applicable ☒ Inapplicable

Change in the main business mode

☐ Applicable ☒ Inapplicable

2. Revenue

The physical sales revenue is high the labor service revenue

☒ Yes ☐ No

Industry	Items	Unit	2014	2013	YOY change (%)
Curtain wall system and materials	Sales	M ²	2,479,915.61	2,472,558.74	0.30%
	Output	M ²	2,593,192.46	2,403,890.85	7.87%
	Inventory	M ²	220,123.14	106,846.3	106.02%

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

☐ Applicable ☒ Inapplicable

Major orders on hand

☒ Applicable ☐ Inapplicable

In the report period, the Company received orders worth RMB2.816 billion, of which 22.43% has realized output value. By December 31, 2014, the order reserve amounted to RMB3.268 billion. All the orders have been fulfilled as contracted.

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

√ Applicable □ Inapplicable

Fang SOZN was acquired in the report period to add LED bulb into the Company's product scope, creating a new profit growth point.

Main customers

Total sales amount to top 5 customers (RMB)	379,625,604.60
Proportion of sales to top 5 customers in the annual sales	19.59%

Information of the Company's top 5 customers

□ Applicable √ Inapplicable

Other information about main customers

□ Applicable √ Inapplicable

3. Costs

Industry

In RMB

Industry	Items	2014		2013		YOY change (%)
		Amount	Proportion in operating costs	Amount	Proportion in operating costs	
Metal production	Raw materials	929,436,079.36	67.40%	874,994,717.90	65.38%	6.22%
Metal production	Labor	94,243,308.97	6.83%	76,722,963.79	5.73%	22.84%
Metal production	Installation and onsite expenses	299,337,209.27	21.71%	327,693,011.67	24.48%	-8.65%
Metal production	Others	55,895,771.82	4.05%	59,002,837.42	4.41%	-5.27%
Metal production	Total	1,378,912,369.42	100.00%	1,338,413,530.78	100.00%	3.03%

Product

In RMB

Product	Items	2014		2013		YOY change (%)
		Amount	Proportion in operating costs	Amount	Proportion in operating costs	
Curtain wall system and materials	Raw materials	929,436,079.36	67.40%	874,994,717.90	65.38%	6.22%
Curtain wall system and materials	Labor	94,243,308.97	6.83%	76,722,963.79	5.73%	22.84%
Curtain wall system and materials	Installation and onsite expenses	299,337,209.27	21.71%	327,693,011.67	24.48%	-8.65%

Curtain wall system and materials	Others	55,895,771.82	4.05%	59,002,837.42	4.41%	-5.27%
Curtain wall system and materials	Total	1,378,912,369.42	100.00%	1,338,413,530.78	100.00%	3.03%

Main suppliers

Purchase amount of top 5 suppliers (RMB)	431,310,596.92
Proportion of purchase amount of top 5 suppliers in the total annual purchase amount	26.44%

Information of the Company's top 5 suppliers

☐ Applicable ☒ Inapplicable

Other information about main suppliers

☐ Applicable ☒ Inapplicable

4. Expenses

None

5. R&D expenses

In the report period, Fangda Group has developed a series of new products and technology in low-carbon, energy saving, environmental protection fields, including energy-saving and green curtain wall, solar power curtain wall, aluminium-plastic composite panel, single-layer aluminium panel, honeycomb aluminum panel, metro screen door system, LED lights, PV power plants. All the R&D projects have been reviewed and approved by the Group's technology committee. The products and technologies have independent intellectual property rights and patents, which will give a strong boost to the Company's long-term growth.

In the report period, the R&D expense totaled RMB86,772,900, accounting 4.48% of the operating revenue in 2014. It accounts for 7.02% of the interest attributed to owners of the parent on December 31, 2014

5. Cash flow

In RMB

Items	2014	2013	YOY change (%)
Sub-total of cash inflow from business operations	1,684,047,696.92	1,806,435,338.47	-6.78%
Sub-total of cash outflow from business operations	2,241,941,626.36	1,649,890,718.16	35.88%
Cash flow generated by business operations, net	-557,893,929.44	156,544,620.31	-456.38%

Sub-total of cash inflow generated from investment	302,123,140.16	120,915,060.37	149.86%
Subtotal of cash outflows	588,172,728.21	172,570,887.63	240.83%
Cash flow generated by investment activities, net	-286,049,588.05	-51,655,827.26	453.76%
Subtotal of cash inflow from financing activities	1,303,817,100.01	529,000,000.00	146.47%
Subtotal of cash outflow from financing activities	642,732,507.84	588,354,192.64	9.24%
Net cash flow generated by financing activities	661,084,592.17	-59,354,192.64	-1,213.80%
Net increase in cash and cash equivalents	-182,599,023.19	45,069,882.52	-505.15%

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

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

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	1,643,589,644.97	1,378,912,369.42	16.10%	2.71%	3.03%	-0.26%
Product						
Curtain wall system and materials	1,643,589,644.97	1,378,912,369.42	16.10%	2.71%	3.03%	-0.26%
District						
Domestic	1,856,320,639.39	1,546,696,308.96	16.68%	11.62%	11.23%	0.29%
Overseas	40,212,936.07	26,435,336.21	34.26%	16.27%	18.74%	-1.37%

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

☐ Applicable ☒ Inapplicable

IV. Assets and Liabilities

1. Major changes in assets

In RMB

	End of 2014		End of 2013		Change	Notes
	Amount	Proportion in total assets	Amount	Proportion in total assets		
Monetary capital	212,430,798.87	5.80%	333,876,921.97	12.84%	-7.04%	
Account receivable	1,105,242,251.46	30.18%	898,780,981.93	34.57%	-4.39%	
Inventory	982,441,187.05	26.82%	428,537,851.82	16.49%	10.33%	The inventory book value balance at the end of the period increased 128.03% from the beginning. It is because that the development cost of Fangda Town renovation project increased.
Investment real estate	226,279,523.39	6.18%	195,249,069.13	7.51%	-1.33%	
Long-term share equity investment	11,048,660.43	0.30%	9,994,565.55	0.38%	-0.08%	
Fixed assets	489,714,684.63	13.37%	462,930,269.98	17.81%	-4.44%	
Construction in process	341,749.17	0.01%	940,841.00	0.04%	-0.03%	

2. Major changes in liabilities

In RMB

	2014		2013		Change	Notes
	Amount	Proportion in total assets	Amount	Proportion in total assets		
Short-term loans	1,100,000,000.00	30.03%	369,000,000.00	14.19%	15.84%	Additional bank borrowing

3. Assets and liabilities measured at fair value

In RMB

Items	Opening amount	Gain/loss caused by changes in fair value	Accumulative changes in fair value accounting into the income account	Impairment provided in the period	Amount purchased in the period	Amount sold in the period	Closing amount
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Financial assets							
1. Financial assets measured at fair value with variations accounted into current income account (excluding derivative financial assets)	0.00	-2,852,885.00			16,263,675.00		13,410,790.00
Investment real estate	174,778,756.62	34,897,632.10	91,831.63				198,513,586.15
Total	174,778,756.62	32,044,747.10	91,831.63		16,263,675.00		211,924,376.15
Financial liabilities	0.00						0.00

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

☐ Yes ☒ No

4. Main overseas capital

☐ Applicable ☒ Inapplicable

5 Core Competitiveness Analysis

(1) Curtain wall system and material

1. Expertise and brand competitiveness

In response to the national call for energy saving and emission reduction, the Company has aggressively develop solar electric and optimal and energy-saving curtain walls, developing a series of domestic and global leading solar and energy-saving curtain wall products. The Company owns 372 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.

4. General supply advantage

The Company's main business is design, production and engineering of curtain wall projects. The Company has expanded into the entire industry chain. It improves the overall supply capability, reduces raw material cost; and improves the engineering efficiency and engineering quality.

(2) 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

Distributed solar PV industry is highly related to the Company's business. It is closely 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.

(3) 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 218 metro screen door patents, including 40 invention patents. The Company also has seven 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.

(4) 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.

VI. Investment

1. External equity investment

(1) External investment: None

(2) Financial enterprise share held: None

(3) Securities investment

Securities	Code	Abbreviation	Initial investment cost	Number of shares held at beginning of the period (share)	Opening shareholding	Number of shares held at end of the period (share)	Closing shareholding	Closing book value (RMB)	Gain/loss (RMB)	Accounting item	Source
Stock	00702	Sino Oil and Gas Holdings Ltd	16,263,675.00	0	0.00%	100,000,000	0.56%	13,410,790.00	-2,852,885.00	Transactional financial assets	Purchase
Total			16,263,675.00	0	--	100,000,000	--	13,410,790.00	-2,852,885.00	--	--
Disclosure date of approval by the Board of Directors of securities investment			March 11, 2014								
Disclosure date of securities investment approval by the			None								

Shareholders' Meeting (if any)	
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(4) Shareholding in other listed companies: None**2. Trust wealth management, investment in derivatives and entrustment loan****(1) Wealth management**

In RMB10,000

Trustee	Relationship	Related transaction	Type of product	Amount	Start date	End date	Earning recognition method	Principal recovered actually	Impairment provision (if any)	Estimate return	Actual gain/loss in the report period
Bank of China	Non-affiliated party	No	Break-even, fixed earning	2,000	July 4, 2014	August 11, 2014	Estimated annual yield 4.1%	2,000	0	8.54	8.54
CMB Shenzhen Nanshan Sub-branch	Non-affiliated party	No	Not earning-protected floating earning	4,000	July 9, 2014	September 3, 2014	Estimated annual yield 5.5%	4,000	0	33.75	33.75
CMB Shenzhen Nanshan Sub-branch	Non-affiliated party	No	Not earning-protected floating earning	4,000	July 10, 2014	August 14, 2014	Estimated annual yield 5.4%	4,000	0	20.71	20.71
CMB Shenzhen Nanshan Sub-branch	Non-affiliated party	No	Not earning-protected floating earning	3,000	October 17, 2014	October 20, 2014	Estimated annual yield 2.4%	3,000	0	0.59	0.59
CMB Shenzhen Nanshan Sub-branch	Non-affiliated party	No	Break-even, floating earning	6,695	October 17, 2014	October 20, 2014	Estimated annual yield 2.4%	6,695	0	1.32	1.32
CMB Shenzhen Nanshan Sub-branch	Non-affiliated party	No	Not earning-protected floating	4,695	October 21, 2014	October 31, 2014	Estimated annual yield 2.4%	4,695	0	3.09	3.09

h			earning								
Bank of China	Non-affiliated party	No	Earning-protected	3,000	December 31, 2014	January 4, 2015	Estimated annual yield 2.8%		0	0.92	
CMB Shenzhen Nanshan Sub-branch	Non-affiliated party	No	Not earning-protected floating earning	10	October 10, 2014	October 17, 2014	Estimated annual yield 5.21%	10	0	0.01	0.01
CMB Shenzhen Nanshan Sub-branch	Non-affiliated party	No	Not earning-protected floating earning	5,000	October 21, 2014	October 29, 2014	Estimated annual yield 5.17%	5,000	0	5.67	5.67
CCB Shenzhen Branch	Non-affiliated party	No	Not earning-protected floating earning	6,000	December 31, 2014	January 4, 2015	Actual annual yield 3.12%	0	0	2.05	
CCB Shenzhen OCT Sub-branch	Non-affiliated party	No	Not earning-protected floating earning	1,000	December 31, 2014	January 3, 2015	Estimated yield 3.12%	0	0	0.34	0
CCB Shenzhen Branch	Non-affiliated party	No	Not earning-protected floating earning	6,800	December 31, 2014	January 4, 2015	Estimated annual yield 3.12%	0	0	2.33	0
Bank of China	Non-affiliated party	No	Not earning-protected floating earning	3,000	December 26, 2014	January 4, 2015	Estimated yield 2.5%	0	0	2.07	0
CCB Shenzhen Branch	Non-affiliated party	No	Not earning-protected floating earning	3,000	December 31, 2014	January 3, 2015	Estimated annual yield 3.1%	0	0	1.83	0
Total				52,200	--	--	--	29,400	0	83.22	73.68

Source of fund	Self-owned fund
Principal and return due but not covered	0
Lawsuit (if any)	None
Disclosure date of approval announcement (if any)	March 11, 2014
Disclosure date of Shareholders' Meeting approval announcement (if any)	None

(2) Derivative investment

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 net assets in the report period	Actual gain/loss in the report period
Shanghai Futures Exchange	None	No	Shanghai aluminum	1,459.21	May 5, 2014	July 23, 2014	0	0	0	0.00%	21.94
Total				1,459.21	--	--	0	0	0	0.00%	21.94
Capital source				Self-owned fund							
Lawsuit (if any)				Inapplicable							
Disclosure date of derivative investment approval by the Board of Directors (if any)											
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				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.							

analysis of the derivative's fair value should disclose the method used and related assumptions and parameters.	
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: None**3. Use of raised capital****(1) Overview**

In RMB10,000

Total amount of the raised capital	33,658.69
Total raised capital invested in the report period	760.64
Total accumulative raised capital invested	31,431.04
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.. The raised capital totaled RMB314,31 million.	

(2) Promised raised-capital-based projects

In RMB10,000

Project promised to be invested with the raised capital and investment of the excessive raised capital	If investment project is changed (including partial	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
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	change)									
Promised investment projects										
Energy-saving and PV curtain wall production expansion project	Yes	21,000	27,000	631.15	25,370.21	93.96%	June 30, 2013	6,270.22	Yes	No
PSD production expansion project	Yes	12,658.69	6,658.69	129.49	6,060.83	91.02%	December 31, 2012	1,227.83	No	No
Subtotal of promised investment projects	--	33,658.69	33,658.69	760.64	31,431.04	--	--	7,498.05	--	--
Investment of excessive raised capital										
Total	--	33,658.69	33,658.69	760.64	31,431.04	--	--	7,498.05	--	--
Reason or situation that not on schedule (on specific project)	None									
Notes to major changes in project feasibility	None									
Amount, purpose and use of excessive raised capital	Inapplicable									
Changes in implementation place of investment funded by raised capital	Applicable									
	Occurred in previous years									
	To improve the Company's industry landscape, simplify the Company's management and reduce management costs, the 24 th meeting of the 5 th term of the Board of the Company approved the proposal of changing the implementation place of the energy-saving and photo-electric curtain wall production expansion project and increasing the implementation entities and changed the implementation place to Dongguan, Guangdong.									
Adjustment of the implementation way of investment funded by raised capital	Applicable									
	Occurred in previous years									
	On March 9, 2012, the 1 st provisional shareholders' meeting of the Company approved the adjustment proposal to put the RMB60 million for the metro screen door production expansion to the energy-saving and photo-electric curtain wall production expansion project.									
Initial use of raised fund in projects and replacement	Applicable									
	On September 30, 2010, it was decided to use the raised capital of RMB4,347,753.09 to replace the investment made previously by Fangda Automatic RMB1,403,503.00 and Fangda Decoration RMB2,944,250.09. This has been verified by CPA with report 天健正信审(2010)专字第 020722 号. The exchange of a self-financed capital of RMB4,347,753.09 using the raised capital has been verified by Ascenda Certified Public Accountants with 天健正信审(2010)专字第 020722 号 and Self-Raised Capital Investment Project Verification Report issued.									

Idle raised capital used as working capital	Applicable
	On September 30, 2010, payment of RMB20 million was made from idle proceeds to Fangda Decoration; and RMB10 million was made to Fangda Automatic. On March 22, 2011, the returned idle capital RMB30 million was transferred to raise capital account. On March 28, 2011, payment of RMB20 million was made from idle proceeds to Fangda Decoration; and RMB10 million was made to Fangda Automatic. On August 19, 2011, the returned idle capital RMB30 million was transferred to raise capital account. On August 23, 2011, payment of RMB20 million was made from idle raised capital to Fangda 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 February 22, 2012, payment of RMB20 million was made from idle proceeds to Fangda Decoration; and RMB10 million was made to Fangda Automatic. On August 15, 2012, the returned idle capital RMB30 million was transferred to raise capital account. On August 17, 2012, payment of RMB20 million was made from idle proceeds to Fangda Decoration; and RMB10 million was made to Fangda Automatic. On February 4, 2013 the returned idle capital RMB30 million was transferred to raise capital account. On February 25, 2013, payment of RMB22 million was made from idle proceeds to Fangda Decoration; and RMB8 million was made to Fangda Automatic. On July 15, 2013, the returned idle capital RMB30 million was transferred to raise capital account.
Surplus of investment and cause	Applicable
	On July 15, 2013, the surplus raised capital (including interest income RMB was transferred to permanent working capital. On August 22, 2014, raised capital (including interest) 5,150,302.35 was transferred to permanent working capital of the Company. The remaining raise capital was due to: 1. the Company strictly implements multi-supply purchase system and project tendering and bidding regulations, thus trimming the engineering and equipment purchase costs. 2. in the process of engineering and construction, the Company has taken effective measures to control, supervise and manage engineering costs. 3. the Company has taken effective measures to improve utilization of its resources and optimize its processes to cut the project investment.
Use plan of retained fund from financing	Inapplicable
Problem or situation in using of raised capital and disclosing	None

(3) Altering of projects financed by raised capital

In RMB10,000

Altered project	Corresponding promised project	Total investment of raised capital in the altered project (1)	Actual investment in the report period	Accumulative actual investment by the end of the period (2)	Investment progress by the end of the period (3)=(2)/(1)	Date when the project become useable as proposed	Profit realized in the period	Whether the estimate profit is realized	Any major change in the feasibility after the alteration
Energy-saving and PV	Energy-saving and PV	27,000	631.15	25,370.21	93.96%	June 30, 2013	6,270.22	Yes	No

curtain wall production expansion project	curtain wall production expansion project								
2. PSD production expansion project	2. PSD production expansion project	6,658.69	129.49	6,060.83	91.02%	December 31, 2012	1,227.83	No	No
Total	--	33,658.69	760.64	31,431.04	--	--	7,498.05	--	--
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)		The delivery process of metro screen door takes a long period of time. The Company received orders of RMB613 million from 2013 to 2014, accounting for nearly 70% of the national aggregate. Orders to be delivered by the end of 2014 are worth RMB468 million. The screen door production expansion will support the sales and order delivery.							
Notes to major changes in project feasibility after the alteration		None							

4. Analysis of major subsidiaries and joint-stock companies

Major subsidiaries and joint-stock companies

In RMB

Company	Type	Industry	Main products or services	Registered capital	Total assets	Net assets	Turnover	Operation profit	Net profit
Fangda Jianke	Subsidiary	Decorative	Curtain wall system	500,000,000	2,297,588,580.12	749,684,129.22	1,499,837,703.29	81,813,917.19	70,755,156.37
Fangda Automatic	Subsidiary	Railroad industry	Metro screen door	105,000,000	396,147,819.22	192,209,221.13	163,158,433.01	9,060,690.9	8,973,274.56
Kexunda	Subsidiary	Railroad	Software	1,000,000.00	57,361,368.99	2,774,714.13	13,472,393.	10,975,280.	12,861,41

Co.	ry	industry	develop ment and system integrati on				23	62	5.59
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Major subsidiaries and joint-stock companies

None

Acquisition and disposal of subsidiaries in the report period

☒ Applicable ☐ Inapplicable

Company	Acquisition and disposal purpose of subsidiaries in the report period	Acquisition and disposal method of subsidiaries in the report period	Impact on production and performance
Guangdong Fangda SOZN Lighting Co., Ltd.	Speed up expansion to LED business	Purchase	Create new profit growth

5. Major projects of non-raised capital: None

VII. Forecast of operating performance between January and March in 2015

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

☐ Applicable ☒ Inapplicable

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

IX. Future Prospect

(1) Industry competition map and development trend

Curtain wall and material system industry

According to the Chinese Building Decoration Industry 12th Five-year Plan, the domestic building curtain wall industry is worth RMB400 million in 2015. The urbanization will accelerate the market demand and give a strong boost to the development of the industry. The government also released a series of policies to support the development of the industry.

(2) New energy industry

1. Solar power industry

The solar power generation industry is supported by the Chinese government. Since late 2012, the state council, finance minister, energy administration and state grid have issued a series of policies to regulate various issues related to PV power generation and subsidies for distributed power plants. Despite that most on-grid power generation is centralized power plants, accounting for 84% in 2013, distributed power plants will develop rapidly with the government support.

(2) LED light

LED as the new lighting technology has won support in many countries and organizations, which issued many policies to support the development of the industry. The retirement of incandescent light bulbs will explode the development of LED lights. In November 2011, China released the incandescent light bulb retirement roadmap. All incandescent light bulbs will be retired in China by 2016. Recently, National Development and Reform Committee and tax administration released the announcement on subsidies for EMC project enterprise. The government concern for energy conservation will boost the development of the LED industry.

(3) Rail transport equipment business

In the 12th Five-year period, the urban metro and railway construction mileage will reach 2,600km, with a total investment of RMB1.27 trillion. Screen door is a key device for metro. Therefore, the demand will remain strong.

(4) Real estate

As the land resource becomes increasingly rare, the urban renovation has become a common issue for many large cities. Shenzhen government has released a series of policies to encourage renovation projects. Fangda Town renovation project is located into the crossroad of Dashuhe Innovation Corridor and OCT cultural innovation ring.

(2) Corporate development strategy and operating plan

2015 will witness remarkable innovation and development, as well as business, concept transformation of the Company. A series of internal reforms will be launched to improve the comprehensive competitiveness and operation efficiency, fueling the Company's long-term development. The development of the new energy business is a strategic part in the Company's development plan. The Company will grasp the gold opportunities to blend industry, financial and business innovation and blaze a new trail in developing the new energy industry. The Company will further consolidate its position as the domestic leading supplier of metro screen doors and expand into the global market. The Company will ensure the quality of the Fangda Town renovation project and meet the sales target.

(3) Capital demand for support existing business and construction in progress

The development of the Company's main business and Fangda Town renovation project increase the capital demand. Therefore, the Company has approved the proposal of private A-share issuing to raise RMB1.008 billion, which will be used to fund construction of solar power plants. To realize the operating target in 2015, the Company will formulate reasonable financial and capital plans to add more financing channels and self-owned fund and bank loans to meet the capital demand.

(4) Potential risks and measures

1. Market risks and measures

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

2. Management risks and measures

With an increase in orders in recent years and operation of six industry bases, the Company has continued expanding rapidly in terms of capitalization, business and teams. The organizational structure and management system have become more complicated, leading to management risks in industry expansion. The Company will

continue to improve the matrix management mode, integrate business management, optimize the business flow, seeking to build a high-efficient and solid management team. We will introduce high-quality, professional technical and management talents in different fields to strengthen the Company's core competitiveness.

3. Production and operation risks and measures

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

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

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

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

☐ Applicable ☒ Inapplicable

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

XII. Retrospective restatement of major accounting errors in the report period

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

☒ Applicable ☐ Inapplicable

Acquire Guangdong Fangda SOZN Lighting Co., Ltd. under different control in the report period.

Fangda New Energy and Shihui International Holding were established and consolidated in the period.

Fangda Yi was liquidated in the period and removed from consolidate statements.

XIV Profit distribution and dividend payment of the Company

Formulation, execution or adjustment of profit distribution policy in the report period

☒ Applicable ☐ Inapplicable

To regulate cash dividend distribution and improve distribution transparency, according to CSRC [2013] No.43 Cash Dividend of Listed Companies, the Company revised profit distribution policies and terms in the Articles of Associations and formulated the Shareholder Return Plan for 2015-2017, which were approved at the 8th meeting of the 7th Board of Directors and 1st extraordinary shareholders' meeting in 2015.

During the report period, the Company implemented the profit distribution plan for 2013. Approved at the Shareholders' Meeting 2013 held on March 31, 2014, the Company's profit distribution plan for 2013 is distributing a cash dividend of RMB0.30 (tax-included) for every ten shares of all the shareholders based on a

total of 756,909,905 shares on December 31, 2013. The plan was implemented on April 15, 2014 (see the 2013 Share Equity Distribution Implementation Announce 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	Yes

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

2012: A cash dividend of RMB0.30 (including tax) for each ten shares is issued to all shareholders on the basis of 756,909,905 shares with a total amount of RMB 22,540,512.87, on December 31, 2012. No dividend share or capitalization share is issued in the year.

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

2014: A cash dividend of RMB0.30 (including tax) for each ten shares is issued to all shareholders on the basis of 756,909,905 shares with a total amount of RMB 22,707,297.15, on December 31, 2014. No dividend share or capitalization share is issued in the year.

Cash dividends for the recent three years

In RMB

Year	Cash dividend (including tax)	Net profit attributable to shareholders in the consolidated financial statements	Proportion in the net profit attributable to shareholders in the consolidated financial statements	Amount of repurchased share capital in cash included in cash dividend	Proportion of the amount of repurchased share capital in cash included in cash dividend
2014	22,707,297.15	96,998,429.76	23.41%	0.00	0.00%
2013	22,707,297.15	85,676,863.78	26.50%	0.00	0.00%
2012	22,540,512.87	24,948,377.20	90.35%	0.00	0.00%

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

☐ Applicable ☒ Inapplicable

XV Profit Distribution and Reserve Capitalization Plan in the Report Period√ Applicable ☐ Inapplicable

Bonus shares for every ten shares	0
Cash dividend for every ten shares (yuan, tax-included)	0.30
Share dividend for each ten shares (share)	0
A total number of shares as the distribution basis	756,909,905
Total cash dividend (yuan, including tax)	22,707,297.15
Distributable profit (yuan)	404,322,761.53
Proportion of cash dividend in the distributable profit	100.00%
Cash dividend distribution policy	
The Company is in a fast growth stage. Therefore, the cash dividend will reach 20% of the profit distribution at least.	
Details of profit distribution or reserve capitalization plan	
<p>The Company plans to distribute a cash dividend of RMB0.30 (including tax) for each ten shares issued to all shareholders on the basis of 756,909,905 shares with a total amount of RMB22,707,297.15, on December 31, 2014. No dividend share or capitalization share is issued in the year.</p> <p>The plan needs to be reviewed and approved at the General Shareholders' Meeting 2014.</p>	

XVI Social responsibilities√ Applicable ☐ Inapplicable

In the reporting period, the Company has positively assumed social responsibilities by: paying taxes RMB105 million, up 13.20% year-on-year; donating RMB958,000 and investing RMB771,800 in environment protection, create nearly 10,000 jobs; inputting RMB2.1421 million in employee knowledge and skill training. The company has invested RMB86.77 million to promote development of new draft, technology, product structure and patent according to clean, safety and efficient production to make contribution for environmental protection.

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

☐ Yes ☒ No ☐ N/A

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

☐ Yes ☒ No ☐ N/A

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

☐ Yes ☒ No ☐ N/A

XVII Reception of investigations, communications, or interviews in the reporting period

√ 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
July 4, 2014	Shenzhen	Onsite investigation	Institution	Fullgoal Fund	Business and future development
July 8, 2014	Shenzhen	Onsite investigation	Institution	CMS, Shenyin & Wanguo, Southern Fund	Business and future development
July 14, 2014	Shenzhen	Onsite investigation	Institution	GF Securities, Invesco Great Wall fund, QHKY Fund, Industrial Securities, Prudential Fund	Business and future development

July 24, 2014	Shenzhen, Dongguan Songshanhu	Onsite investigation	Institution	Shenyin & Wanguo	Business and future development
September 3, 2014	Shenzhen	Onsite investigation	Institution	Hong Yuan Securities	Business and future development
November 3, 2014	Shenzhen	Onsite investigation	Institution	Shenyin & Wanguo	Business and future development
November 13, 2014	Shenzhen	Onsite investigation	Institution	Yuanta Funds	Business and future development
December 2, 2014	Shenzhen	Onsite investigation	Institution	Shenyin & Wanguo, China Investment Securities, Invesco Great Wall fund, Yintai Securities, Qianhai Anzhou Capital, Rongyao Investment, Daoyi Assets	Business and future development
Number of reception		15			
Number of institutions		34			
Disclosed or leaked uncovered material information		No			

V Significant Events

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

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

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

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. Enterprise merger

√ Applicable □ Inapplicable

On July 18, 2014, 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 Announcement on Acquiring Zhongshan SOZN Lighting Co., Ltd. and LED Lighting Business of Its Affiliates was published on China Securities Journal, Shanghai Securities Daily, Securities Times, HKCD and www.cninfo.com.cn on July 22, 2014. The acquisition will accelerate the Company’s LED business expansion and create new profit growth opportunities. As part of the Company’s new energy development strategy, it coincides with the Company’s development shift onto energy-saving industries and will optimize the Company’s business structure, thus propelling the Company’s long-term growth. The acquisition has completed as scheduled. Fangda SOZN recorded a tax-included income of RMB136,832,908.41 between July and December 2014.

VI. The Company made or implemented no option incentive scheme in the report period.**VII. Material related transactions**

1. 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 related transaction in the report period.

VIII. 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**Leasing**

The Company leases investment real estates and obtained a lease income of RMB25,160,000 in the report period.

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

☐ Applicable ☒ Inapplicable

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 11, 2014	36,000	September 3, 2014	22,823.38	Joint liability	since engage of contract to 2 years upon	No	No

						due of debt		
Fangda Jianke	March 11, 2014	20,000	October 20, 2014	19,945.62	Joint liability	since engage of contract to 2 years upon due of debt	No	No
Fangda Jianke	March 11, 2014	25,000	September 9, 2014	14,613.72	Joint liability	since engage of contract to 2 years upon due of debt	No	No
Fangda Jianke	March 11, 2014	20,000	June 16, 2014	19,822.97	Joint liability	since engage of contract to 2 years upon due of debt	No	No
Fangda Jianke	March 11, 2014	21,428	September 30, 2014	9,683.29	Joint liability	since engage of contract to 2 years upon due of debt	No	No
Fangda Jianke	November 8, 2014	15,000	November 11, 2015	3,850	Joint liability	since engage of contract to 2 years upon due of debt	No	No
Fangda Automatic	March 11, 2014	20,000	September 3, 2015	13,266.57	Joint liability	since engage of contract to 2 years upon due of debt	No	No
Fangda Automatic	November 8, 2014	5,000	November 11, 2015	2,660	Joint liability	since engage of contract to 2 years upon due of debt	No	No
Fangda New Material	March 11, 2014	7,080	April 11, 2015	2,977.68	Joint liability	since engage of contract to 2 years upon due of debt	No	No
Fangda New Material	March 11, 2014	8,000	May 5, 2015	5,573.29	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	11,000	Joint liability	since engage of contract to 2 years upon due of debt	No	No

Total of guarantee to subsidiaries approved in the report term (B1)	264,000	Total of guarantee to subsidiaries actually occurred in the report term (B2)	148,787.48
Total of guarantee to subsidiaries approved as of the report term (B3)	264,000	Total of balance of guarantee actually provided to the subsidiaries as of end of report term (B4)	126,216.53
Total of guarantee provided by the Company (total of the above two)			
Total of guarantee approved in the report term (A1+B1)	264,000	Total of guarantee occurred in the report term (A2+B2)	148,787.48
Total of guarantee approved as of end of report term (A3+B3)	264,000	Total of guarantee occurred as of the end of report term (A4+B4)	126,216.53
Percentage of the total guarantee occurred (A4+B4) on net asset of the Company	102.21%		

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.

IX. Performance of promises

1. 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.

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

☐ Applicable ☒ Inapplicable

10. Engaging and dismissing of CPA

CPA engaged currently

Domestic public accountants name	Grant Thornton (special general partner)
Remuneration for the domestic public accountants (in RMB10,000)	130
Consecutive years of service by the domestic public accountants	3
Name of certified accountants of the domestic public accountants	Lin Kaiqin and Li Chunmei

Overseas public accountants name (if any)	None
Remuneration for the overseas public accountants (in RMB10,000)	0
Consecutive years of service by the overseas public accountants (if any)	None
Name of certified accountants of the overseas public accountants (if any)	None

The CPA is not replaced

☐ Yes ☒ No

Engaging of internal control audit CPA, financial advisor and sponsor

☒ Applicable ☐ Inapplicable

This year, the Company continued engaging Grant Thornton (special general partner) as the internal control CPA. The financial statement review fee is RMB1.3 million.

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

☐ Applicable ☒ Inapplicable

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

XIII. Trade suspension and termination after the disclose of the annual report

XIV. The Company had no other significant event to be explained in the report period.

XV. Material events of subsidiaries

XVI. The Company issued no corporate bonds in the period.

VI Changes in Share Capital and Shareholders

1. Changes in shares

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

2. No change in shares with sales restriction**2. Share placing and listing****1. The Company issued no securities in the recent three years**

☐ Applicable ☒ Inapplicable

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

☐ Applicable ☒ Inapplicable

3. Current employees' shares

☐ Applicable ☒ Inapplicable

3. Shareholders and the substantial controller of the Company**1. Shareholders and shareholding**

In share

Number of shareholders of common shares at the end of the report period	46,209	Number of ordinary shareholders by the end of the 5 th date day before the disclosure date of the annual report	52,741	Number of shareholders of preferred stocks of which voting rights recovered in the report period (if any, see Note VIII)	0			
Shareholders holding 5% of the Company's shares or top-10 shareholders								
Shareholder	Properties of shareholder	Sharehold ing	Number of shares held at the end of the reporting period	Change in the reporting period	Conditio nal 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		68,774,273	Pledged	14,150,000
Shengjiu Investment Ltd.	Foreign legal person	5.00%	37,845,591	+11,199,085		37,845,591		
Huang Jupei	Domestic natural person	3.96%	30,001,000	+5,083,800		30,001,000		

Zhou Shijian	Domestic natural person	2.79%	21,123,481	+21,123,481		21,123,481		
Shenzhen Shilihe Investment Co., Ltd.	Domestic non-state legal person	2.36%	17,860,992	0		17,860,992		
Yu Liandi	Domestic natural person	1.34%	10,121,923	+10,121,923		10,121,923		
National Social Insurance Portfolio No.109	Others	1.32%	9,999,832	+9,999,832		9,999,832		
Jiang Jing	Domestic natural person	1.19%	9,029,914	-1,605,526		9,029,914		
ICBC-Lion Fund Stock Investment Fund	Others	1.12%	8,513,474	+8,513,474		8,513,474		
Bank of Communication – Huaan Chuangxin Securities Investment Fund	Others	0.79%	5,995,718	+5,995,718		5,995,718		
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.	37,845,591					Foreign shares listed in domestic exchanges	37,845,591	
Huang Jupei	30,001,000					RMB common shares	30,001,000	
Zhou Shijian	21,123,481					RMB common	21,123,481	

		shares	
Shenzhen Shilihe Investment Co., Ltd.	17,860,992	RMB common shares	17,860,992
Yu Liandi	10,121,923	RMB common shares	10,121,923
National Social Insurance Portfolio No.109	9,999,832	RMB common shares	9,999,832
Jiang Jing	9,029,914	RMB common shares	9,029,914
ICBC-Lion Fund Stock Investment Fund	8,513,474	RMB common shares	8,513,474
Bank of Communication – Huaan Chuangxin Securities Investment Fund	5,995,718	RMB common shares	5,995,718
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 ordinary shareholders in financing bonds (if any)	Huang Jupei holds 30,000,000 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, Yu Liandi holds 10,121,923 shares of the Company through GF Securities customer credit transaction guarantee securities account; Jiang Jing holds 9,024,914 shares of the Company through Everbright Securities customer credit transaction guarantee securities account.		

Agreed re-purchasing by the Company's top 10 shareholders of common shares and top 10 shareholders of unconditional common shares in the report period

2. Profile of the controlling shareholders

Legal person

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

Future development strategy	The Company will continue investment.
Operating result, financial status and cash flow	Banglin Technology's 2014 financial statements are not audited.
Stock ownership of other domestic and overseas listed company controlled or whose shares are held by controlling shareholders	None

No change in the controlling shareholder in the report period

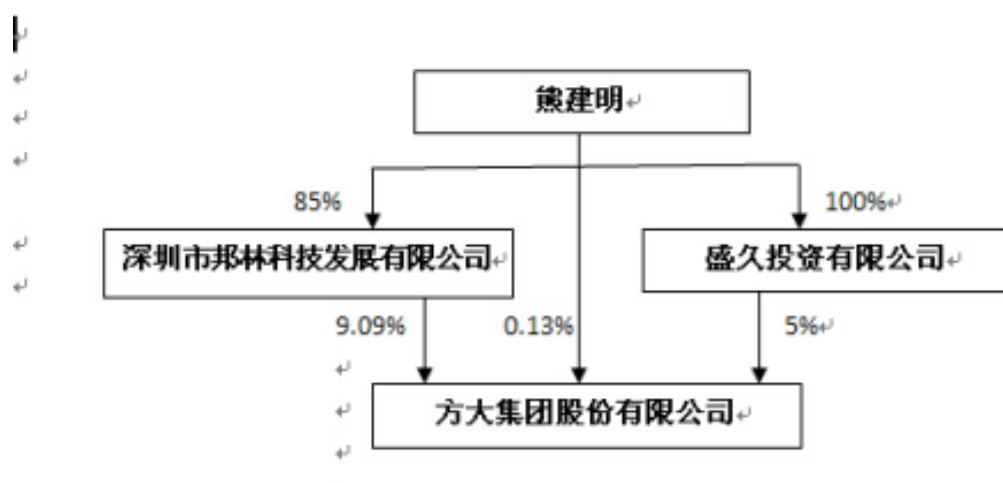
3. Substantial controller of the Company

Natural person

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

No change in the actual shareholder in the report period

7. Chart of the controlling relationship



No controlling over the Company by the substantial controller through trust or other asset management

4. The Company has no other legal person shareholders with over 10% of total shares

4. Statement on share increasing proposal raised by the shareholders or their action-in-concert parties in the reporting period

Name of shareholder/ action-in-concert parties	Number of shares to be increased	Proportion of shares to be increased	Actual number of shares increased	Actual proportion of shares increased	Initial disclosure date of the share increase plan	Disclosure date of the share increase plan implementation completion
Shengjiu Investment Ltd.			11,199,085	1.48%		

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

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

Name	Position	Job status	Sex	Age	Starting date of the term	End date of the term	Number of shares held at beginning of the period	Increased shares in this period (share)	Decreased shares in this period (share)	Number of shares held at end of the period
Xiong Jianming	Chairman, president	In office	M	57	March 31, 2014	March 31, 2017	1,002,771	0	0	1,002,771
Wang Shengguo	Director, vice president	In office	M	57	March 31, 2014	March 31, 2017	36,286	0	0	36,286
Xiong Jianwei	Director	In office	M	46	March 31, 2014	March 31, 2017				
Zhou Zhigang	Director, secretary of the Board	In office	M	52	March 31, 2014	March 31, 2017				
Huang Yaying	Independent director	In office	M	52	March 31, 2014	March 31, 2017				
Guo Wanda	Independent director	In office	M	49	March 31, 2014	March 31, 2017				
Lin Bin	Independent director	In office	M	52	March 31, 2014	March 31, 2017				
Zhen Hua	Supervisory Committee meeting convener	In office	F	55	March 31, 2014	March 31, 2017				
Yin Changjian	Supervisor	In office	M	46	March 31, 2014	March 31, 2017				
Zen Xiaowu	Supervisor	In office	M	45	March 31, 2014	March 31, 2017				

Lin Kebin	Vice president and CFO	In office	M	37	March 31, 2014	March 31, 2017				
Wei Yuexing	Vice president	In office	M	46	March 31, 2014	March 31, 2017				
Guo Jinlong	Independent director	Resigned	M	53	March 25, 2011	March 25, 2014				
Shao Hanqing	Independent director	Resigned	F	76	March 25, 2011	March 25, 2014				
Yu Guoan	Supervisor	Resigned	M	55	March 25, 2011	March 25, 2014				
Cao Naisi	Supervisor	Resigned	F	36	March 25, 2011	March 25, 2014				
Yang Xiaozhuan	Vice president	Resigned	M	61	March 25, 2011	March 25, 2014				
Total	--	--	--	--	--	--	1,039,057	0	0	1,039,057

2. Office Description

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

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

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

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

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

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

Guo Wanda: Economic PH.D, research. As the executive deputy president of China Development Institute, he has studied in macro-economy, industry policies and enterprise development strategies for years and provided

consulting services. He is an independent director of the Company.

Lin Bin: economics (accounting) doctor. He is a professor of the Accounting Department of the Management School of Sun Yat-Sen University, director of the Enterprise and Non-Profit Organization Research Center of Sun Yat-Sen University, and was once the director of the Accounting Department of Sun Yat-Sen University and MPACC Education Center. He is a member of the consultant panel of the enterprise internal control standard committee of the Ministry of Finance, deputy president of Guangdong Auditor Society, vice president of the Guangdong Internal Auditor Association.

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

Yin Changjian, bachelor's degree, is a CPA. He was only deputy general manager of Beijing branch of Fangda Jianke and is now the deputy director of the audit and supervision dept. He is a staff supervisor.

Zeng Xiaowu, master's degree, is a senior engineer. He was once chief engineer, president of the design institution and is now the vide technical supervisor

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

Wei Yuexing, bachelor's degree, is an engineer. He is now vice president of the Company and general manager of Fangda Jianke

Offices held at shareholders entities

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

Offices held at other entities

Name	Entity name	Office	Starting date of the term	End date of the term	Whether any remuneration is paid at the shareholder entity
Huang Yaying	Law School of Shenzhen University	Dean	July 1, 2009		Yes

Huang Yaying	Guangdong Guoxin Law Firm	Lawyer	May 1, 2009		No
Huang Yaying	Shenzhen Zhongzhuang Construction Group Stock Co., Ltd.	Independent director	May 1, 2013		Yes
Huang Yaying	Han's Laser Technology Co., Ltd.	Independent director	October 1, 2013		Yes
Huang Yaying	Shenzhen Airport Stock Co., Ltd.	Independent director	December 1, 2014		Yes
Guo Wanda	General Development Research Institute (China Shenzhen)	Standing deputy president	July 1, 2007		Yes
Guo Wanda	Shenzhen Baode Technology Group Stock Co., Ltd.	Independent director	June 6, 2008		Yes
Guo Wanda	Shenzhen Meiyingseng Environmental Protection Technology Co., Ltd.	Independent director	September 21, 2010	September 22, 2016	Yes
Lin Bin	Sun Yat-Sen University Management Academy	Professor	October 1, 1998		Yes
Lin Bin	Guangzhou Baiyun International Airport Co., Ltd.	Independent director	June 27, 2013	June 26, 2016	Yes
Lin Bin	Guangzhou Pearl River Beer Co., Ltd.	Independent director	June 19, 2012		Yes
Office description	The above-mentioned three are independent directors of the Company.				

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

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

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

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

Payment on monthly basis

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

In RMB10,000

Name	Position	Sex	Age	Job status	Total remuneration	Total remuneration from the shareholding	Unpaid remuneration during the reporting
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						party	period
Xiong Jianming	Chairman, president	M	57	In office	176.33	0	176.33
Wang Shengguo	Director, vice president	M	57	In office	90.92	0	90.92
Xiong Jianwei	Director	M	46	In office	78.55	0	78.55
Zhou Zhigang	Director, secretary of the Board	M	52	In office	63.84	0	63.84
Huang Yaying	Independent director	M	52	In office	8	0	8
Guo Wanda	Independent director	M	49	In office	6	0	6
Lin Bin	Independent director	M	52	In office	6	0	6
Zhen Hua	Supervisory Committee meeting convener	F	55	In office	53.9	0	53.9
Yin Changjian	Supervisor	M	46	In office	31.54	0	31.54
Zen Xiaowu	Supervisor	M	45	In office	66.46	0	66.46
Lin Kebin	Vice president and CFO	M	37	In office	78.76	0	78.76
Wei Yuexing	Vice president	M	46	In office	75.56	0	75.56
Guo Jinlong	Independent director	M	53	Resigned	2	0	2
Shao Hanqing	Independent director	F	76	Resigned	2	0	2
Cao Naisi	Supervisor	F	36	Resigned	41.61	0	41.61
Yu Guoan	Supervisor	M	55	Resigned	0.75	0	0.75
Yang Xioazhuan	Vice president	M	61	Resigned	43.75	0	43.75
Total	--	--	--	--	825.97	0	825.97

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

4. Changes in the Directors, Supervisors and Senior Executives

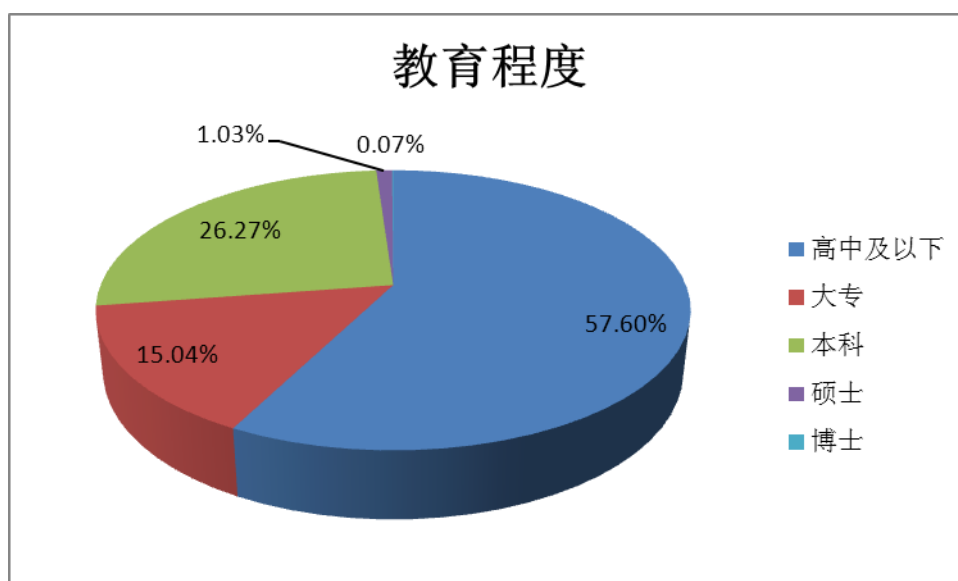
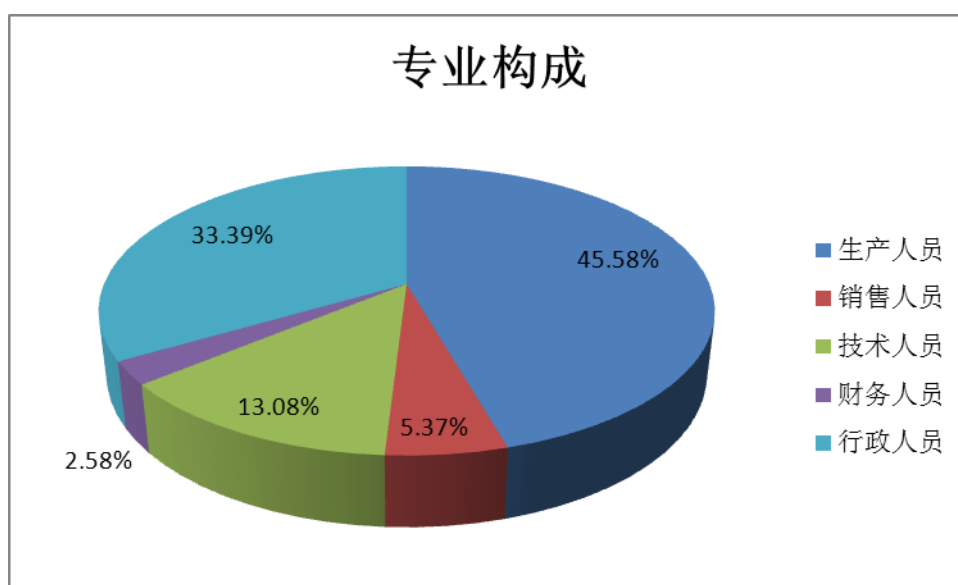
Name	Job	Type	Date	Reason
Xiong Jianming	Chairman, president	Elected	March 31, 2014	Expired
Wang Shengguo	Director, vice president	Elected	March 31, 2014	Expired
Xiong Jianwei	Director	Elected	March 31, 2014	Expired
Zhou Zhigang	Director, secretary of the Board	Elected	March 31, 2014	Expired
Huang Yaying	Independent director	Elected	March 31, 2014	Expired
Guo Wanda	Independent director	Elected	March 31, 2014	Expired
Lin Bin	Independent director	Elected	March 31, 2014	Expired
Zhen Hua	Supervisory Committee meeting convener	Elected	March 31, 2014	Expired
Yin Changjian	Supervisor	Elected	March 31, 2014	Expired
Zen Xiaowu	Supervisor	Elected	March 31, 2014	Expired
Lin Kebin	Vice president and CFO	Engaged	March 31, 2014	Expired
Wei Yuexing	Vice president	Engaged	March 31, 2014	Expired
Guo Jinlong	Independent director	Leaving office	March 31, 2014	Expired
Shao Hanqing	Independent director	Leaving office	March 31, 2014	Expired
Yu Guoan	Supervisor	Leaving office	March 31, 2014	Expired
Cao Naisi	Supervisor	Leaving office	March 31, 2014	Expired
Yang Xiaozhuan	Vice president	Leaving office	March 31, 2014	Expired

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

6. Employees

Employees (by December 31, 2014)				
	Fangda Group (parent)	Fangda Jianke (main subsidiary)	Other subsidiaries	Total
Number of employees in position	72	1,588	1359	3,019
Retired employees on the Company's expense	0	0	0	0
Categories of professions	Fangda Group (parent)	Fangda Jianke (main subsidiary)	Other subsidiaries	Total
Production	0	552	824	1376
Sales & Marketing	0	63	99	162

Technicians	0	258	137	395
Finance & Accounting	8	42	28	78
Executive	64	673	271	1008
Categories of education	Fangda Group (parent)	Fangda Jianke (main subsidiary)	Other subsidiaries	Total
High school or below	22	677	1040	1739
College diploma	9	299	146	454
Bachelor	32	597	164	793
Master's degree	8	14	9	31
Doctor's degree	1	1	0	2



Staff remuneration policy: The Company's staff remuneration comprises post wage, performance wage, allowance

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

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

In the report period, the total of outsourced labor services amounted to 8.56 million hours, with a total income of RMB256.69 million.

VIII Corporation Governance

1. Overview

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

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

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

1. Revision of corporate governance

(1) According to the Company Law (2014 Revised), Guidelines for Articles of Association for Listed Companies (2014 Revised), the Company revised the Articles of Associations, Shareholders' Meeting Criteria, Working Regulations of the Board of Directors and Regulations on External Investment, which were approved at the 2nd extraordinary shareholders' meeting in 2014 and 1st extraordinary shareholders' meeting in 2015. The announcements were published on China Securities Journal, Shanghai Securities Daily, Securities Times, HKCD and www.cninfo.com.cn on September 12, 2014 and January 14, 2015.

(2) To regulate cash dividend distribution and improve distribution transparency, according to CSRC [2013] No.43 Cash Dividend of Listed Companies, the Company revised profit distribution policies and terms in the Articles of Associations and formulated the Shareholder Return Plan for 2015-2017, which were approved at the 8th meeting of the 7th Board of Directors and 1st extraordinary shareholders' meeting in 2015.

2. Implementing cash dividend distribution plan

Approved at the Shareholders' Meeting 2013 held on March 31, 2014, the Company's profit distribution plan for 2013 is distributing a cash dividend of RMB0.30 (tax-included) for every ten shares of all the shareholders based on a total of 756,909,905 shares on December 31, 2013. The 2013 Share Equity Distribution Implementation Announcement was published on China Securities Journal, Shanghai Securities Daily, Securities Times, HKCD and www.cninfo.com.cn on April 8, 2014.

The Company has revised the "Information Insider Registration Scheme" according to the requirement of CSRC in February 2012. The revised Information Insider Registration Scheme is published on www.cninfo.com.cn.

No situation was found in the report period that any of the insiders had been trading the Company's shares taking advantages of the material information they could get access to, neither informed by the supervisory

authorities regarding inspection or correction notice.

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

1. Annual shareholder meeting during the report period

Meeting	Date	Proposal	Resolution	Date of disclosure	Index for information disclosure
2013 Annual Shareholder Meeting	March 31, 2014	(1) Review The Board of Directors' Work Report 2013; (2) review the Supervisory Committee's Work Report 2013; (3) review the Annual Report 2013 and the Summary; (4) review the Financial Settlement Report 2013; (5) review the proposal of dividend distribution for year 2013; (6) review the proposal about applying for integrated bank credit; (special resolution); (7) review the proposal of providing guarantee for the company's fully-owned subsidiary; (special resolution); (8) review the proposal of engaging the auditor for 2014; (9) review the remuneration plan for the 7 th Board of Directors (including independent directors) and supervisory committee; (10) review the proposal of re-electing the Board of Directors of the Company; (11) review the proposal of re-electing the Supervisory Committee of the Company	All the proposals are approved	April 1, 2014	The announcement of The Resolutions of Shareholders' Annual Meeting 2013 was published on China Securities Journal, Shanghai Securities Daily, Securities Times, HKCD and www.cninfo.com.cn

2. Extraordinary shareholder meetings during the report period

Meeting	Date	Proposal	Resolution	Date of disclosure	Index for information disclosure
1 st Provisional Shareholders' Meeting 2014	January 24, 2014	1. Proposal on providing guarantee for the Company's fully-owned subsidiaries.(special resolution) 2. The proposal of approving Shenzhen Fangda Property Development Co., Ltd.'s application for integrated bank credit and providing of guarantee. (Special resolution) 3. Proposal of Investment in Fangda Town renovation project.	All the proposals are approved	January 25, 2014	The announcement of 1 st Provisional Shareholders' Meeting 2014 was published on China Securities Journal, Shanghai Securities Daily, Securities Times, HKCD and www.cninfo.com.cn.
2 nd Provisional Shareholders' Meeting 2014	September 11, 2014	1. The proposal about applying for integrated bank credit; (special resolution) 2. The proposal of providing guarantee for controlled company; (special resolution) 3. The proposal on revising the Articles of Association (special resolution); 4. The proposal of Revising Shareholders' Meeting Criteria 5. The	All the proposals are approved	September 12, 2014	The announcement of 2 nd Provisional Shareholders' Meeting 2014 was published on China Securities Journal, Shanghai Securities Daily, Securities Times, HKCD and

		proposal of Revising Working Regulations of the Board of Directors.			www.cninfo.com.cn.
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3. No shareholder of preferred shares with recovered votes convened extraordinary shareholders' meeting

3. Performance of independent directors during the report period

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

Independent directors' presenting of board meetings						
Name of independent director	Time of board meetings should have attended	Presented personally	Presented by telecom	Presented by proxy	Absent	Absent for two consecutive meetings
Huang Yaying	12	9	3	0	0	No
Guo Wanda	8	4	2	2	0	No
Lin Bin	8	5	2	1	0	No
Shao Hanqing	4	2	1	1	0	No
Guo Jinlong	4	2	1	1	0	No
Time of presence by independent directors at shareholders' meetings		5				

No independent director was absent from two consecutive meetings of the Board of Director in the report period.

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

3. Other statement for performance of independent directors

Adoption of suggestion proposed by independent directors

☒ Yes ☐ No

Statement for suggestion adopted or not by the Company

(1) During the report period, the Company's independent directors have paid attention to the Company's operation and performed their duties independent in accordance with applicable laws, regulations and Articles of Association of the Company and have proposed many professional suggestions for improving the Company's system and routine operation decision-making. During the report period, independent directors have made independent and just opinion on issues that need independent directors' opinions, playing positive roles in improving the Company's supervisory system and protecting the rights and interests of the Company and shareholders.

(2) Independent opinions issued in 2014

Name	Time of independent opinion	Issue involved	Type of independent opinion	Disclosure of the independent opinion
Shao	March 7, 2014	Use of the Company's fund by controlling shareholder	In favor	Yes

Hanqing Guo Jinlong Huang Yaying		and other affiliates and guarantee made by the Company		
		Internal control self evaluation report		
		Independent opinion on the profit distribution plan for 2013		
		Independent opinion of engaging the auditor for 2014		
		Independent opinion on remuneration of directors and senior executives in 2013		
		Announcement on Using Self-Owned Idle Fund for Securities Investment		
		Independent opinions on re-election of the Board of Directors and annual remuneration for directors and supervisors		
Huang Yaying, Guo Wanda, Lin Bin	March 31, 2014	Independent opinions on employing senior management		
	August 21, 2014	Use of fund and external guarantees made controlling shareholder and other affiliates in the first half of 2014		
	December 23, 2014	Independent opinions on private share issuance		
		Independent opinions on Related Transactions of Private Share Issuance.		
		Opinions on the utilization report of previously raised capital		
		Opinions on revising the Articles of Association of China Fangda Group Co., Ltd.		
		Independent opinions on the Shareholders' Rewarding Plan for the next three years		

4. Performance of specific committees under the Board

(1) Performance of the Development Strategy Committee

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

1. On March 7, 2014, the Company held the 6th meeting of the 6th Development Strategy Commission to listen to the report on production and operation and production and operation plan for 2013 and 2014.
2. On August 22, 2014, the 1st meeting of the Development Strategy Committee of the 7th term of the Board was held to view the Company's production and operation in the first half of 2014 and studied the fulfillment of the business plan in the first half of the year and places to be improved in the second half.

(2) Performance of the Auditing Committee

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

1. On March 3, 2014, the 15th meeting of the Auditing Committee of the 6th term of the Board was held to review the financial statements with the initial opinion issued by the CFA for 2013 and approved the auditor report issued by the CFA. After the CFA issued to final auditor's opinion, the Auditing Committee submitted the

resolution on the annual financial statements to the Board and issued the summary report on the auditing of the CFA for this year.

5. Performance of Supervisory Committee

Risks for the Company discovered by the Supervisory Committee

☐ Yes ☒ No

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

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

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

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

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

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

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

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

7. No horizontal competition

8. Assessment and motivation of senior executives

The Company has implemented a remuneration system that combines post wage and performance bonus. The wages and bonus are determined by on the assessment of senior executives' innovation capabilities, general quality, performance, fulfillment of profit and payment collection targets in the Implementation Regulations for 2014 Supervisory and Management Department Target Management and Assessment and Implementation Regulations for 2014 Subordinate Unit Assessment.

IX Internal Control

1. Internal Control Construction

In 2014, the Company has established a solid internal control system and examine key control activities in accordance with the Enterprise Internal Control Regulations and Guidelines and Internal Control Evaluation Guide issued by the Ministry of Finance. Moreover, the Company has urged subsidiaries and branches to establish and improve the internal control system. The Company has inspected the internal control on business management, capital management, assets management, investment management, information management and HR management and make correction on key internal control points to ensure implementation of the internal control system. Moreover, the Company has accelerated establishment and improvement of internal control system among its subsidiaries and branches to formulate relate documents. In the report period, the Company has established internal control system to cover related business and affairs. The existing system is complete, reasonable and effective with enforceable documents, which will help the Company prevent risks in decision making and management.

2. Board's statement on internal control responsibility

The Company has established a comprehensive and effective internal control system and reviews its effectiveness. It is the responsibility of the Board of Directors to disclose the internal control evaluation report.

3. Basis for establishment of the internal financial statement control

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

4. Internal control valuation report

Major internal control defects discovered in the report period in the internal control evaluation report	
No major defect is found in the report period	
Date of disclosure of the internal control evaluation report	March 27, 2015
Disclosure of the internal control evaluation report	The 2014 Internal Control Evaluation Report will be disclosed on www.cninfo.com.cn .

5. Internal Control Audit or Verification Report

Comments in the internal control audit report
We believe that China Fangda Group has maintained effective internal control on financial reports according to Basic Regulations

on Enterprise Internal Control and related regulations on December 31, 2014.	
Date of disclosure of the internal control audit report	March 27, 2015
Source of disclosure of the internal control audit report	The 2014 Internal Control Audit Report will be disclosed on www.cninfo.com.cn .

Non-standard internal control audit report by the CFA

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

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

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

X Financial Statements

1. Auditor's report

Type	Standard opinion auditor's report
Issued on	March 25, 2015
Auditor	Grant Thornton (special general partner)
Report No.	致同审字（2015）第 350ZA0071 号
CPA names	Lin Kaiqin and Li Chunmei

Auditors' report

致同审字（2015）第350ZA0071号

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

We have audited the Financial Statements of China Fangda Group Co., Ltd. ("Fangda Group") attached hereafter, including the Balance Sheet and Consolidated Balance Sheet ended December 31, 2014 and the Income Statement, Consolidated Income Statement, Cash Flow Statement, Consolidated Cash Flow Statement, Statement on Change of Shareholders' Equity, Consolidated Statement on Change of Shareholders' Equity of the year 2014, as well as the Notes to the Financial Statements.

1. Executives' responsibilities on the Financial Statements

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

2. Responsibilities of the CPA

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

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

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

audit opinion.

3. Auditors' Opinions

We believe that Fangda Group has been following with the Enterprise Accounting Standard in preparing of the Financial Statements. The Financial Statements is reflecting, in all important aspects, the financial situation of Fangda Group as of December 31, 2014, and the business performance and cash flow of year 2014.

Grand Thornton CPA
(limited liability partnership)

CPA China Lin Kaiqin

CPA China Li Chunmei

Beijing, China

March 25, 2015

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	212,430,798.87	333,876,921.97
Settlement provision		
Outgoing call loan		
Financial assets measured at fair value with variations accounted into current income account	13,410,790.00	
Derivative financial assets		
Notes receivable	83,325,725.70	21,898,770.43
Account receivable	1,105,242,251.46	898,780,981.93
Prepayment	29,234,231.49	28,364,016.21

Insurance receivable		
Reinsurance receivable		
Provisions of Reinsurance contracts receivable		
Interest receivable		36,387.50
Dividend receivable		
Other receivables at the end of the period	48,950,647.67	66,298,730.17
Repurchasing of financial assets		
Inventory	982,441,187.05	428,537,851.82
Assets held for sales		
Non-current assets due in 1 year		
Other current assets	234,986,107.72	
Total current assets	2,710,021,739.96	1,777,793,660.03
Non-current assets:		
Disburse of loans		
Sellable financial assets		
Investment held until mature		
Long-term receivable		
Long-term share equity investment	11,048,660.43	9,994,565.55
Investment real estate	226,279,523.39	195,249,069.13
Fixed assets	489,714,684.63	462,930,269.98
Construction in process	341,749.17	940,841.00
Engineering materials		
Disposal of fixed assets	26,918.21	177,298.11
Productive biological assets		
Gas & petrol		
Intangible assets	98,947,331.09	91,527,650.52
R&D expense		
Goodwill	26,279,395.89	
Long-term amortizable expenses	4,119,362.63	3,799,354.79
Deferred income tax assets	52,616,656.38	41,166,043.56
Other non-current assets	43,323,878.63	15,978,789.90
Total of non-current assets	952,698,160.45	821,763,882.54

Total of assets	3,662,719,900.41	2,599,557,542.57
Current liabilities		
Short-term loans	1,100,000,000.00	369,000,000.00
Loans from Central Bank		
Deposit received and held for others		
Call loan received		
Financial liabilities measured at fair value with variations accounted into current income account		
Derivative financial liabilities		
Notes payable	227,266,485.57	188,570,850.63
Account payable	685,108,346.73	489,216,140.32
Prepayment received	122,285,231.14	168,386,251.94
Selling of repurchased financial assets		
Fees and commissions payable		
Employees' wage payable	41,703,314.26	30,182,851.80
Taxes payable	58,696,926.25	44,839,947.77
Interest payable	2,055,911.11	689,153.75
Dividend payable		
Other payables	47,425,682.44	41,687,580.72
Reinsurance fee payable		
Insurance contract provision		
Entrusted trading of securities		
Entrusted selling of securities		
Liabilities held for sales		
Non-current liabilities due in 1 year	6,000,000.00	
Other current liabilities		
Total current liabilities	2,290,541,897.50	1,332,572,776.93
Non-current liabilities:		
Long-term loans		
Bond payable		
Including: preferred share		

Perpetual capital securities		
Long-term payable	6,000,000.00	
Employees' wage payable		
Special payables		
Anticipated liabilities	5,859,045.98	
Deferred earning	10,049,892.04	10,255,823.93
Deferred income tax liabilities	49,734,436.90	40,656,763.97
Other non-current liabilities		
Total of non-current liabilities	71,643,374.92	50,912,587.90
Total liabilities	2,362,185,272.42	1,383,485,364.83
Owner's equity:		
Share capital	756,909,905.00	756,909,905.00
Other interest tools		
Including: preferred share		
Perpetual capital securities		
Capital reserves	79,099,220.38	79,099,220.38
Less: Shares in stock		
Other miscellaneous income	91,831.63	91,831.63
Special reserves		
Surplus reserves	48,842,080.76	46,389,142.21
Common risk provisions		
Retained profit	349,987,825.69	278,149,631.63
Total of owner's equity belong to the parent company	1,234,930,863.46	1,160,639,730.85
Minor shareholders' equity	65,603,764.53	55,432,446.89
Total of owners' equity	1,300,534,627.99	1,216,072,177.74
Total liabilities and shareholders' equity	3,662,719,900.41	2,599,557,542.57

Legal representative: Xiong Jianming

CFO: Lin Keping

Accounting Manager: Chen Yonggang

2. Balance Sheet of the Parent Company

In RMB

Items	Closing balance	Ending balance
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Current asset:		
Monetary capital	22,256,065.49	68,223,808.76
Financial assets measured at fair value with variations accounted into current income account		
Derivative financial assets		
Notes receivable		
Account receivable	511,660.60	604,459.49
Prepayment	50,903.86	218,984.07
Interest receivable		
Dividend receivable	28,639,627.17	39,356,000.00
Other receivables at the end of the period	254,604,163.79	571,620,659.73
Inventory		
Assets held for sales		
Non-current assets due in 1 year		
Other current assets	31,005,620.01	
Total current assets	337,068,040.92	680,023,912.05
Non-current assets:		
Sellable financial assets		
Investment held until mature		
Long-term receivable		
Long-term share equity investment	1,130,674,559.01	719,728,311.13
Investment real estate	198,513,586.15	174,778,756.62
Fixed assets	60,145,112.89	48,117,849.19
Construction in process		914,126.00
Engineering materials		
Disposal of fixed assets		
Productive biological assets		
Gas & petrol		
Intangible assets	2,256,575.64	1,351,845.98
R&D expense		
Goodwill		
Long-term amortizable expenses	81,367.47	50,314.43

Deferred income tax assets	22,623,560.72	12,342,430.37
Other non-current assets	220,000,000.00	
Total of non-current assets	1,634,294,761.88	957,283,633.72
Total of assets	1,971,362,802.80	1,637,307,545.77
Current liabilities		
Short-term loans	350,000,000.00	104,000,000.00
Financial liabilities measured at fair value with variations accounted into current income account		
Derivative financial liabilities		
Notes payable		
Account payable	606,941.85	1,849,090.36
Prepayment received	832,772.45	798,586.70
Employees' wage payable	1,956,875.76	1,881,681.86
Taxes payable	567,424.56	260,761.30
Interest payable	659,266.67	193,930.00
Dividend payable		
Other payables	270,281,330.40	192,765,065.68
Liabilities held for sales		
Non-current liabilities due in 1 year		
Other current liabilities		
Total current liabilities	624,904,611.69	301,749,115.90
Non-current liabilities:		
Long-term loans		
Bond payable		
Including: preferred share		
Perpetual capital securities		
Long-term payable		
Employees' wage payable		
Special payables		
Anticipated liabilities		
Deferred earning		
Deferred income tax liabilities	97,693,047.19	88,615,374.26

Other non-current liabilities		
Total of non-current liabilities	97,693,047.19	88,615,374.26
Total liabilities	722,597,658.88	390,364,490.16
Owner's equity:		
Share capital	756,909,905.00	756,909,905.00
Other interest tools		
Including: preferred share		
Perpetual capital securities		
Capital reserves	38,598,565.00	38,598,565.00
Less: Shares in stock		
Other miscellaneous income	91,831.63	91,831.63
Special reserves		
Surplus reserves	48,842,080.76	46,389,142.21
Retained profit	404,322,761.53	404,953,611.77
Total of owners' equity	1,248,765,143.92	1,246,943,055.61
Total liabilities and shareholders' equity	1,971,362,802.80	1,637,307,545.77

3. Consolidated Income Statement

In RMB

Items	Amount occurred in the current period	Occurred in previous period
1. Total revenue	1,938,324,435.51	1,747,620,845.74
Incl. Business income	1,938,324,435.51	1,747,620,845.74
Interest income		
Insurance fee earned		
Fee and commission received		
2. Total business cost	1,867,564,531.44	1,670,170,512.18
Incl. Business cost	1,590,836,786.02	1,425,369,204.42
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	22,855,639.99	23,272,313.84
Sales expense	44,684,306.70	37,383,041.60
Administrative expense	152,584,713.60	127,254,247.26
Financial expenses	29,165,058.80	23,108,586.39
Asset impairment loss	27,438,026.33	33,783,118.67
Plus: gains from change of fair value ("-" for loss)	32,044,747.10	16,647,859.74
Investment gains ("-" for loss)	1,720,693.98	300,866.92
Incl. Investment gains from affiliates and joint ventures	1,054,094.88	-5,434.45
Exchange gains ("-" for loss)		
3. Operational profit ("-" for loss)	104,525,345.15	94,399,060.22
Plus: non-operational income	16,281,459.18	7,595,856.24
Including: Gain/loss of non-current assets	3,162,999.40	154,552.62
Less: non-operational expenditure	10,623,712.10	1,344,375.30
Incl. Loss from disposal of non-current assets	1,709,152.13	617,106.70
4. Gross profit ("-" for loss)	110,183,092.23	100,650,541.16
Less: Income tax expenses	17,493,747.57	19,249,761.60
5. Net profit ("-" for net loss)	92,689,344.66	81,400,779.56
Net profit attributable to the owners of parent company	96,998,429.76	85,676,863.78
Minor shareholders' equity	-4,309,085.10	-4,276,084.22
6. After-tax net of other miscellaneous income		-1,108,815.63
After-tax net of other miscellaneous income attributed to parent owner		-1,108,815.63
(1) Other comprehensive gain cannot be classified into gain/loss		
1. Changes in net liabilities or net assets of re-measured defined benefit program		

2. Share enjoyed in other miscellaneous income cannot be classified into gain/loss under the equity method		
(2) Other comprehensive gain that will be classified into gain/loss		-1,108,815.63
1. Share enjoyed in other miscellaneous income that will be classified into gain/loss under the equity method		
2. Gain/loss caused by changes in the fair value of financial asset for sales		
3 Gain/loss caused by reclassification of held-to-maturity investment to financial asset for sales		
4. Effective part of cash flow hedging gain/loss		
(5) Translation difference of foreign exchange statement		
6. Others		-1,108,815.63
After-tax net of other miscellaneous income attributed to minority shareholders		
7. Total of misc. incomes	92,689,344.66	80,291,963.93
Total of misc. incomes attributable to the owners of the parent company	96,998,429.76	84,568,048.15
Total misc gains attributable to the minor shareholders	-4,309,085.10	-4,276,084.22
8. Earnings per share:		
(1) Basic earnings per share	0.13	0.11
(2) Diluted earnings per share	0.13	0.11

Legal representative: Xiong Jianming

CFO: Lin Keping

Accounting Manager: Chen Yonggang

4. Income Statement of the Parent Company

In RMB

Items	Amount occurred in the current period	Occurred in previous period
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1. Turnover	29,609,371.13	45,659,921.07
Less: Operation cost	5,669,281.13	10,980,932.52
Business tax and surcharge	2,420,213.38	3,415,837.54
Sales expense		
Administrative expense	24,285,538.55	22,773,847.97
Financial expenses	13,398,214.90	10,054,285.40
Asset impairment loss	27,045,993.77	-3,228,252.95
Plus: gains from change of fair value ("-" for loss)	34,897,632.10	16,647,859.74
Investment gains ("-" for loss)	29,805,392.25	-5,434.45
Incl. Investment gains from affiliates and joint ventures	1,054,094.88	-5,434.45
2. Operational profit ("-" for loss)	21,493,153.75	18,305,695.88
Plus: non-operational income	2,441,486.71	193,478,232.51
Incl. Gain from disposal of non-current assets	22,719.41	4,918.81
Less: non-operational expenditure	608,712.42	442,064.12
Incl. Loss from disposal of non-current assets	207,212.42	37,992.07
3. Gross profit ("-" for loss)	23,325,928.04	211,341,864.27
Less: Income tax expenses	-1,203,457.42	52,395,871.61
4. Net profit ("-" for net loss)	24,529,385.46	158,945,992.66
5. After-tax net of other miscellaneous income		-1,108,815.63
(1) Other comprehensive gain cannot be classified into gain/loss		
1. Changes in net liabilities or net assets of re-measured defined benefit program		
2. Share enjoyed in other miscellaneous income cannot be classified into gain/loss under the equity method		
(2) Other comprehensive gain that will be classified into gain/loss		-1,108,815.63
1. Share enjoyed in other		

miscellaneous income that will be classified into gain/loss under the equity method		
2. Gain/loss caused by changes in the fair value of financial asset for sale		
(3) Gain/loss caused by reclassification of held-to-maturity investment to financial asset for sales		
(4) Effective part of cash flow hedging gain/loss		
(5) Translation difference of foreign exchange statement		
6. Others		-1,108,815.63
(6) Total of misc. incomes	24,529,385.46	157,837,177.03
(7) Earnings per share:		
(1) Basic earnings per share		
(2) Diluted earnings per share		

5. Consolidated Cash Flow Statement

In RMB

Items	Amount occurred in the current period	Occurred in previous period
1. Net cash flow from business operations:		
Cash received from sales of products and providing of services	1,651,025,342.09	1,763,447,209.35
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 in financial assets measured at fair value with variations accounted into current income account		
Cash received as interest, processing fee, and commission		
Net increase of inter-bank fund received		
Net increase of repurchasing business		
Tax refunded	1,735,709.16	1,935,388.44
Other cash received from business operation	31,286,645.67	41,052,740.68
Sub-total of cash inflow from business operations	1,684,047,696.92	1,806,435,338.47
Cash paid for purchasing products and services	1,796,240,670.15	1,313,329,311.49
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	225,245,085.75	167,796,650.09
Taxes paid	86,882,633.93	78,014,776.44
Other cash paid for business activities	133,573,236.53	90,749,980.14
Sub-total of cash outflow from business operations	2,241,941,626.36	1,649,890,718.16
Cash flow generated by business operations, net	-557,893,929.44	156,544,620.31
2. Cash flow generated by investment:		
Cash received from investment recovery	294,000,000.00	120,000,000.00
Cash received as investment profit	2,144,844.81	306,301.37
Net cash retrieved from disposal	5,912,795.35	179,704.00

of fixed assets, intangible assets, and other long-term assets		
Net cash received from disposal of subsidiaries or other operational units		
Other investment-related cash received	65,500.00	429,055.00
Sub-total of cash inflow generated from investment	302,123,140.16	120,915,060.37
Cash paid for construction of fixed assets, intangible assets and other long-term assets	33,875,128.34	40,911,829.63
Cash paid as investment	538,263,675.00	130,000,000.00
Net increase of loan against pledge		
Net cash paid for acquiring subsidiaries and other operational units	15,702,424.87	
Other cash paid for investment	331,500.00	1,659,058.00
Subtotal of cash outflows	588,172,728.21	172,570,887.63
Cash flow generated by investment activities, net	-286,049,588.05	-51,655,827.26
3. Cash flow generated by financing activities:		
Cash received from investment		
Incl. Cash received from investment attracted by subsidiaries from minority shareholders		
Cash received from borrowed loans	1,303,817,100.01	529,000,000.00
Cash received from bond placing		
Other cash received from financing activities		
Subtotal of cash inflow from financing activities	1,303,817,100.01	529,000,000.00
Cash paid to repay debts	575,000,000.00	540,000,000.00
Cash paid as dividend, profit, or interests	67,732,507.84	48,354,192.64
Incl. Dividend and profit paid by subsidiaries to minority shareholders		

Other cash paid for financing activities		
Subtotal of cash outflow from financing activities	642,732,507.84	588,354,192.64
Net cash flow generated by financing activities	661,084,592.17	-59,354,192.64
4. Influence of exchange rate changes on cash and cash equivalents	259,902.13	-464,717.89
5. Net increase in cash and cash equivalents	-182,599,023.19	45,069,882.52
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	102,638,232.19	285,237,255.38

6. Cash Flow Statement of the Parent Company

In RMB

Items	Amount occurred in the current period	Occurred in previous period
1. Net cash flow from business operations:		
Cash received from sales of products and providing of services	25,532,652.79	44,496,139.39
Tax refunded		
Other cash received from business operation	535,560,936.32	580,085,321.10
Sub-total of cash inflow from business operations	561,093,589.11	624,581,460.49
Cash paid for purchasing products and services	6,265,876.89	12,790,698.85
Cash paid to and for the staff	12,900,103.54	10,045,800.12
Taxes paid	2,806,998.73	4,659,170.87
Other cash paid for business activities	144,910,876.80	217,012,897.35
Sub-total of cash outflow from business operations	166,883,855.96	244,508,567.19
Cash flow generated by business operations, net	394,209,733.15	380,072,893.30

2. Cash flow generated by investment:		
Cash received from investment recovery	20,000,000.00	
Cash received as investment profit	39,860,211.87	
Net cash retrieved from disposal of fixed assets, intangible assets, and other long-term assets	66,000.00	33,241,974.20
Net cash received from disposal of subsidiaries or other operational units		
Other investment-related cash received		
Sub-total of cash inflow generated from investment	59,926,211.87	33,241,974.20
Cash paid for construction of fixed assets, intangible assets and other long-term assets	3,257,461.79	1,359,102.96
Cash paid as investment	707,011,633.00	50,000,000.00
Net cash paid for acquiring subsidiaries and other operational units		
Other cash paid for investment		
Subtotal of cash outflows	710,269,094.79	51,359,102.96
Cash flow generated by investment activities, net	-650,342,882.92	-18,117,128.76
3. Cash flow generated by financing activities:		
Cash received from investment		
Cash received from borrowed loans	446,000,000.00	194,000,000.00
Cash received from bond placing		
Other cash received from financing activities		
Subtotal of cash inflow from financing activities	446,000,000.00	194,000,000.00
Cash paid to repay debts	200,000,000.00	470,000,000.00
Cash paid as dividend, profit, or interests	35,741,367.15	43,525,867.31
Other cash paid for financing activities		

Subtotal of cash outflow from financing activities	235,741,367.15	513,525,867.31
Net cash flow generated by financing activities	210,258,632.85	-319,525,867.31
4. Influence of exchange rate changes on cash and cash equivalents	-93,226.35	3,306.69
5. Net increase in cash and cash equivalents	-45,967,743.27	42,433,203.92
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	22,006,065.49	67,973,808.76

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

Amount of the Current Term

In RMB

Items	Current period												
	Owners' Equity Attributable to the Parent Company											Minor shareho lders' equity	Total of owners' equity
	Share capital	Other interest tools			Capital reserves	Less: Shares in stock	Other miscella neous income	Special reserves	Surplus reserves	Commo n risk provisio ns	Retaine d profit		
		Prefer red shares	Perpet ual capita l securi ties	Other s									
1. Balance at the end of last period	756,909,905.00				79,099,220.38		91,831.63		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													
Under common control													
Others													

2. Balance at the beginning of current period	756,909,905.00				79,099,220.38		91,831.63		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)									2,452,938.55		71,838,194.06	10,171,317.64	84,462,450.25
(1) Total of misc. incomes											96,998,429.76	-4,309,085.10	92,689,344.66
(2) Investment or decreasing of capital by owners												16,000,000.00	16,000,000.00
1. Common shares invested by shareholders												16,000,000.00	16,000,000.00
2. Capital invested by other equity tool holders													
3. Amount of shares paid and accounted as owners' equity													
4. Others													
(3) Profit allotment									2,452,938.55		-25,160,235.70		-22,707,297.15
1. Providing of surplus reserves									2,452,938.55		-2,452,938.55		
2. Common risk provision													
3. Allotment to the owners (or shareholders)											-22,707,297.15		-22,707,297.15
4. Others													
(4) 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													
(5) Special reserves													
1. Provided this year													
2. Used this term													
(6) Others												-1,519,5 97.26	-1,519,5 97.26
4. Balance at the end of this period	756,90 9,905. 00				79,099, 220.38		91,831. 63		48,842, 080.76		349,987 ,825.69	65,603, 764.53	1,300,5 34,627. 99

Amount of the Previous Term

In RMB

Items	Last period												
	Owners' Equity Attributable to the Parent Company											Minor shareho lders' equity	Total of owners' equity
	Share capital	Other interest tools			Capital reserves	Less: Shares in stock	Other miscella neous income	Special reserves	Surplus reserves	Commo n risk provisio ns	Retaine d profit		
		Prefer red shares	Perpet ual capita l securi ties	Other s									
1. Balance at the end of last period	756,90 9,905. 00				79,099, 220.38		1,200,6 47.26		30,494, 542.94		230,907 ,879.99	59,708, 531.11	1,158,3 20,726. 68
Plus: Changes in accounting policies													
Correction of previous errors													
Under													

common control													
Others													
2. Balance at the beginning of current period	756,909,905.00				79,099,220.38		1,200,647.26		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) Total of misc. incomes							-1,108,815.63				85,676,863.78	-4,276,084.22	80,291,963.93
(2) Investment or decreasing of capital by owners													
1. Common shares invested by shareholders													
2. Capital invested by other equity tool holders													
3. Amount of shares paid and accounted as owners' equity													
4. Others													
(3) 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											-22,540,512.87		-22,540,512.87
3. Allotment to the owners (or shareholders)													
4. Others													
(4) 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													
(5) Special reserves													
1. Provided this year													
2. Used this term													
(6) Others													
4. Balance at the end of this period	756,909,905.00				79,099,220.38		91,831.63		46,389,142.21		278,149,631.63	55,432,446.89	1,216,072,177.74

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

Amount of the Current Term

In RMB

Items	Current period										
	Share capital	Other interest tools			Capital reserves	Less: Shares in stock	Other miscellaneous income	Special reserves	Surplus reserves	Retained profit	Total of owners' equity
		Preferred shares	Perpetual capital securities	Others							
1. Balance at the end of last period	756,909,905.00				38,598,565.00		91,831.63		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 period	756,909,905.00				38,598,565.00		91,831.63		46,389,142.21	404,953,611.77	1,246,943,055.61
3. Amount of change in current term (“-“ for decrease)									2,452,938.55	-630,850.24	1,822,088.31
(1) Total of misc. incomes										24,529,385.46	24,529,385.46
(2) Investment or decreasing of capital by owners											
1. Common shares invested by shareholders											
2. Capital invested by other equity tool holders											
3. Amount of shares paid and accounted as owners' equity											
4. Others											
(3) Profit allotment									2,452,938.55	-25,160,235.70	-22,707,297.15
1. Providing of surplus reserves									2,452,938.55	-2,452,938.55	
2. Allotment to the owners (or shareholders)										-22,707,297.15	-22,707,297.15
3. Others											
(4) 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											
(5) Special reserves											
1. Provided this year											
2. Used this term											
(6) Others											
4. Balance at the end of this period	756,909,905.00				38,598,565.00		91,831.63		48,842,080.76	404,322,761.53	1,248,765,143.92

Amount of the Previous Term

In RMB

Items	Last period										
	Share capital	Other interest tools			Capital reserves	Less: Shares in stock	Other miscellaneous income	Special reserves	Surplus reserves	Retained profit	Total of owners' equity
		Preferred shares	Perpetual capital securities	Others							
1. Balance at the end of last period	756,909,905.00				38,598,565.00		1,200,647.26		30,494,542.94	284,442,731.25	1,111,646,391.45
Plus: Changes in accounting policies											
Correction of previous errors											
Others											
2. Balance at the beginning of current period	756,909,905.00				38,598,565.00		1,200,647.26		30,494,542.94	284,442,731.25	1,111,646,391.45
3. Amount of change in current term ("-" for decrease)							-1,108,815.63		15,894,599.27	120,510,880.52	135,296,664.16

(1) Total of misc. incomes							-1,108,815.63			158,945,992.66	157,837,177.03
(2) Investment or decreasing of capital by owners											
1. Common shares invested by shareholders											
2. Capital invested by other equity tool holders											
3. Amount of shares paid and accounted as owners' equity											
4. Others											
(3) 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. Allotment to the owners (or shareholders)										-22,540,512.87	-22,540,512.87
3. Others											
(4) 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											
(5) Special reserves											

1. Provided this year											
2. Used this term											
(6) Others											
4. Balance at the end of this period	756,909,905.00				38,598,565.00		91,831.63		46,389,142.21	404,953,611.77	1,246,943,055.61

III. General Information

China Fangda Group Co., Ltd. (hereinafter referred to as "the Company" or "Fangda") was established by restructuring Shenzhen Fangda Construction Material Co., Ltd. with the approval Shenzhen Government Office Doc. No. (1995) 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.

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.

Business nature and main business activities of the Company and its subsidiaries (collectively referred to "the Group") include (1) curtain wall segment, production and sales of curtain wall materials, construction curtain wall design, production and installation; (2) rail transport segment, assembly and processing of metro screen doors; (3) real estate development segment, develop and operate real estate projects on land with legal land use rights; property management; (4) new energy segment, R&D, installation and sales of PV devices, design and construction of PV power plants; R&D, design, production, sales and installation of lighting electric accessories and other lighting devices, LED products and hardware products.

The financial statements and notes are approved at the 9th meeting of the 7th term of the Board held on March 25, 2015.

The consolidation scope of financial statements in this report period includes the Company and all subsidiaries. New entities incorporated in this report period include Shenzhen Fangda New Energy Co., Ltd., Guangdong Fangda SOZN Lighting Co., Ltd., Shihui International Holding Co., Ltd. During the report period, subsidiary Shenzhen Fangda Yide New Material Co., Ltd. was de-registered. See Note VIII. Changes to the Consolidation Scope and Note IX. Disclosure of Interest in Other Entities for details.

IV Basis for the preparation of financial statements

1. Preparation basis

The financial report is prepared based on enterprise accounting standards issued by the Ministry of Finance and application guide, interpretation and other related provision (collectively “Enterprise Accounting Standards”). The Group has also disclosed related financial information according to the requirement of the Regulations of Information Disclosure No.15 – General Provisions for Financial Statements (Revised in 2014) issued by the CSRC.

2. Continuous operation

The Company is capable of continuous operation. The financial statement is prepared based on continuous operation.

The Group'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.

V Significant Accounting Policies and Estimates

Specific accounting policy and assumption prompt:

1. Statement of compliance to the Accounting Standards for Business Enterprises

The financial report and statements are prepared with compliance to the requirement of the Enterprise Accounting Standards. They reflect the financial position as of December 31, 2014, and business performance and cash flow situation in Year 2014 of the Company frankly and completely.

2. Fiscal period

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

3. Operating period

The operating period of the Group is 12 months.

4. Bookkeeping standard money

The Group takes RMB as the standard currency for bookkeeping.

4. 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 the final controller's consolidated financial statements 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.

(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.

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.

Involved amount or consideration is included in consolidated cost at the fair value on the day of acquisition. Where the value needs to be adjusted based on the amount on the date of acquisition 12 months later, the consolidated goodwill should be adjusted accordingly.

(3) Treatment of transaction fees in merger

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

6. Preparation of Consolidated Financial Statements

(1) Consolidation scope

The consolidation scope of consolidated financial statements is determined based on control. Control refers to a power possessed by the Group on invested entities, the power of enjoying variable return by participating in activities conducted by invested entities, and capabilities of using the power to change the returns. Subsidiaries are enterprises controlled by the Company.

(2) Preparation of Consolidated Financial Statements

Consolidated financial statements are prepared by the Company based on financial statements of the Company and subsidiaries and according to other related information. 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.

Subsidiaries and businesses newly incorporated under the same control during the report period are considered incorporated in the consolidation scope since the date on which they are controlled. Business results and cash flows are consolidated in the consolidated income and cash flow statements since the same date.

Incomes, expenses and profits of subsidiaries and businesses newly incorporated under different control and their businesses are consolidated from the date of acquisition and end of the report period in the consolidated income statement, with cash flows consolidated in the consolidated cash flow statement.

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.

7. 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 Group and easily converted into cash with known amount.

8. Foreign exchange business and foreign exchange statement translation

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

At the balance sheet date, foreign currency items are translated on the spot exchange rate of the balance sheet date. The exchange differences caused by the difference in exchange rates on the balance sheet date and initial recognizing date or previous balance sheet date 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.

9. Financial instrument

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

(1) Recognition and derecognition of financial instrument

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

Financial asset is derecognized when:

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

When partial or all of the current responsibilities attached to such financial liabilities, the partial or all of the

financial liabilities are derecognized. When the Group (debtor) and creditor enter into an agreement to replace the existing financial liabilities by undertaking new financial liabilities and the contract terms for the new financial liabilities are essentially different from those for the existing one, the existing financial liabilities will be derecognized and new financial liabilities will be recognized.

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

(2) Classification and measurement of financial assets

Financial assets of the Group are categorized as: financial assets measured at fair value with variations accounted into current income account and account receivables. Financial assets are measured at the fair value at the initial recognition. For financial assets measured at fair value with variations accounted into current income account, related transaction expenses are accounted into the current income. For other financial assets, the related transaction expenses are accounted into the initial recognized amounts.

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

It includes transactional financial assets and financial assets measured by fair value and with variations accounted into current gain/loss account at initial recognition. The financial assets are further measured by fair value with the gain/loss created by variations in fair value and related dividends and interest accounted into the current gain/loss account.

Receivables

Receivables refer to non-derivative financial assets without quotations but with fixed recoverable amount or can be confirmed, including receivable accounts and other receivables (Note V. 10). 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.

(3) Classification and measurement of financial liabilities

The Group'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.

(4) Fair value of financial instrument

See Note V 29 for the method of determining fair value of financial assets and liabilities.

(5) Impairment of financial assets

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

Objective evidence providing impairment to financial assets includes:

- ① Severe financial difficulties for the issuer or debtor;
- ② The debtor violates a contract, for example delaying in paying interest or principal;
- ③ The Group makes concessions for the debtor with financial difficulties for economic or legal reasons;
- ④ The debtor is likely to go into liquidation or other financial reorganization;
- ⑤ The financial assets cannot be traded in an active market due to severe financial difficulties of the issuer;
- ⑥ It is un-recognizable whether the cash flow of an asset in a group of financial assets decreases, but the estimated future cash flow has decreased since the first recognition of the group of financial assets based on general evaluation of open data and the decrease can be measured, including:
 - The repaying capability of the debtor of the group of financial assets continues worsening;
 - The group of financial assets may not be settled due to economic status of the country or district whether the debtor is located;
- ⑦ The equity instrument may not be recovered due to material adverse changes to technical, market, economic or legal status of the debtor;
- ⑧ Other objective evidence proving impairment to financial assets

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 Group 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.

(6) Transfer of financial assets

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 Group 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 Group is involving in the financial asset.

(7) Offsetting of financial assets and liabilities

When the Group has the legal right to offset recognized financial assets and liabilities and can exercise the right, and the Group plans to set them in net value or realize the financial assets or repay the financial liabilities, the financial assets and liabilities are presented in the balance sheet by their amounts after offsetting. Financial assets and liabilities other than the above-mentioned circumstance are presented in the balance sheet separately and are not offset.

10. Receivables**(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. Those not impaired are accounted along with the minor amount receivables and recognized in risk groups.

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

Group	Method of bad debt provision
Account age	Aging method

Receivable accounts consolidated	Other method
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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%

Receivables adopting the balance percentage method in the group

☐ Applicable ☒ Inapplicable

Receivables adopting other methods in the group

☐ Applicable ☒ Inapplicable

(3) Receivables with minor individual amount and bad debt provision provided individually

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

11. Inventories

(1) Classification of inventories

The Group's inventories include purchased materials, raw materials, low-value consumables, OEM materials, products in process, semi-finished goods, finished goods, inventory, development cost, and construction in process.

(2) Pricing of inventory

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

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

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

The actual costs of development include land transfer payment, infrastructure and facility costs, installation engineering costs, borrows before completion of the development and other costs during the development process.

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

12. Assets held for sales

13. Long-term share equity investment

(1) Recognition of initial investment 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. The investment cost of long-term share equity investment formed by entities under different control is the merger cost on the date of the merger.

For other long-term investment: for those obtained with cash, the initial investment cost is the purchase price.

2. Subsequent measurement and recognition of gain/loss

Long-term equity investments in which the Group can control invested entities are accounted using the cost method; investment in affiliates is accounted using the equity method.

For the long-term equity investment measured on the cost basis, the profit distributed by the invested entity is recognized as investment gains in the current gain/loss account.

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.

(3) Basis for recognition of 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. When determining whether major influence can be added on the invested entity, it should be considered whether the investor directly or indirectly holds voting shares of the invested entity and the investor and the impacts that can be created by switching potential votes held by the investor and other parties into shares of the invested entity, including exchangeable warrants, share options, exchangeable corporate bonds issued by the invested entity.

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; If the Group directly or through subsidiaries holds less than 20% (exclusive) of the shares with voting rights of the invested entity, unless there is clear evidence proving that the Group participates the decision-making of production and operation of the invested entity, the Group does not have major influence on the invested entity.

(4) Impairment examination and providing of impairment provision

See Note V, 19 for the assets impairment provision method for investment in subsidiaries and joint

ventures.

14. Investment real estates

Measuring method for investment real estate

Measured at fair value

Measuring basis

Investment real estates of the Company are buildings leased.

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

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

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

See Note V 19 for the assets impairment provision method for the investment real estate that is subsequently measured using the cost model.

15. Fixed assets

(1) Recognition conditions

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 Group measures fixed assets at the actual costs when the fixed assets are obtained

(2) Depreciation method

Type	Depreciation method	Service year	Residual rate	Annual depreciation rate %
Houses & buildings	Average age	35-45	10.00%	2-2.57

Mechanical equipment	Average age	10	10.00%	9
Transportation facilities	Average age	5	10.00%	18
Electronics and other devices	Average age	5	10.00%	18

16. Construction in process

The Group 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.

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

See Note V, 19 for the provision method for construction in process.

17. Borrowing expenses

(1) Recognition principles for capitalization of borrowing expenses

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

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

(2) The borrowing expense has already occurred;

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

(2) During borrowing expense capitalization

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

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

(3) Calculation of the capitalization rate and amount of borrowing expense

The interest expense incurred actually from special borrowing in the current period is capitalized after deducting

the interest income obtained from the borrowing that has not been used or investment gain obtained from temporary investment; the capitalization amount of general borrow should be determined according to the weighted average of the excessive part of the accumulative asset expense over the special borrowing multiple the percentage of the special borrowing in general borrowing. The capitalization ratio is calculated according to the weighted average interest rate of general borrowing.

During the capitalization period, the exchange difference of foreign currency special borrowing is fully capitalized; the exchange difference of foreign currency general borrowing is included in the current gain/loss.

18. Intangible assets

(1) Pricing method, service life and impairment test

The Group's intangible assets include land using rights, trademarks, patents, proprietary 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.

Intangible assets with limited useful life are amortized as followings:

Type	Useful life	Basis of amortization	Notes
Land using right	Beneficial age	Average age	
Trademarks and patents	10	Average age	
Proprietary technology	10	Average age	
Software	5, 10 years	Average age	
Other intangible assets	10 years or beneficial age	Average age	

At the end of each year, the Group 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.

See Note II, 20 for the impairment provision method for intangible assets.

(2) Internal research development expense accounting policy

The Group 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.

19. Long-term assets impairment

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

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

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

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

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

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

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

20. Long-term amortizable expenses

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

21. Staff remuneration

(1) Accounting method of short-term remuneration

In the accounting period, the Group pays medical insurance, employment injury insurance and birth insurance based on their salaries, bonus, and the required ratio. The insurance cost is recognized as liability and included in the gain/loss or related asset cost of the current period. If the liability will not be paid in 12 months after the report period ends and the financial impact is material, the liability is measured at the discounted amount.

(2) Accounting method of post-employment benefit

The Group's post employment welfare scheme is the defined contribution plan. After making fixed payment to an independent fund, the Company will not make further payment to the post-employment welfare scheme, including basic retirement pension and unemployment insurance. In the fiscal period, the payable to the defined contribution plan is recognized as liability and included in the gain/loss or related asset cost of the current period.

22. 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 Group;
- (2) Execution of this responsibility may cause financial benefit outflow from the Group;
- (3) Amount of the liability can be reliably measured.

The anticipated liabilities are measured at the best estimated expense necessary for fulfilling the liabilities. The book value of expected liability is revised at balance sheet day, and adjustment will be made to reflect current best estimation.

23. Revenue

(1) General principles

1. Sales of goods

When all of the following conditions are satisfied, the sales of goods are recognized as sales income according to

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

2. Providing of labor service

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.

3. 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.

4. Construction contracts

On the balance sheet day, the Group 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 Group recognizes the estimated loss as the current expense.

The completion 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.

(2) Specific revenue recognition method

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

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

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

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

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

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

Revenue of products for domestic sales is recognized when the Group 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.

24. Government subsidy

(1) Judgment basis and accounting method of governmental subsidies related to assets

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 Group 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.

(2) Judgment basis and accounting method of governmental subsidies related to profit

Government subsidies in connection with gains, which are used to cover current expenses or losses, are

recognized as current gain/loss, if used to cover future expenses or losses, recognized as differed gains, and recorded to current income account to the period when the expenses are recognized. Government subsidy measured at the nominal amount is accounted into current income account.

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

25. Deferred income tax assets and deferred income tax liabilities

Income tax includes current and deferred income tax Except for the adjustment goodwill generated by mergers or deferred income tax related to transactions or events directly accounted into the owners' equity, income tax is accounted as income tax expense into the current gain/loss account.

The Group uses the temporary difference between the book value of the assets and liabilities on the balance sheet day and the tax base and the liabilities method to recognize the deferred income tax.

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 affiliates, the reversal timing for the temporary difference can be controlled and the difference is unlikely to be reversed in the foreseeable future.

For deductible temporary difference, deductible loss and tax deduction that can be accounted in subsequent years, the Group 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 affiliates, 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.

On the balance sheet day, the Group measures the deferred income tax assets and liabilities with the tax rate applicable during the predicted period during which the assets are recovered or the liabilities are paid off and reflects the income tax influence of the assets recovery and liabilities repayment way on the balance sheet day.

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

26. Leasing

(1) Accounting of operational leasing

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.

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 financing leasing

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

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

27 Other significant accounting policies and assumptions

Significant accounting judgment and estimate

The Company continuously reviews significant accounting judgment and estimate adopted for the reasonable forecast of future events based on its historical experience and other factors.

Significant accounting judgment and assumptions that may lead to major adjustment of the book value of assets and liabilities in the next accounting year are listed as follows:

(1) Goodwill impairment

The Company judges whether there is impairment to goodwill at least annually. This required valuation of the use value of the asset groups with goodwill. While estimating the use value, the Company needs to estimate the cash flow from the asset group in the future and choose the proper discount rate to calculate the present value of the future cash flow.

(2) Estimate of fair value

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

(3) Deferred income tax assets

If there is adequate taxable profit to deduct the loss, the deferred income tax assets should be recognized by all the unused tax loss. This requires the management to make a lot of judgment to forecast the time and amount of future taxable profit and determine the amount of the deferred tax assets based on the taxation strategy.

(4) Construction contracts

The Group recognizes gains of construction contracts according to the completion percentage of separated contracts. The management estimates the completion percentage of construction projects according to the actual cost in the total budget and estimates the contract gain. The activity date and completion date are usually included in different accounting periods. The Group will review and revise contract gain and cost estimates in the budget along the progress (if the actual contract gain is smaller than the estimated or actual contract cost, contract estimate loss provision will be made).

28. Major changes in accounting policies and estimates

(1) Changes in accounting policies

☒ Applicable ☐ Inapplicable

Change and reason	Approval procedure	Notes
On January 7, 2014, the Ministry of Finance released three standards including the Enterprise Accounting Standard No.39-Fair Value Measurement and revised four standards including the Enterprise Accounting Standard No.2-Long-term Share Equity Investment.		The standards became effective on July 1, 2014 other than Enterprise Accounting Standard No.37, which will be effective for 2014 and later fiscal periods.

In the changes to the accounting policies, no impact is caused by accounting policies other than the following ones.

According to the review Enterprise Accounting Standard No.30 – Financial Statement Presentation, the Group adjusts the definition and presentation of other general gain. The part of the original capital reserve that belongs to other general gain is adjusted. Other general gain items that cannot be reclassified into gain/loss and those that can be classified into gain/loss when the conditions are met are distinguished from each other. The Group classifies the opening and end balance of other general gain in capital reserve RMB91,831.63 into other general gain.

According to the revised Enterprise Accounting Standard No.30 – Financial Statement Presentation, the Group adjusts the presentation of deferred gain. The deferred gain in other non-current liabilities is adjusted into deferred gain. By December 31, 2014, the end balance of other non-current liabilities of RMB10,049,892.04 is classified into deferred gain. The opening balance of 10,255,823.93 is adjusted accordingly.

(2) Changes in accounting estimates

☐ Applicable ☒ Inapplicable

29. Others

Measured at fair value

Fair value is the price that the market participant needs to pay for acquiring an asset or transfer liability in an orderly transaction on the measurement date.

For assets or liability of the Group measured at fair value, the orderly transaction in which assets are sold or liability is transferred is conducted in the primary market of the related assets or liability; if there is no such primary market, the Group assumes that the transaction is conducted in the most favorable market for the related assets or liability. Primary market (or the most favorable market) is the transaction market that the Group can enter on the measurement date. The Group uses the assumption under which the market participant can maximize the economic benefit when the assets or liability is priced.

For financial assets or liability with an active market, the Group uses the price in the active market to recognize the fair value. If there is no active market, the Company uses evaluation techniques to determine the fair value.

Where non-financial assets are measured by fair value, the capability of the assets is the maximum economic benefit of the assets can be realized in the best use of it or other market participant who can make the best use of it.

The Group adopts appropriate and sufficient data and other information-supporting evaluation techniques. Related observable inputs are used firstly. Non-observable inputs are only used when observable inputs cannot be obtained or are infeasible.

The fair value level of assets and liability measured or disclosed at fair value in financial statement are determined according to the lowest input significant for the fair value as a howl: first-level input is the non-adjusted price of the same assets or liability that can be obtained in an active market; second-level input is observable inputs with direct or indirect impact on related assets or liability other than the first-level inputs; third-level inputs are non-observable inputs of related assets and liability.

On each balance sheet day, the Group re-evaluates the assets and liability measured at the fair value and recognized in the financial statements to confirm if any change happens to the fair value measurement level.

VI. 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	See the following table
Education surtax	Taxable turnover	3

Tax payers vary in the corporate income tax rate are listed as follows

Tax payer	Tax rate
The Company	25%
Shenzhen Fangda Jianke Group Co., Ltd. (hereinafter Fangda Jianke)	15%
Shenzhen Fangda Automatic System Co., Ltd. (hereinafter Fangda Automatic)	15%
Shenzhen Fangda Yide New Material Co., Ltd. (hereinafter Fangda Yide)	25%
Shenzhen Woke Semi-conductor Lighting Co., Ltd. (hereinafter Shenzhen Woke)	25%
Fangda New Material (Jiangxi) Co., Ltd. (hereinafter Fangda New Material)	15%
Jiangxi Fangda New Type Aluminum Co., Ltd. (hereinafter Fangda Aluminum)	25%
Shenyang Fangda Semi-conductor Lighting Co., Ltd. (hereinafter Shenyang Fangda)	25%
Dongguan Fangda New Material Co., Ltd. (hereinafter Dongguan New Material)	25%
Shenzhen Kexunda Software Co., Ltd. (hereinafter Kexunda)	25%
Chengdu Fangda Construction Technology Co., Ltd. (hereinafter Chengdu Fangda)	15%
Fangda Decoration Engineering (Shenyang) Co., Ltd. (hereinafter Shenyang Decoration)	25%
Shenzhen Fangda Property Development Co., Ltd. (hereinafter Fangda Property Development)	25%
Shenzhen Fangda New Energy Co., Ltd. (hereinafter Fangda New Energy)	25%
Guangdong Fangda SOZN Lighting Co., Ltd. (hereinafter Fangda SOZN)	25%

2. Tax preference

(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 Automatic 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.

(5) On November 7, 2014, Chengdu Fangda was certified by the Sichuan Xinjin National Tax Bureau as an encouraged business in the west according to the Xinjin National Tax Doc. [zzy024] and will enjoy a preferential corporate income tax rate of 15% from January 1, 2014.

V. Notes to the consolidated financial statements

1. Monetary capital

In RMB

Items	Closing balance	Ending balance
Cash on hand	40,733.33	33,975.32
Bank deposits	114,515,874.25	297,145,634.33
Other monetary capital	97,874,191.29	36,697,312.32
Total	212,430,798.87	333,876,921.97
Including: Overseas deposit	2,370,695.75	65,446.08

Notes

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 XIII, 1.
2. Balance of RMB97,874,191.29 under other monetary capital was mainly deposit for bank accepted notes and letter of guarantee, including deposit of RMB97,792,566.68 for accepted notes and guarantee letter which are not regarded as cash equivalent at preparing of cash flow statement.
3. The 36.37% decrease of the closing balance from the opening balance is mainly attributed to increase in investment in the renovation of Fangda Town in the period and purchase of short-term financial products late this report period.

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

In RMB

Items	Closing balance	Ending balance
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Transactional financial assets	13,410,790.00	
Investment in equity tools	13,410,790.00	
Total	13,410,790.00	

Notes

The Group holds 100 million shares in Sino Oil and Gas Holdings Limited.

3. Derivative financial assets

☐ Applicable ☒ Inapplicable

4. Notes receivable**(1) Classification of notes receivable**

In RMB

Items	Closing balance	Ending balance
Bank acceptance bill	2,697,145.86	21,898,770.43
Commercial acceptance bill	80,628,579.84	
Total	83,325,725.70	21,898,770.43

(2) Receivable notes endorsed or discounted but not mature at the end of the period

In RMB

Items	De-recognized amount	Not de-recognized amount
Bank acceptance bill	75,895,357.71	
Commercial acceptance bill	14,125,500.00	
Total	90,020,857.71	

5. Account receivable**(1) Account receivable are disclosed by categories**

In RMB

Type	Closing balance					Ending balance				
	Remaining book value		Bad debt provision balance at the end of the period		Book value	Remaining book value		Bad debt provision balance at the end of the period		Book value
	Amount	Proportion	Amount	Provision rate		Amount	Proportion	Amount	Provision rate	
Recognition and	1,280,50	98.68%	175,879,	13.74%	1,104,625	1,059,9	98.00%	161,204,9	15.21%	898,730,98

providing of bad debt provisions on groups	4,982.91		731.45		,251.46	35,942.75		60.82		1.93
Account receivable with minor individual amount and bad debt provision provided individually	17,154,285.41	1.32%	16,537,285.41	96.40%	617,000.00	21,620,471.60	2.00%	21,570,471.60	99.77%	50,000.00
Total	1,297,659,268.32	100.00%	192,417,016.86	14.83%	1,105,242,251.46	1,081,556,414.35	100.00%	182,775,432.42	16.90%	898,780,981.93

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 balance		
	Account receivable	Bad debt provision balance at the end of the period	Provision rate
Items less than 1 year			
Less than 1 year	712,092,320.08	21,362,769.59	3.00%
Subtotal for less than 1 year	712,092,320.08	21,362,769.59	3.00%
1-2 years	262,647,258.23	26,264,725.84	10.00%
2-3 years	123,152,331.43	36,945,699.43	30.00%
Over 3 years	182,613,073.17	91,306,536.59	50.00%
Total	1,280,504,982.91	175,879,731.45	13.74%

Note:

Account receivable adopting the balance percentage method in the group:

☐ Applicable ☒ Inapplicable

Account receivable adopting other methods in the group:

None

(2) Bad debt provisions made, recovered or reversed in this period

Bad debt provisions of RMB21,710,901.08 were made in this period; none was recovered or reversed in this period.

Important bad debt write-back or recovery:

In RMB

Entity	Written-back or recovered amount	Method
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(3) Written-off account receivable during the period

In RMB

Items	Amount
Actually written-off account receivable	12,440,143.04

Important write-off of account receivable

In RMB

Entity	Nature	Amount	Reason	Write-off procedure	Related transaction
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Notes to written-off account receivable:

Fangda Yide completed liquidation in this period, Accounts receivable of RMB12,058,685.51 were written off.

(4) Top 5 account receivable entities at the end of the period

The total balance of accounts receivable due from top 5 account receivable entities at the end of the period is RMB146,062,403.09, accounting for 11.26% of the aggregate. Bad debt provisions made totaled RMB27,719,198.96 at the end of the period.

6. Prepayment**(1) Account age of prepayments**

In RMB

Age	Closing balance		Ending balance	
	Amount	Proportion	Amount	Proportion
Less than 1 year	24,526,989.72	83.90%	24,086,301.50	84.92%
1-2 years	2,991,743.88	10.23%	2,582,202.92	9.10%
2-3 years	163,672.10	0.56%	486,463.33	1.72%
Over 3 years	1,551,825.79	5.31%	1,209,048.46	4.26%
Total	29,234,231.49	--	28,364,016.21	--

(2) Top 5 prepayment entities at the end of the period

The total balance prepayment made by top 5 prepayment entities at the end of the period is RMB7,819,029.20, accounting for 25.71% of the aggregate at the end of the period.

7. Receivable interest**(1) Receivable interest classification**

In RMB

Items	Closing balance	Ending balance
Time deposit		36,387.50
Total		36,387.50

8. Other receivables

(1) Other receivables are disclosed by categories

In RMB

Type	Closing balance					Ending balance				
	Remaining book value		Bad debt provision balance at the end of the period		Book value	Remaining book value		Bad debt provision balance at the end of the period		Book value
	Amount	Proportion	Amount	Provision rate		Amount	Proportion	Amount	Provision rate	
Other receivables with major individual amount and bad debt provision provided individually						1,220,316.84	1.47%	1,220,316.84	100.00%	
Recognition and providing of bad debt provisions on groups	62,085,155.66	99.64%	13,134,507.99	21.16%	48,950,647.67	79,642,281.33	96.15%	13,343,551.16	16.75%	66,298,730.17
Account receivable with minor individual amount and bad debt provision provided individually	223,146.95	0.36%	223,146.95	100.00%		1,971,822.77	2.38%	1,971,822.77	100.00%	
Total	62,308,302.61	100.00%	13,357,654.94	21.44%	48,950,647.67	82,834,420.94	100.00%	16,535,690.77	19.96%	66,298,730.17

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 balance		
	Other receivables at the end of the period	Bad debt provision balance at the end of the period	Provision rate
Items less than 1 year			

Subtotal for less than 1 year	23,951,028.17	718,521.63	3.00%
1-2 years	12,221,834.10	1,222,183.42	10.00%
2-3 years	8,811,718.34	2,643,515.50	30.00%
Over 3 years	17,100,575.05	8,550,287.44	50.00%
Total	62,085,155.66	13,134,507.99	21.16%

Note:

Other receivables adopting the balance percentage method in the group:

☐ Applicable ☒ Inapplicable

Other receivables adopting other methods in the group:

☐ Applicable ☒ Inapplicable

(2) Bad debt provisions made, recovered or reversed in this period

Bad debt provisions of RMB1,575,546.4 were made in this period; none was recovered or reversed in this period.

(3) Other receivable actually written off in the current period.

In RMB

Items	Amount
Actually written-off other receivable	4,771,216.93

Notes to written-off other receivables:

Fangda Yide completed liquidation in this period, Other receivables of RMB3,391,658.26 were written off.

(4) Other receivables disclosed by nature

In RMB

By account	Closing balance of book value	Opening balance of book value
Deposit	37,088,745.12	55,316,690.93
Engineering project borrowing and advance	14,869,519.46	10,722,385.63
House disposal receivable	2,136,200.00	
Staff borrowing and petty cash	1,410,387.87	2,260,157.64
VAT refund receivable	576,297.37	278,416.96
Others	6,227,152.79	14,256,769.78
Total	62,308,302.61	82,834,420.94

(5) Top 5 other receivable entities at the end of the period

In RMB

Entity	By account	Closing balance	Age	Percentage in the aggregate	Bad debt provision balance at the end of the period
Hainan Green Town Investment Co., Ltd.	Deposit	4,346,000.00	1-2 years	6.97%	434,600.00
Wang Weihong	Advanced engineering cost	695.00	Less than 1 year	0.00%	20.85
Wang Weihong	Advanced engineering cost	352,178.17	1-2 years	0.57%	35,217.82
Wang Weihong	Advanced engineering cost	564,963.00	2-3 years	0.91%	169,488.90
Wang Weihong	Advanced engineering cost	3,337,246.98	Over 3 years	5.36%	1,668,623.49
Zhejiang Jiayue Industrial Co., Ltd.	Deposit	500,000.00	1-2 years	0.80%	50,000.00
Zhejiang Jiayue Industrial Co., Ltd.	Deposit	3,199,100.00	2-3 years	5.13%	959,730.00
Xin Song	Advanced engineering cost	2,653,327.61	Over 3 years	4.26%	1,326,663.81
Chen Jian Zhong Ji (Zhejiang) Business Development Co., Ltd.	Deposit	1,907,624.65	1-2 years	3.06%	190,762.47
Total	--	16,861,135.41	--	27.06%	4,835,107.34

9. Inventories

(1) Classification of inventories

In RMB

Items	Closing balance			Ending balance		
	Remaining book value	Depreciation provision	Book value	Remaining book value	Depreciation provision	Book value
Raw materials	101,814,705.80	2,551,138.82	99,263,566.98	47,592,162.78	1,492,798.29	46,099,364.49
Product in process	6,682,625.91	2,277.73	6,680,348.18	5,992,333.49		5,992,333.49
Finished goods in stock	22,999,746.67	2,470,651.68	20,529,094.99	10,246,627.50	1,984,145.11	8,262,482.39
Completed but	251,262,257.58	1,830,742.67	249,431,514.91	229,499,318.33	1,830,742.67	227,668,575.66

not settled assets formulated by construction contracts						
Low price consumable	59,672.66		59,672.66	51,278.67		51,278.67
OEM materials	3,358,174.63		3,358,174.63	873,790.05		873,790.05
Development cost	603,118,814.70		603,118,814.70	139,590,027.07		139,590,027.07
Total	989,295,997.95	6,854,810.90	982,441,187.05	433,845,537.89	5,307,686.07	428,537,851.82

(2) Inventory depreciation provision

In RMB

Items	Ending balance	Increase in this period		Decrease in this period		Closing balance
		Provision	Others	Reversed or written off	Others	
Raw materials	1,492,798.29	1,098,377.42		40,036.89		2,551,138.82
Product in process		2,277.73				2,277.73
Finished goods in stock	1,984,145.11	486,506.57				2,470,651.68
Completed but not settled assets formulated by construction contracts	1,830,742.67					1,830,742.67
Total	5,307,686.07	1,587,161.72		40,036.89		6,854,810.90

(3) Note

Development cost in the balance at the end of the inventory period includes the capitalization amount of the borrowing cost of RMB15,466,418.47.

(4) Development cost

Project	Start time	Estimate complete time	Estimated total investment	Closing amount	Opening amount	Depreciation provision at the end of the period
Fangda Town	May. 2014	Dec. 2016	2,421,911,100	603,118,814.70	139,590,027.07	

(5) Completed but not settled assets formulated by construction contracts

In RMB

Items	Amount
Accumulative occurred costs	4,827,856,677.82
Accumulative recognized gross margin	767,911,779.61
Less: estimated loss	1,830,742.67
Settled amount	5,344,506,199.85
Completed but not settled assets formulated by construction contracts	249,431,514.91

10. Other current assets

In RMB

Items	Closing balance	Ending balance
Deductible tax input	6,986,107.72	
Bank financial products	228,000,000.00	
Total	234,986,107.72	

Notes

Bank financial product in other current assets refers to CCB Qian Yuan – Fu Shun Ying open asset portfolio RMB financial products purchased by the Group and BOC Monthly Plan GSRJYL01 financial product. The financial products are not principal-guaranteed with floating returns.

11. Long-term share equity investment

In RMB

Invested entity	Opening amount	Increase	Decrease	Closing amount
Affiliate				
Shenzhen Ganshang Joint Investment Co., Ltd.	9,994,565.55	1,054,094.88		11,048,660.43

12. Investment real estates**(1) Investment real estate measured at costs**

√ Applicable □ Inapplicable

Items	Houses & buildings	Land using right	Construction in process	Total
I. Book value				
1. Opening balance	26,150,933.45			26,150,933.45

2. Increased amount in this period	20,674,244.77			20,674,244.77
(1) Transferred from fixed assets	20,674,244.77			20,674,244.77
3. Decreased amount in this period	14,743,910.08			14,743,910.08
(2) Transfer-out for self-use	14,743,910.08			14,743,910.08
4. Closing balance	32,081,268.14			32,081,268.14
II. Accumulative total depreciation and amortization				
1. Opening balance	5,680,620.94			5,680,620.94
2. Increased amount in this period	1,922,459.18			1,922,459.18
(1) Provision or amortization	768,601.33			768,601.33
(2) Transferred from fixed assets	1,153,857.85			1,153,857.85
3. Decreased amount in this period	3,287,749.22			3,287,749.22
(2) Transfer-out for self-use	3,287,749.22			3,287,749.22
4. Closing balance	4,315,330.9			4,315,330.90
III. Book value				
1. Closing book value	27,765,937.24			27,765,937.24
2. Opening book value	20,470,312.51			20,470,312.51

(2) Investment real estate measured at fair value

√ Applicable □ Inapplicable

In RMB

Items	Houses & buildings	Land using right	Construction in process	Total
I. Opening balance	174,778,756.62			174,778,756.62
II. Change in the period	23,734,829.53			23,734,829.53
Transfer-in from inventory/fixed assets/construction in progress				
Other	11,162,802.57			11,162,802.57

transfer-out				
Change in fair value	34,897,632.10			34,897,632.10
III. Closing balance	198,513,586.15			198,513,586.15

(3) Investment real estate without ownership certificate

By December 31, 2014, no property ownership certificate has been applied for any of the investment real estate.

13. Fixed assets

(1) Fixed assets

In RMB

Items	Houses & buildings	Mechanical equipment	Electronic equipment	Transport equipment	Others	Total
1. Opening balance	393,946,389.09	233,769,225.30	40,817,091.98	17,163,113.28		685,695,819.65
2. Increased amount in this period	49,617,440.25	11,489,620.93	16,914,554.37	6,723,382.99		84,744,998.54
(1) Purchase	22,617,056.78	9,615,264.77	12,332,649.64	6,293,372.50		50,858,343.69
(2) Transfer-in of construction in progress	1,093,670.82		1,926,646.77			3,020,317.59
(3) Merger		1,874,356.16	2,655,257.96	430,010.49		4,959,624.61
(4) Transfer-in of investment real estates	25,906,712.65					25,906,712.65
3. Decreased amount in this period	28,887,622.15	738,729.07	1,944,205.02	534,222.55		32,104,778.79
(1) Disposed or retired	8,213,377.38	738,729.07	1,944,205.02	534,222.55		11,430,534.02
(2) Other decrease	20,674,244.77					20,674,244.77
4. Closing balance	414,676,207.19	244,520,117.16	55,787,441.33	23,352,273.72		738,336,039.40
1. Opening balance	26,604,093.45	150,791,998.23	21,055,152.64	9,179,557.42		207,630,801.74
2. Increased amount in this period	13,723,613.32	9,312,492.67	3,928,791.53	1,768,471.31		28,733,368.83
(1) Provision	10,435,864.10	9,279,732.35	3,884,506.10	1,762,483.11		25,362,585.66
(2) Merger		32,760.32	44,285.43	5,988.20		83,033.95
(3) Transfer-in of investment real estates	3,287,749.22					3,287,749.22

3. Decreased amount in this period	1,854,629.52	183,304.92	1,736,870.15	900,277.55		4,675,082.14
(1) Disposed or retired	700,771.67	183,304.92	1,736,870.15	900,277.55		3,521,224.29
(2) Other decrease	1,153,857.85					1,153,857.85
4. Closing balance	38,473,077.25	159,921,185.98	23,247,074.02	10,047,751.18		231,689,088.43
1. Opening balance	1,131,563.50	14,003,184.43				15,134,747.93
2. Increased amount in this period		2,651,337.41				2,651,337.41
(1) Provision		2,651,337.41				2,651,337.41
3. Decreased amount in this period	853,819.00					853,819.00
(1) Disposed or retired	853,819.00					853,819.00
4. Closing balance	277,744.50	16,654,521.84				16,932,266.34
1. Closing book value	375,925,385.44	67,944,409.34	32,540,367.31	13,304,522.54		489,714,684.63
2. Opening book value	366,210,732.14	68,974,042.64	19,761,939.34	7,983,555.86		462,930,269.98

(2) Temporary idle fixed assets

In RMB

Items	Book value	Accumulative depreciation	Impairment provision	Book value	Notes
Houses & buildings	46,833,628.81	5,086,265.30	277,744.50	41,469,619.01	
Mechanical equipment	105,591,939.34	67,175,395.78	15,300,132.34	23,116,411.22	
Transportation facilities	358,087.84	335,658.73		22,429.11	
Electronics and other devices	7,822,284.94	7,317,787.20		504,497.74	
Total	160,605,940.93	79,915,107.01	15,577,876.84	65,112,957.08	

(3) Fixed assets without ownership certificate

In RMB

Items	Book value	Reason
Houses in Urumuqi for offsetting debt	580,196.93	Applying for
Yuehai Office Building C 502	161,032.14	Historical reasons

Houses in Dalian of Fangda Jianke for offsetting debt	20,228,382.98	Applying for
Shenyang Fangda extension workshop	17,582,204.34	Entering into liquidation
Shenyang Fangda dorm and workshop 2#	8,145,332.66	Entering into liquidation
Dining hall and power station of Shenyang Fangda	3,913,314.22	Entering into liquidation

14. Construction in process

(1) Construction in progress

In RMB

Items	Closing balance			Ending balance		
	Remaining book value	Impairment provision	Book value	Remaining book value	Impairment provision	Book value
Xinjin energy saving and green curtain wall project	341,749.17		341,749.17	26,715.00		26,715.00
Decoration of Fangda Building 5F and 20F				914,126.00		914,126.00
Total	341,749.17		341,749.17	940,841.00		940,841.00

(2) No impairment provision is made for construction in progress.

15. Disposal of fixed assets

In RMB

Items	Closing balance	Ending balance
Mechanical equipment	26,918.21	144,421.47
Tools and apparatus		3,761.50
Transport equipment		2,829.75
Other equipment		26,285.39
Total	26,918.21	177,298.11

16. Intangible assets**(1) Intangible assets**

In RMB

Items	Land using right	Patent	Non-patent technology	Others	Total
1. Opening balance	93,144,805.39	1,266,728.37	24,330,413.42	9,024,654.00	127,766,601.18
2. Increased amount in this period	4,870,594.02	4,339,236.09		2,003,730.99	11,213,561.10
(1) Purchase	4,870,594.02	69,861.70		2,003,730.99	6,944,186.71
(3) Merger		4,269,374.39			4,269,374.39
3. Decreased amount in this period		40,160.00			40,160.00
(2) Other decrease		40,160.00			40,160.00
4. Closing balance	98,015,399.41	5,565,804.46	24,330,413.42	11,028,384.99	138,940,002.28
1. Opening balance	9,476,058.26	832,698.67	15,463,344.49	4,940,985.47	30,713,086.89
2. Increased amount in this period	1,889,109.92	491,682.20	571,988.88	824,825.75	3,777,606.75
(1) Provision	1,889,109.92	384,947.84	571,988.88	824,825.75	3,670,872.39
(2) Merger		106,734.36			106,734.36
3. Decreased amount in this period		23,886.22			23,886.22
(2) Other decrease		23,886.22			23,886.22
4. Closing balance	11,365,168.18	1,300,494.65	16,035,333.37	5,765,811.22	34,466,807.42
1. Opening balance			5,525,863.77		5,525,863.77
4. Closing balance			5,525,863.77		5,525,863.77
1. Closing book value	86,650,231.23	4,265,309.81	2,769,216.28	5,262,573.77	98,947,331.09
2. Opening book value	83,668,747.13	434,029.70	3,341,205.16	4,083,668.53	91,527,650.52

Intangible asset formed by internal R&D of the period accounts for 2.8% of the balance of intangible assets.

(2) Failure to obtain the land use right

In RMB

Items	Book value	Reason
Chengdu Fangda land use right	4,855,744.50	Applying for

Notes

Shenyang Fangda, a subsidiary of the Company, entered the liquidation procedure in the period. The amortizable

value RMB5,525,863.77 of non-patent technology without realizable value is fully provided for intangible assets impairment.

17. Goodwill

(1) Original goodwill book value

In RMB

Invested entity or item of goodwill	Ending balance	Increase		Decrease		Closing balance
		Merger	Others	Disposal	Others	
Shenzhen Woke	8,197,817.29					8,197,817.29
Fangda Yide	746,519.62				746,519.62	
Fangda SOZN		26,279,395.89				26,279,395.89
Total	8,944,336.91	26,279,395.89			746,519.62	34,477,213.18

(2) Goodwill impairment provision

In RMB

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

Goodwill impairment test process, parameter and impairment loss recognition method:

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. Given that Fangda Yide was liquidated in 2014, goodwill and goodwill impairment provision of RMB746,519.62 was transferred out.

18. Long-term amortizable expenses

In RMB

Items	Ending balance	Increase in this	Amortized in this	Other decrease	Closing balance
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		period	period		
Epoxy floor	1,120,531.13		162,004.50		958,526.63
Plant and dormitory decoration	1,482,723.37		443,246.64		1,039,476.73
Upgrading of workshop rented by Fangda Jianke Nanchang Branch	284,336.02		41,108.82		243,227.20
Upgrading of workshop rented by Fangda Jianke	207,303.07		138,636.40		68,666.67
Lifting fee for the Anhui SASAC project	12,000.00		12,000.00		
Renovation of office and plants rented by Chengdu Fangda	120,243.95	15,621.55	126,752.90		9,112.60
Jinshan factory renovation of Fangda Jianke Shanghai Branch	521,902.82		109,874.16		412,028.66
Renovation of fixed assets leased		385,810.80	51,387.63		334,423.17
Dongguan isolation project		389,086.57	77,817.36		311,269.21
Upgrading of workshop rented by Fangda SOZN		664,974.60	102,930.29		562,044.31
Anti junk email module service fee		49,519.66	16,506.60		33,013.06
General wiring project of the office on 5 th floor of Fangda Building		91,257.00	22,814.28		68,442.72
Others	50,314.43	60,690.98	31,873.74		79,131.67
Total	3,799,354.79	1,656,961.16	1,336,953.32		4,119,362.63

19. Deferred income tax assets and deferred income tax liabilities**(1) Not deducted deferred income tax assets**

In RMB

Items	Closing balance		Ending balance	
	Deductible temporary difference	Deferred income tax assets	Deductible temporary difference	Deferred income tax assets
Assets impairment provision	215,379,455.02	33,823,708.10	216,510,309.81	35,815,369.06
Unrealized profit of internal transactions	11,839,968.61	2,579,827.55	6,715,484.36	1,636,018.35
Deductible loss	56,605,182.29	13,897,641.41	9,460,002.94	2,365,000.74
Reserved expense	3,055,220.98	458,283.15	2,361,521.89	354,228.28
Reserved wage	3,087,427.61	463,114.14	3,063,966.18	459,594.93
Deferred earning	2,161,818.23	515,225.13	2,261,103.48	535,832.20
Anticipated liabilities	5,859,045.98	878,856.90		
Total	297,988,118.72	52,616,656.38	240,372,388.66	41,166,043.56

(2) Not deducted deferred income tax liabilities

In RMB

Items	Closing balance		Ending balance	
	Taxable temporary difference	Deferred income tax liabilities	Taxable temporary difference	Deferred income tax liabilities
Gain/loss caused by changes in fair value	198,937,747.60	49,734,436.90	162,627,055.88	40,656,763.97
Total	198,937,747.60	49,734,436.90	162,627,055.88	40,656,763.97

(3) Details of unrecognized deferred income tax assets

In RMB

Items	Closing balance	Ending balance
Deductible temporary difference	40,015,820.28	58,902,435.47
Deductible loss	70,274,405.85	69,150,558.57
Total	110,290,226.13	128,052,994.04

(4) 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		7,864,870.78	
2015	7,240,577.12	7,695,652.54	
2016	19,999,060.04	22,158,289.57	
2017	20,241,373.78	20,241,373.78	
2018	11,130,985.83	11,190,371.90	
2019	11,662,409.08		
Total	70,274,405.85	69,150,558.57	--

20. Other non-current assets

In RMB

Items	Closing balance	Ending balance
Prepaid house and equipment amount	41,684,590.97	15,978,789.90
Deductible tax input	1,639,287.66	
Total	43,323,878.63	15,978,789.90

(1) The increase in the other non-current assets is the house purchase payment made by Fangda Jianke to Dalian Gaoxin Wanda Plaza Investment Co., Ltd., Tianjin Wanda Center Investment Co., Ltd. and Zixi Greentown Investment Co., Ltd.

(2) The deductible tax input increased in the period because Shenyang Fangda and Shenzhen Woke stopped operation and cannot obtain sufficient sales tax deduction in the short term.

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

In RMB

Items	Closing balance	Ending balance
Loan by pledge	200,000,000.00	104,000,000.00
Guarantee loan	900,000,000.00	265,000,000.00
Total	1,100,000,000.00	369,000,000.00

Notes to classification of short-term borrowings

By December 31, 2014, the Group's pledged borrowings are using buildings as pledge.

22. Notes payable

In RMB

Type	Closing balance	Ending balance
Commercial acceptance	12,106,210.45	9,356,905.04
Bank acceptance	215,160,275.12	179,213,945.59
Total	227,266,485.57	188,570,850.63

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

In RMB

Items	Closing balance	Ending balance
Account repayable and engineering payables	558,886,064.80	366,465,573.67
Construction payable	21,675,087.66	10,418,557.07
Payable installation and implementation fees	102,780,295.76	107,489,398.01
Others	1,766,898.51	4,842,611.57
Total	685,108,346.73	489,216,140.32

24. Prepayment received**(A) Prepayment**

In RMB

Items	Closing balance	Ending balance
Curtain wall and screen door engineering payment	115,346,105.96	163,602,896.86
Material loan	6,106,352.73	1,970,928.42
Others	832,772.45	2,812,426.66
Total	122,285,231.14	168,386,251.94

(2) Major prepayment aged over 1 year

In RMB

Items	Closing balance	Reason
Fuzhou Metro Co., Ltd.	3,234,553.34	Engineering prepayment

Xi'an Metro Co., Ltd.	3,143,967.62	Engineering prepayment
Total	6,378,520.96	--

25. Employees' wage payable

(1) Employees' wage payable

In RMB

Items	Ending balance	Increase	Decrease	Closing balance
1. Short-term remuneration	30,102,357.84	225,699,515.08	214,150,801.41	41,651,071.51
2. Post employment welfare scheme - defined contribution plan	80,493.96	11,359,604.66	11,387,855.87	52,242.75
Total	30,182,851.80	237,059,119.74	225,538,657.28	41,703,314.26

(2) Short-term remuneration

In RMB

Items	Ending balance	Increase	Decrease	Closing balance
1. Wage, bonus, allowance and subsidies	27,807,395.20	206,363,308.89	194,651,151.04	39,519,553.05
2. Employee welfare	32,064.56	9,295,212.85	9,327,277.41	
3. Social insurance	56,233.99	5,242,822.78	5,259,444.02	39,612.75
Including: medical insurance	51,062.33	4,285,469.08	4,302,961.41	33,570.00
Labor injury insurance	3,429.18	684,771.38	684,843.56	3,357.00
Breeding insurance	1,742.48	272,582.32	271,639.05	2,685.75
4. Housing fund	99,607.50	4,176,672.82	4,233,695.12	42,585.20
5. Labor union budget and staff education fund	2,107,056.59	621,497.74	679,233.82	2,049,320.51
Total	30,102,357.84	225,699,515.08	214,150,801.41	41,651,071.51

(3) Defined contribution plan

In RMB

Items	Ending balance	Increase	Decrease	Closing balance
1. Basic pension	73,842.08	10,611,654.97	10,635,742.05	49,755.00
2. Unemployment insurance	6,651.88	747,949.69	752,113.82	2,487.75
Total	80,493.96	11,359,604.66	11,387,855.87	52,242.75

26. Taxes payable

In RMB

Items	Closing balance	Ending balance
VAT	6,739,115.69	-1,250,348.83
Business tax	25,489,264.49	23,221,596.65
Enterprise income tax	16,071,901.30	15,884,641.78
Personal income tax	1,228,564.47	902,435.66
City maintenance and construction tax	2,329,212.21	1,895,518.80
Land using tax	2,534,674.36	1,515,989.53
Property tax	2,287,765.04	1,477,538.33
Education surtax	1,123,167.45	907,151.22
Local education surtax	298,064.57	148,031.74
Others	595,196.67	137,392.89
Total	58,696,926.25	44,839,947.77

27. Interest payable

In RMB

Items	Closing balance	Ending balance
Short-term borrowing interests payable	2,055,911.11	689,153.75
Total	2,055,911.11	689,153.75

Notes

The interest payable at the end of the period increased 198.32% from the beginning because the Group's bank borrowing increased.

28. Other payables

(1) Other payables by nature

In RMB

Items	Closing balance	Ending balance
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Performance and quality deposit	22,806,218.88	20,142,316.44
Deposit	6,264,664.14	6,931,340.61
Reserved expense	9,369,196.08	6,587,792.11
Others	8,985,603.34	8,026,131.56
Total	47,425,682.44	41,687,580.72

(2) Other major payables aged over 1 year

In RMB

Items	Closing balance	Reason
Guangzhou Nanjiang Civil Engineering Co., Ltd.	8,289,683.50	Performance deposit, the engineering payment is unsettled
Guangzhou Nanjian Civil Engineering Co., Ltd.	3,000,000.00	Performance deposit, the engineering payment is unsettled
Ningbo Lailai Energy-Saving Door & Windows Development Co., Ltd.	2,060,000.00	Deposit
Total	13,349,683.50	--

29. Non-current liabilities due within 1 year

In RMB

Items	Closing balance	Ending balance
Long-term payables due within 1 year	6,000,000.00	
Total	6,000,000.00	

Notes

Long-term payable due within 1 year is the share transfer payable within one year according to investment agreement and share transfer agreement for acquisition of 60% shares in Fangda SOZN by Fangda New Energy.

30. Long-term payables**(1) Long-term payables by nature**

In RMB

Items	Closing balance	Ending balance
Share transfer payable	12,000,000.00	
Subtotal	12,000,000.00	
Less: Long-term payables due within 1 year	6,000,000.00	
Total	6,000,000.00	

Notes

The share transfer payable is the transfer payment due within more than 1 year according to investment agreement and share transfer agreement for acquisition of 60% shares in Fangda SOZN by Fangda New Energy.

31. Anticipated liabilities

In RMB

Items	Closing balance	Ending balance	Reason
Pending lawsuit	5,039,045.98		See Note XIII, 1
Others	820,000.00		
Total	5,859,045.98		--

32. Deferred earning

In RMB

Items	Ending balance	Increase	Decrease	Closing balance	Reason
Government subsidy	10,255,823.93		205,931.89	10,049,892.04	Assets-related
Total	10,255,823.93		205,931.89	10,049,892.04	--

In RMB

Liabilities	Ending balance	Amount of new subsidy	Amount included in non-operating revenue	Other change	Closing balance	Related to assets/earning
Major investment project prize from Industry and Trade Development Division of Dongguan Finance Bureau	1,966,666.70		57,142.80		1,909,523.90	Assets-related
Massive production project of air-breathing double-layer hollow glass energy-saving curtain call	7,994,720.45		106,646.64		7,888,073.81	Assets-related
Railway transport	294,436.78		42,142.45		252,294.33	Assets-related

screen door controlling system and information transmission technology						
Total	10,255,823.93		205,931.89		10,049,892.04	--

Notes

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

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

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

33. Capital share

In RMB

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

34. Capital reserve

In RMB

Items	Ending balance	Increase	Decrease	Closing balance
Capital premium (share capital premium)	38,238,222.48			38,238,222.48
Other capital reserves	40,860,997.90			40,860,997.90
Total	79,099,220.38			79,099,220.38

35. Other miscellaneous income

In RMB

Items	Ending balance	Amount occurred in the current period					Closing balance
		Before tax in current period	Less: amount written into other gains and transferred into gain/loss in previous terms	Less: Income tax expenses	After-tax attributable to parent company	After-tax attributable to minority shareholder	
(2) Other comprehensive gain that will be classified into gain/loss	91,831.63						91,831.63
Investment real estate measured at fair value	91,831.63						91,831.63
Total of other miscellaneous income	91,831.63						91,831.63

36. Surplus reserves

In RMB

Items	Ending balance	Increase	Decrease	Closing balance
Statutory surplus reserves	46,389,142.21	2,452,938.55		48,842,080.76
Total	46,389,142.21	2,452,938.55		48,842,080.76

Note:

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

37. Retained profit

In RMB

Items	Current period	Last period
Adjustment on retained profit of previous period	278,149,631.63	230,907,879.99
Retained profit adjusted at beginning of year	278,149,631.63	230,907,879.99
Plus: Net profit attributable to owners of the parent	96,998,429.76	85,676,863.78
Less: Statutory surplus reserves	2,452,938.55	15,894,599.27
Common share dividend payable	22,707,297.15	22,540,512.87
Closing retained profit	349,987,825.69	278,149,631.63

Details of retained profit adjusted at beginning of the period

- 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.

38. Operational revenue and costs

In RMB

Items	Amount occurred in the current period		Occurred in previous period	
	Income	Cost	Income	Cost
Main business	1,896,533,575.46	1,573,131,645.17	1,697,728,577.19	1,412,825,229.71
Other business	41,790,860.05	17,705,140.85	49,892,268.55	12,543,974.71
Total	1,938,324,435.51	1,590,836,786.02	1,747,620,845.74	1,425,369,204.42

39. Business tax and surcharge

In RMB

Items	Amount occurred in the current period	Occurred in previous period
Business tax	14,227,005.22	13,788,191.30
City maintenance and construction tax	4,077,936.61	4,071,880.14
Education surtax	2,163,665.87	1,921,563.67
Property tax	1,019,630.24	1,232,548.46
Land using tax	107,681.50	150,753.68
Others	1,259,720.55	2,107,376.59
Total	22,855,639.99	23,272,313.84

Notes

See VI. Tax for the calculation standard of business tax and surcharges.

40. Sales expense

In RMB

Items	Amount occurred in the current period	Occurred in previous period
Labor costs	23,748,948.40	20,594,907.02
Freight and miscellaneous charges	6,207,886.36	6,061,750.15

Travel expense	5,067,027.92	3,211,228.05
Entertainment expense	2,204,861.40	1,956,831.61
Material consumption	1,449,539.85	911,912.24
Office costs	1,246,910.58	1,856,349.96
Rental	1,295,860.13	975,957.59
Advertisement and business promotion cost	2,041,379.42	523,282.43
Others	1,421,892.64	1,290,822.55
Total	44,684,306.70	37,383,041.60

41. Management expenses

In RMB

Items	Amount occurred in the current period	Occurred in previous period
Labor costs	75,477,871.56	61,712,341.07
Depreciation and amortization	18,501,963.63	20,496,282.99
Agencies	3,603,925.17	1,934,253.99
Tax	6,689,450.36	5,462,000.30
Maintenance costs	4,055,124.83	2,775,338.16
Water and electricity	1,594,371.07	1,552,664.57
Office expense	3,010,166.04	3,588,714.66
Travel expense	2,577,863.90	2,357,134.52
R&D	16,901,351.15	9,671,242.90
Entertainment expense	2,024,918.27	1,653,162.04
Rental	2,334,921.30	3,591,131.18
Lawsuit	1,950,459.20	2,411,335.91
Material consumption	1,754,537.01	470,234.11
Property management fee	2,386,763.59	2,357,853.90
Others	9,721,026.52	7,220,556.96
Total	152,584,713.60	127,254,247.26

42. Financial expenses

In RMB

Items	Amount occurred in the current period	Occurred in previous period
Interest expense	46,439,424.36	24,548,276.25

Less: Interest capitalization	15,466,418.47	
Less: Interest income	3,193,733.32	3,054,605.10
Acceptant discount	248,232.09	
Exchange gain/loss	-383,218.13	861,872.66
Less: exchange gain/loss capitalization		
Commission charges and others	1,520,772.27	753,042.58
Total	29,165,058.80	23,108,586.39

43. Assets impairment loss

In RMB

Items	Amount occurred in the current period	Occurred in previous period
1. Bad debt loss	23,199,527.20	33,742,863.78
2. Inventory depreciation loss	1,587,161.72	40,254.89
7. Fixed assets impairment loss	2,651,337.41	
Total	27,438,026.33	33,783,118.67

44. Income from fair value fluctuation

In RMB

Source of income from fluctuation of fair value	Amount occurred in the current period	Occurred in previous period
Financial assets measured at fair value with variations accounted into current income account	-2,852,885.00	
Investment real estate measured at fair value	34,897,632.10	16,647,859.74
Total	32,044,747.10	16,647,859.74

45. Investment income

In RMB

Items	Amount occurred in the current period	Occurred in previous period
Gains from long-term equity investment measured by equity	1,054,094.88	-5,434.45
Investment income from disposal of long-term equity share investment	-1,478,245.70	
Other investment gains	2,144,844.80	306,301.37

Total	1,720,693.98	300,866.92
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46. 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	3,162,999.40	154,552.62	3,162,999.40
Including: Gains from disposal of fixed assets	3,162,999.40	154,552.62	3,162,999.40
Government subsidy	2,340,175.75	1,815,855.07	2,340,175.75
Penalty income	217,749.21	228,295.79	217,749.21
Compensation received	41,826.64	190,428.00	41,826.64
VAT rebated into revenue	1,886,134.97	818,825.27	
Payable account not able to be paid	1,447,458.99	250,648.50	1,447,458.99
Others	7,185,114.22	4,137,250.99	7,185,114.22
Total	16,281,459.18	7,595,856.24	14,395,324.21

Government subsidies accounted into current profit or loss:

In RMB

Item	Occurred in current period	Occurred in previous period	Related to assets/earning
Railway transport screen door controlling system and information transmission technology	42,142.45	935,563.22	Assets-related
Major investment project prize from Industry and Trade Development Division of Dongguan Finance Bureau	57,142.80	33,333.30	Assets-related
Massive production project of air-breathing double-layer hollow glass energy-saving curtain call	106,646.64	25,279.55	Assets-related
Shenzhen hi-tech project subsidy	1,011,800.00		Earning-related
Chinese famous brand, Guangdong famous brand and Guangdong famous product	200,000.00		Earning-related

subsidies			
Nanchang Industry Information Committee and Financial Department subsidies for formulating industry standards	200,000.00		Earning-related
Nanchang hi-tech industry part management committee subsidy for technological development projects	100,000.00		Earning-related
Chengdu new material company award	100,000.00		Earning-related
Nanchang high-tech zone management committee subsidy for formulating industry standards	150,000.00		Earning-related
Nanchang hi-tech industry development zone management committee subsidy for hi-tech industries	141,100.00		Earning-related
Jiangxi Financial Ministry export exhibition subsidy	136,700.00		Earning-related
Private enterprise and SME development fund IT construction project subsidy		570,000.00	Earning-related
2012 High-quality foreign trade export subsidy granted by Shenzhen Finance Commission		188,179.00	Earning-related
Nanchang Quality and Technology Supervision Bureau well-known brand product prize		50,000.00	Earning-related
Others	94,643.86	13,500.00	Earning-related
Total	2,340,175.75	1,815,855.07	--

Notes

Major projects are disclosed as follows:

1. Fangda Jianke recovered the revenue of RMB4,893,062.86 related to the Dalian Yunshan engineering project.
2. Waste income RMB1,446,492.20

47. 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	1,709,152.13	617,106.70	1,709,152.13
Including: Losses from disposal of fixed assets	1,709,152.13	446,022.67	1,709,152.13
Donation	958,000.00	367,000.00	958,000.00
Penalty and overdue fine	364,256.62	173,744.23	364,256.62
Estimated lawsuit compensation	5,039,045.98		5,039,045.98
Others	2,553,257.37	186,524.37	2,553,257.37
Total	10,623,712.10	1,344,375.30	10,623,712.10

Notes

(1) See Note XIII, 1 for estimated lawsuit compensation.

(2) Major amounts are disclosed as follows:

Shenyang Fangda made a provision of RMB411,590.52 according to the judgment of the semi-conductor industry park phase I chip packaging plant construction contract; Shenyang Fangda made a provision of RMB354,119.76 according to the judgment of the semi-conductor industry park phase I dormitory and plant #2 construction contract; Shenyang Fangda made a provision of RMB100,306.06 for the semi-conductor purchase and sales contract with Dongguan Enrui Precision Equipment Co., Ltd. Shenyang Fangda made a provision of RMB1,034,158.33 for the payable engineering amount according to the judgment of the P16 full-color LED display engineering contract with Shenyang Xingmoer.

48. Income tax expenses**(1) Income tax expenses**

In RMB

Items	Amount occurred in the current period	Occurred in previous period
Income tax expenses	18,618,875.30	19,777,942.50
Deferred income tax expenses	-1,125,127.73	-528,180.90
Total	17,493,747.57	19,249,761.60

(2) Accounting profit and income tax expense adjustment

In RMB

Items	Amount occurred in the current period
Total profit	110,183,092.23
Income tax expense calculated by lawful/applicable tax rate	27,545,773.06
Impacts of different tax rates on subsidiaries	-13,527,919.55
Impacts of income tax in periods before adjustment	-1,537,060.30
Impacts of non-taxable income	-290,185.38
Impacts of non-deductible costs, expenses and losses	1,541,210.73
Impacts of using deductible loss with recognizing deferred income tax assets	-764,290.33
Deductible temporary difference and deductible loss of unrecognized deferred income tax assets	4,321,849.71
Others	204,369.63
Income tax expenses	17,493,747.57

49. Other miscellaneous income

See Note VII, 35.

50. Cash flow statement items

(1) Other cash inflow related to operation

In RMB

Items	Amount occurred in the current period	Occurred in previous period
Interest income	3,230,120.82	3,091,050.93
Subsidy income	2,134,243.86	12,041,679.00
Retrieving of deposits for exchange bills		174,858.62
Retrieving of bidding deposits	9,893,934.66	4,508,546.79
Other operating accounts	16,028,346.33	21,236,605.34
Total	31,286,645.67	41,052,740.68

(2) Other cash paid related to operation

In RMB

Items	Amount occurred in the current period	Occurred in previous period
Sales expense	17,958,181.41	16,096,357.83
Administrative expense	38,615,205.18	39,553,659.77
Bidding deposit paid	868,076.30	9,952,466.34

Net draft deposit net paid	61,152,900.09	10,697,929.46
Other trades	14,978,873.55	14,449,566.74
Total	133,573,236.53	90,749,980.14

(3) Other cash received related to investment activities

In RMB

Items	Amount occurred in the current period	Occurred in previous period
Bidding and contract deposit related to construction projects	65,500.00	429,055.00
Total	65,500.00	429,055.00

(4) Other cash paid related to investment activities

In RMB

Items	Amount occurred in the current period	Occurred in previous period
Bidding deposit paid related to construction projects	331,500.00	1,659,058.00
Total	331,500.00	1,659,058.00

(5) Other cash received related to financing: None**(6) Other cash paid related to financing: None****51. 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	92,689,344.66	81,400,779.56
Plus: Asset impairment provision	27,438,026.33	33,783,118.67
Fixed asset depreciation, gas and petrol depreciation, production goods depreciation	26,131,186.99	23,877,998.21
Amortization of intangible assets	3,670,872.39	3,920,173.92
Amortization of long-term amortizable expenses	1,336,953.32	1,362,450.83

Loss from disposal of fixed assets, intangible assets, and other long-term assets (“-“ for gains)	-1,453,847.27	410,730.16
Loss from fixed asset discard (“-“ for gains)		51,823.92
Loss from fair value fluctuation (“-“ for gains)	-32,044,747.10	-16,647,859.74
Financial expenses (“-“ for gains)	30,961,335.85	25,012,994.14
Investment losses (“-“ for gains)	-1,720,693.98	-300,866.92
Decrease of deferred income tax asset (“-“ for increase)	-10,202,800.67	-4,974,658.47
Increase of deferred income tax asset (“-“ for increase)	9,077,672.93	4,446,477.57
Decrease of inventory (“-“ for increase)	-523,064,898.18	-22,336,480.28
Decrease of operational receivable items (“-“ for increase)	-292,111,913.10	-198,931,167.94
Increase of operational receivable items (“-“ for decrease)	172,552,478.48	235,992,177.52
Others	-61,152,900.09	-10,523,070.84
Cash flow generated by business operations, net	-557,893,929.44	156,544,620.31
2. Major investment and financing operation not involving with cash	--	--
3. Net change of cash and cash equivalents	--	--
Balance of cash at period end	102,638,232.19	285,237,255.38
Less: Initial balance of cash	285,237,255.38	240,167,372.86
Net increase in cash and cash equivalents	-182,599,023.19	45,069,882.52

(2) Net cash obtained from subsidiaries in the period

In RMB

	Amount
Related company and consolidated in paid cash or cash equivalent in the period	36,000,000.00
Including:	--
Fangda SOZN	36,000,000.00
Less: Cash and cash equivalent held by the subsidiary on the acquisition date	20,297,575.13

Including:	--
Fangda SOZN	20,297,575.13
Including:	--
Net cash obtained from the subsidiary	15,702,424.87

(3) Net cash received from subsidiaries in the period: None**(4) Composition of cash and cash equivalents**

In RMB

Items	Closing balance	Ending balance
I. Cash	102,638,232.19	285,237,255.38
Including: Cash in stock	40,733.33	33,975.32
Bank savings can be used at any time	102,515,874.25	285,145,634.33
Other monetary capital can be used at any time	81,624.61	57,645.73
3. Balance of cash and cash equivalents at end of term	102,638,232.19	285,237,255.38

52. Ownership or use right restricted assets

In RMB

Items	Closing book value	Reason
Monetary capital	109,792,566.68	Frozen deposit and cash deposit
Fixed assets	54,390,783.41	Loan by pledge
Investment real estate	198,513,586.15	Loan by pledge
Total	362,696,936.24	--

Notes

(1) The above-mentioned monetary capital cannot be used at anytime and is not included in cash and cash equivalent in the cash flow statement.

(2) The restricted investment real estate is the Fangda Technology Building pledged to CCB Shenzhen OCT sub-branch.

53. Foreign currency monetary items**(1) Foreign currency monetary items**

In RMB

Items	Foreign currency balance	Exchange rate	Exchanged RMB balance at the end of the period
Monetary capital	--	--	
Including: USB	386,114.22	6.1190	2,362,632.92
HK Dollar	9,876.04	0.78887	7,790.92
SGD	208,054.76	4.6396	965,290.86
Account receivable	--	--	
Including: USB	6,150,218.83	6.1190	37,633,189.02
EUR	2,039,722.10	0.78887	1,609,075.57
SGD	17,312.18	4.6396	80,321.59
Financial assets measured at fair value with variations accounted into current income account			
Including: HK dollar	17,000,000.00	0.78887	13,410,790.00
Other receivables at the end of the period			
Including: USB	156,327.54	6.1190	956,568.22

(2) No overseas operating entity

54. Hedging

Qualitative and quantitative information about hedging projects, tools and risks: None

VIII. Changes to consolidation scope

1. Consolidation of entities under common control

(1) Merger of companies not under the common control during the report period

In RMB

Acquired party	Acquisition date	Cost	Percentage	Acquisition method	Acquisition date	Acquisition date determination basis	Income of acquired party during the period	Net profit of acquired party during the period
Fangda SOZN	August 4, 2014	48,000,000.00	60.00%	Monetary capital acquisition and injection	September 1, 2014	Control power acquisition date	95,761,317.84	4,320,158.67

Notes

(2) Consolidation cost and goodwill

Items	Fangda SOZN
Consolidation cost:	
Cash	6,000,000.00
Or fair value with consideration	42,000,000.00
Total consolidation cost	48,000,000.00
Less: recognizable net asset fair value can be obtained	21,720,604.11
Goodwill	26,279,395.89

Notes:

Fangda New Energy and Shenzhen Jinma Yinke entered into a share transfer agreement. Fangda New Energy acquires 60% of Fangda SOZN's shares at RMB6 million to RMB48 million. The final amount depends on Fangda SOZN's performance over the next three years (July-December 2014, 2015 and 2016). The stock transfer amount is up to RMB18 million. The Company shall pay the amount to Luo Huichi in three installments: The first installment of RMB 6million shall be paid after both parties sign the stock transfer agreement, complete the transfer and registration procedures, and the Company holds 60% of the Target Company's stocks. The second installment of RMB 6million shall be paid after the Target Company realizes 90% or higher of the sales or net profit target for 2014 (between July and December); the first installment of RMB6 million will be paid after the Target Company realizes 90% or higher of the sales or net profit target for 2015. If the conditions for the second and third installments are not met, the Company does not need to pay the stock transfer amounts to the Counterpart and the 60% shareholding of the Target Company by the Company remains unchanged.

The Company will provide interest-free loans of RMB30 million to the Target Company with a mature date of December 31, 2016 after the share transfer agreement is signed, both parties complete the commercial and industrial registration, the Company holds 60% of the Target Company's shares. If the Target Company completes 90% of the sales target or accumulative net profit target between July 2014 and December 2016, the loans will be transferred to the acquisition payment of 60% of the Target Company and the Target Company does not need to repay the loans. Otherwise, Luo Huichi shall transfer 30% of the Target Company's shares held by her to the Company at the price of RMB1/share.

The Group forecasts that Fangda SOZN will fulfill the performance target over the next three years. Therefore, the acquisition cost may reach RMB42 million.

Reason for large-amount goodwill:

See (2) Consolidation cost and goodwill

Notes

None

(3) Recognizable assets and liabilities of acquired party on acquisition date

Fair value and book value of Fangda SOZN's recognizable assets and liabilities on the acquisition date:

Items	Fangda SOZN	
	Fair value on the acquisition	Book value on the acquisition
	date	date
Current asset	53,943,847.00	53,943,847.00
Non-current assets	14,516,977.74	14,516,977.74
Including: other intangible assets	4,162,640.03	4,162,640.03
Including: fixed assets	4,876,590.66	4,876,590.66
Current liabilities	32,259,817.89	62,259,817.89
Non-current liabilities		
Net assets	36,201,006.85	6,201,006.85
Less: minor shareholders' equity	14,480,402.74	2,480,402.74
Net assets obtained from consolidation	21,720,604.11	3,720,604.11

Determination method of the fair value of recognizable assets and liabilities

None

Notes

None

2. Changes to the consolidation scope with other reasons

Other reasons that cause changes to the consolidation scope and related information

Fangda New Energy and Shihui International Holding were established and consolidated in the period.

Fangda Yi was liquidated in the period and removed from consolidate statements.

IX. Interests in Other Entities

1. Interest in subsidiaries

(1) Composition of the group

Company	Operating location	Registered address	Business	Shareholding		Acquisition method
				Direct	Indirect	
Fangda Jianke	Shenzhen	Shenzhen	Designing, manufacturing, and installation of curtain walls	98.39%	1.61%	Established
Fangda Automatic	Shenzhen	Shenzhen	Installation and processing of metro screen door	94.08%	5.92%	Established
Fangda New Material	Nanchang	Nanchang	Production and sales of new-type	75.00%	25.00%	Established

			materials composite materials and production of curtain walls			
Fangda Aluminium	Nanchang	Nanchang	Design, production, sales and installation of curtain wall aluminum materials, doors, windows and sectional materials	100.00%		Established
HK Junjia	Hong Kong	Hong Kong	Investment	100.00%		Established
Shenyang Fangda	Shenyang	Shenyang	Manufacturing of semiconductor lighting material and chips; lighting source encapsulation; developing, designing, manufacturing, engineering, installation and trading of semiconductor lighting system	64.58%		Established
Kexunda	Shenzhen	Shenzhen	Developing of hardware and software, system integration, technical consulting	100.00%		Established
Fangda Property	Shenzhen	Shenzhen	Real-estate development and operation; property management	100.00%		Established
Fangda New Energy	Shenzhen	Shenzhen	Design and construction of	100.00%		Established

			PV power plants			
Chengdu Fangda	Chengdu	Chengdu	Trusted processing of building curtain wall materials		100.00%	Established
Shihui International Holding Co., Ltd.	Virgin Islands	Virgin Islands	Investment	100.00%		Established
Dongguan New Material	Dongguan	Dongguan	Installation and sales of building curtain walls		100.00%	Established
Shenyang Decoration	Shenyang	Shenyang	Designing, manufacturing, and installation of curtain walls		100.00%	Established
Shenzhen Woke	Shenzhen	Shenzhen	Installation of LED color curtain wall, city and road lamps		64.58%	Under different control
Fangda SOZN	Zhongshan	Zhongshan	Production and sales of lights and LED products		60.00%	Under different control
Fangda Yide	Shenzhen	Shenzhen	R&D, design and production of new-type composite materials	75.00%	25.00%	Established

(2) Important partially-owned subsidiaries

In RMB

Company	Minority shareholding percentage	Gain/loss attributed to minority shareholders	Dividends distributable to minority shareholders	Minority shareholder equity balance at the end of the period
Shenyang Fangda	35.42%	-5,803,503.04	0.00	52,387,418.95
Fangda SOZN	40.00%	1,728,063.47	0.00	16,208,466.21

(3) Financial information of important partially-owned subsidiaries

In RMB

Compan	Closing balance	Ending balance
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y	Current asset	Non-current assets	Total of assets	Current liabilities	Non-current liabilities	Total liabilities	Current asset	Non-current assets	Total of assets	Current liabilities	Non-current liabilities	Total liabilities
Shenyang Fangda	11,169,316.98	102,807,842.68	113,977,159.66	25,118,935.62		25,118,935.62	13,573,815.84	110,103,435.92	123,677,251.76	18,434,208.29		18,434,208.29
Fangda SOZN	98,422,161.21	24,060,401.24	122,482,562.45	111,961,396.93		111,961,396.93						

In RMB

Company	Amount occurred in the current period				Occurred in previous period			
	Turnover	Net profit	Total of misc. incomes	Cash flow from operating activities	Turnover	Net profit	Total of misc. incomes	Cash flow from operating activities
Shenyang Fangda		-16,384,819.43	-16,384,819.43	-95,859.16	-850,952.79	-11,845,430.14	-11,845,430.14	-285,099.80
Fangda SOZN	95,761,317.84	4,320,158.67	4,320,158.67	-13,259,799.73				

2. Interest in joint venture arrangement or affiliates

Financial information of no longer important affiliate

Item	Closing amount/this period	Opening amount/last period
Affiliate		
Total book value of investment	11,048,660.43	9,994,565.55
Total of the shareholding of the following items		
Net profit	1,058,094.88	-5,434.45
Other misc. income		
Total misc. income	1,058,094.88	-5,434.45

X. Financial Tools and Risk Management

Details about the Group's financial instruments are disclosed in related notes. The following explains risks related to the financial instruments and risk management policies adopted by the Group to lower the risks. The management of the Group manages and monitor the risks to ensure that the risks are within the acceptable range.

1. Risk management target and policy

The target of the risk management is to balance between risk and benefit and lower financial risks' impacts on the Group's financial performance. Based on the target, the Group has formulated risk management policy to identify and analyze risks facing the Group and set an appropriate acceptable level and internal control procedures to monitor the risks. The Group regularly reviews the risk management policies and related internal control system to suit the market status and changes in the Group's operating activities. The internal auditing department of the Group will regularly or randomly check the implementation of the internal control system.

Risks caused by the Group's financial instruments are interest risk, exchange rate risk, credit risk and liquidity risk.

(1) Market risk

Market risk of financial instrument is caused by changes in the fair value of financial instruments or future cash flow, including interest risk, exchange rate and other price risks.

Interest rate risk

Interest rate risk is caused by fluctuation of the fair value or future cash flow of financial instruments caused by changes in the market interest rate. The interest rate risk can be caused by recognized interest-bearing financial instruments and unrecognized financial instruments.

The Group's interest rate risk is mainly caused by short-term borrowings. Financial liabilities with floating interest rate cause cash flow interest rate risk for the Group. Financial liabilities with fixed interest rate cause fair value interest rate risk for the Group. The Group decides the proportion between fixed interest rate and floating interest rate according to the market environment and regularly reviews and monitors the combination of fixed and floating interest rate instruments.

On December 31, 2014, if the interest rate of borrowings with floating interest rates rises or drops 50 base points, the net profit of the Group and shareholders' interest will decrease or increase about RMB30,694.44.

Exchange rate risk

Exchange rate risk is caused by fluctuation of the fair value or future cash flow of financial instruments caused by changes in the foreign exchange rates. The exchange rate risk can be caused by financial instruments priced in foreign currencies.

The Group mainly operates in China and use RMB as the settlement currency. Therefore, the exchange rate risk facing the Group is minor.

See foreign currency item note for the Group's financial assets and liabilities priced in foreign currencies.

(2) Credit risk

Credit risk is caused by the failure of one party of a financial instrument in performing its obligations, causing the risk of financial loss for the other party.

The Group manages credit risks through classification. The credit risk is mainly caused by bank

deposit and receivables.

The Group's bank deposit is mainly deposited in state-owned banks and large-sized listed banks. The credit risk caused by bank deposited is minor.

For receivables, the Group sets up related policies to control the credit risk. The Group set the credit line and term for debtors according to their financial status, external rating, and possibility of getting third-party guarantee, credit record and other factors. The Group regularly monitors debtors' credit record. For those with poor credit record, the Group will send written payment reminders, shorten or cancel credit term to lower the general credit risk.

The largest credit risk facing the Group is the book value of each financial asset on the balance sheet. The Group makes no guarantee that may cause the Group credit risks.

Among the Group's receivables, accounts receivable from top 5 customers account for 11.26% of the total accounts receivable (2013: 15%); among other receivables, other receivables from top 5 customers account for 27.06% of the total other receivables (2013: 23.49%).

(3) Liquidity risk

Liquidity risk is the risk of capital shortage when the Group needs to pay cash or settled with other financial assets.

The Group keeps adequate cash and cash equivalent, and monitors the level to ensure that the cash and cash equivalent can meet the operation needs. The management of the Group monitors the use of bank loans and ensures that they are used as agreed. The Group also obtains guarantee from financial institutions for adequate standby fund to meet short-term and long-term capital demand.

The Group can also use fund generated by operating activities and bank and other loans. On December 31, 2014, bank loan credit that the Group has not used was RMB1,046,395,900.

Financial liabilities and excluded guarantees held by the Group by undiscounted residual contract cash flow (in RMB10,000) at the end of the period:

Assets	Closing amount			
	Less than 1 year	Within 1-3 years	Over 3 years	Total
Financial liabilities:				
Short-term loans	110,000.00			110,000.00
Notes payable	22,726.65			22,726.65
Account payable	68,359.80	25.50	125.53	68,510.83
Interest payable	205.59			205.59
Other payables	4,535.77	206.80		4,742.57
Non-current liabilities due in 1 year	600.00			600.00
Long-term payable		600.00		600.00

Total liabilities	206,427.81	832.30	125.53	207,385.64
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Financial liabilities and excluded guarantees held by the Group by undiscounted residual contract cash flow (in RMB10,000) at the beginning of the period:

Assets	Opening amount			
	Less than 1 year	Within 1-3 years	Over 3 years	Total
Financial liabilities:				-
Short-term loans	36,900.00			36,900.00
Notes payable	18,857.09			18,857.09
Account payable	48,921.61			48,921.61
Interest payable	68.92			68.92
Other payables	2,815.24	1,353.52		4,168.76
Total liabilities	107,562.86	1,353.52		108,916.38

2. Capital management

The Group's capital management aims to ensure continuous operation of the Group, provide returns for shareholders, help other interested parties make benefit, and maintain the best capital structure and lower capital cost.

The Group may adjust the dividend distributed to shareholders, issue new shares or sell assets to maintain or adjust the capital structure.

The Group monitors the capital structure based on the assets/liability ratio. On December 31, 2014, the Group's assets/liability ratio is 64.49% (December 31, 2013: 53.22%).

XI. Disclosure of fair value

1. Closing fair value of assets and liabilities measured at fair value

In RMB

Items	Closing fair value			
	First level fair value	Second level fair value	Third level fair value	Total
1. Continuous fair value measurement	--	--	--	--
(2) Investment in equity tools	13,410,790.00			13,410,790.00
2. Leased building		198,513,586.15		198,513,586.15
Total assets measured at fair value continuously	13,410,790.00	198,513,586.15		211,924,376.15
2. Discontinuous fair value measurement	--	--	--	--

2. Determination basis for continuous and discontinuous first level fair value measurement

The Group determines the fair value using quotation in an active market for financial instruments traded in an active market;

3. Continuous and discontinuous second level fair value measurement items, valuation techniques, important qualitative and quantitative information

For investment in real estate similar with real estate transaction, the Group uses valuation techniques to determine its fair value. The technique is comparison method. Inputs include transaction date, status, region and other factors.

4. Continuous fair value measurement items, switch between different levels, reason and switching policies

In the period, there is no switch in the financial assets measured at fair value between the first and second level or transfer in or out of the third level.

5. Change in valuation technique and reason

None

6. Fair value of financial assets and liabilities not measured at fair value

The difference between book value and fair value of financial assets and liabilities not measured at fair value is small.

7. Others

None

XII. Related parties and transactions**1. Parent of the Company**

Parent	Registered address	Business	Registered capital	Share of the parent co. in the Company	Voting power of the parent company
Shenzhen Banglin Technologies Development Co., Ltd.	Shenzhen	Industrial investment	RMB30 million	9.09%	9.09%
Shenzhen Shilihe Investment Co., Ltd.	Shenzhen	Industrial investment	19,780,992	2.36%	2.36%
Shengjiu Investment Ltd.	Hong Kong	Industrial investment	HKD1.00	5.00%	5.00%

Particulars about the parent of the Company

1. All of the investors of Shenzhen Banglin Technology Development Co., Ltd. – the holding shareholder of the Company, are natural persons. Among them, Chairman Xiong Jianming is holding 85% of the shares, and Mr. Xiong Xi – son of Mr. Xiong Jianming, is holding 15% of the shares.
2. Among the top 10 shareholders, Shenzhen Banglin Technology Development Co., Ltd. and Shengjiu Investment Co., Ltd. are 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.

The final controller is Xiong Jianming.

2. Subsidiaries of the Company

See Note IX, 1 for the details.

XIII. Contingent events

1. Contingencies

(1) Contingencies on the balance sheet date

(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

In 2010, Wang Weihong filed a lawsuit to the 1st Middle Court of Chongqing against Fangda Jianke, demanding engineering payment and loss of RMB17.07 million and interest. On June 19, 2014, the court made the first-instance judgment (201) Yu 1st Court No.00128. Fangda Jianke is required to pay RMB14,015,908.19 and interest to Wang Weihong in 10 days upon the effectiveness of the judgment and refund deposit of RMB1,655,000.00 and interest to Wang Weihong. Fangda Jianke appeal to Chongqing Senior People's Court. The second trial is in progress on the report date. Fangda Jianke has made liability provision of RMB5.039 million according to the judgment of the first trial. Fangda Jianke also filed a lawsuit against Wang Weihong and demanded an engineering payment and compensation of RMB18 million. An amount of RMB12 million in the bank account of Fangda Jianke has been frozen by the court.

(2) Important contingencies that don't need to be disclosed but need to be explained

None

2. Others: None**XIV. Post-balance-sheet events****1. Important non-adjustment item: None****2. Profit distribution**

In RMB

Profit or dividend to be distributed	22,707,297.10
Profit or dividend approved to be distributed	

3. Sales return: None**4. Notes to other issues in post balance sheet period: None****XV. Other material events****1. Suspended business**

In RMB

Items	Income	Expense	Total profit	Income tax expenses	Net profit	Net profit attributable to the owners of parent company
Suspend business revenue	3,195,855.07	17,153,885.09	-13,958,030.02		-13,958,030.02	-7,920,881.45

Notes

(1) Shenyang Fangda has been suspended from operating since 2012 and is in the liquidation process. Shenzhen Woke has been liquidated according to the resolution of the Shareholders' Meeting, the company's business has been suspended. Fangda Yide was liquidated in 2014. Fangda Aluminium has been suspended from operating since 2011 and is in the liquidation process.

(2) The net profit from suspended business in 2014 includes: the net project of RMB-17,044,462.38 of Shenyang Fangda and its subsidiaries, RMB158,530.86 of Fangda Yide and RMB2,927,901.50 of Fangda Aluminium.

(3) The net profit from suspended business in 2013 includes: the net project of RMB-12,072,513.31 of Shenyang Fangda and its subsidiaries, RMB158,530.86 of Fangda Yide and RMB2,927,901.50 of Fangda Aluminium.

2. Segment information

(1) Reporting segment determination basis and accounting policy

The Group divides its businesses into five reporting segments. The reporting segments are determined based on financial information required by routine internal management. The Group's management regularly review the operating results of the reporting segments to determine resource distribution and evaluate their performance.

The reporting segments are:

- (1) Curtain wall segment, production and sales of curtain wall materials, construction curtain wall design, production and installation;
- (2) Rail transport segment, assembly and processing of metro screen doors;
- (3) Real estate segment, development and operating of real estate on land of which land use right is legally obtained by the Company; property management;
- (4) New energy segment, R&D, installation and sales of PV devices, design and construction of PV power plants; R&D, design, production, sales and installation of light accessories, and other lights, LED products and hardware.
- (5) Others

The segment report information is disclosed based on the accounting policies and measurement standards used by the segments when reporting to the management. The policies and standards should be consistent with those used in preparing the financial statement.

(2) Financial information of reporting segments

(1) Segment profit or loss, assets and liabilities

This period or end of this period	Curtain wall	Rail transport	Real estate	New energy	Others	Offset	Total
Turnover	1,661,248,718.96	164,055,611.07	2,013,839.96	95,761,317.84	29,609,371.13	14,364,423.45	1,938,324,435.51
Including: external transaction income	1,656,916,307.20	163,281,339.00		95,761,317.84	22,365,471.47		1,938,324,435.51
Inter-segment transaction income	4,332,411.76	774,272.07	2,013,839.96		7,243,899.66	14,364,423.45	-
Including: major business turnover	1,647,897,816.63	160,427,755.07		92,516,175.40		4,308,171.64	1,896,533,575.46
Operation cost	1,391,336,171.77	118,320,893.63	-	80,611,629.14	5,669,281.13	5,101,189.65	1,590,836,786.02
Including: major business cost	1,384,070,778.59	116,907,821.10		77,403,664.46		5,250,618.98	1,573,131,645.17
Business expense	188,366,206.12	26,148,333.72	5,023,251.58	10,224,044.08	-15,730,365.23	-28,930,834.07	242,962,304.34
Operating profit/(loss)	81,546,341.07	19,586,383.72	-3,009,411.62	4,925,644.62	39,670,455.23	38,194,067.87	104,525,345.15
Total assets	2,696,787,412.01	403,424,853.36	875,469,981.13	212,477,809.8	2,012,145,066.90	2,537,585,222.82	3,662,719,900.41

				3			
Total liabilities	1,828,471,033.63	213,625,244.55	678,400,713.51	94,316,598.44	771,716,371.36	1,224,344,689.07	2,362,185,272.42
Last period or end of last period	Curtain wall	Rail transport	Real estate	New energy	Others	Offset	Total
Turnover	1,615,770,830.70	109,386,493.23	686,160.04		44,439,832.54	22,662,470.77	1,747,620,845.74
Including: external transaction income	1,614,569,290.76	98,493,487.64			34,558,067.34		1,747,620,845.74
Inter-segment transaction income	1,201,539.94	10,893,005.59	686,160.04		9,881,765.20	22,662,470.77	
Including: major business turnover	1,602,159,942.22	97,497,470.54				1,928,835.57	1,697,728,577.19
Operation cost	1,345,014,568.09	84,836,442.32			10,834,093.34	15,315,899.33	1,425,369,204.42
Including: major business cost	1,339,429,169.22	74,237,530.43				841,469.94	1,412,825,229.71
Business expense	189,120,439.96	15,672,530.75	1,245,190.31		24,421,736.04	2,607,315.96	227,852,581.10
Operating profit/(loss)	81,635,822.65	8,877,520.16	-559,030.27		9,184,003.16	4,739,255.48	94,399,060.22
Total assets	2,093,240,742.30	355,159,698.99	360,666,929.02		1,660,494,495.61	1,870,004,323.35	2,599,557,542.57
Total liabilities	1,486,596,070.19	154,191,112.44	311,112,848.14		433,684,819.46	1,002,099,485.40	1,383,485,364.83

(2) Others

① Product and external labor transaction income

Items	Amount occurred in the current period	Occurred in previous period
Metal production	1,643,589,644.97	1,600,231,106.65
Railroad industry	160,427,755.09	97,497,470.54
Light production	92,516,175.40	
Total	1,896,533,575.46	1,697,728,577.19

②Regional information

Since more than 90% of the Group's revenue comes from Chinese customer and 90% of the Group's assets are in China, no detailed regional information is needed.

3. Other significant transaction and items with impacts on investors

1. Acquisition of shares of Fangda SOZN

(1) About the acquisition

Fangda New Energy entered into an investment agreement with Luo Huichi on July 18, 2014. According to the agreement, Fangda Energy and Shenzhen Jinma Yinke entered into a share transfer agreement on July 29, 2014. The transaction does not constitute a related transaction or material asset restructuring. Therefore, the transaction

does not need to be submitted to the Board of Directors for discussion according to the Company's Articles of Association.

Content of the investment and share transfer agreement:

1. Terms of the transaction

Luo Huichi makes contribution to a newly established company with limited liability using fixed assets, intangible assets, sales network and teams in three companies under her actual control: Zhongshan SOZN Lighting, Zhongshan Henglan Tengding Lighting Factory, Shenzhen Jinma Yinke. The new company is named as Guangdong Fangda SOZN Lighting Co., Ltd. (hereinafter referred to as Target Company). After confirming the Target Company's assets, both parties entered into the stock transfer and capital increment agreement, under which the Company acquires 60% stock in the Target Company by acquiring stocks and injecting capital.

2. Transaction amount

The acquisition amount does not exceed RMB48 million, including a conditional payment to Luo Huichi of RMB18 million and a conditional capital injection to the Target Company of RMB30 million.

3. Payment term

The stock transfer amount is up to RMB18 million. The Company shall pay the amount to Luo Huichi in three installments: The first installment of RMB 6million shall be paid after both parties sign the stock transfer agreement, complete the transfer and registration procedures, and the Company holds 60% of the Target Company's stocks. The second installment of RMB 6million shall be paid after the Target Company realizes 90% or higher of the sales or net profit target for 2014 (between July and December); the first installment of RMB6 million will be paid after the Target Company realizes 90% or higher of the sales or net profit target for 2015. If the conditions for the second and third installments are not met, the Company does not need to pay the stock transfer amounts to the Counterpart and the 60% shareholding of the Target Company by the Company remains unchanged.

The Company will provide interest-free loans of RMB30 million to the Target Company with a mature date of December 31, 2016 after the share transfer agreement is signed, both parties complete the commercial and industrial registration, the Company holds 60% of the Target Company's shares. If the Target Company completes 90% of the sales target or accumulative net profit target between July 2014 and December 2016, the loans will be transferred to the acquisition payment of 60% of the Target Company and the Target Company does not need to repay the loans. Otherwise, Luo Huichi shall transfer 30% of the Target Company's shares held by her to the Company at the price of RMB1/share.

4. Result guaranty

Period	Target sales (tax-inclusive)	Target net profit
July to December, 2014	RMB150 million	RMB3 million
July to December, 2015	RMB600 million	RMB36 million
July to December, 2016	RMB1 billion	RMB60 million
Total	RMB1.75 billion	RMB99 million

5. Special agreement

Luo Huichi agrees to sign a three-year labor contract, non-disclosure agreement and non-competition agreement with the Target Company and agrees not to be involved in the same or similar business directly, indirectly, paid or not paid, full-time or part-time, by starting a company or cooperating with others. If Luo fails to honor the guaranty, the Company has the right to terminate the agreement and require Luo to return the stock transfer amount and bear the liability of the breach.

Both parties agree that the Target Company will not distribute profit between July 2014 and December 2016, which will be fully used to push the development of the Target Company.

(2) Performance in 2014

Between July and December 2014, Fangda SOZN recorded a tax-included income of RMB136,832,908.41 and net profit of RMB521,165.52, reaching 90% of the sales target for 2014. Fangda New Energy made the second installment of RMB6 million to Shenzhen Jinma Yinke.

2. Private share issuance

The Group's private share issuance proposal was approved at the 8th meeting of the 7th Board of Directors held on December 23, 2014. The shares will be issued privately to specific subscribers. The Company will issue shares to no more than 10 specific subscribers including the Company's largest shareholder Shenzhen Banglin Technologies Development Co., Ltd. (Banglin Technology) when appropriate within 6 months upon approval by CSRC. RMB common shares (A-shares) will be issued this time with a par value of RMB1.00. A-shares issued this time will not be more than 105,000,000 million shares (inclusive). In case ex-dividend or ex-interest events happened during the period from pricing ex-day to issuing day, such as dividend distribution, bonus shares, or capitalizing of common reserves, the amount shall be adjusted correspondingly. The finally issued amount will be determined by the Board of Directors authorized by the Shareholders' Meeting and the sponsor (major underwriter) according to regulations and actual conditions. The shares will be issued to no more than 10 specific subscribers including the Company's largest shareholder Banglin Technology, which will subscribe for the shares with RMB201,600,000 (accounting for 20% of the maximum raised amount of RMB1,008,000,000 of the private issuing). The subscribers shall subscribe for the shares in cash. The other subscribers are no more than nine specific investors including eligible securities investment fund management companies, securities companies, trust investment companies, financial companies, insurance institutional investors, eligible overseas institutional investors, other domestic corporate investors and natural persons according to CSRC. Two or more fund subscribers managed by one securities investment fund management company are one subscriber. A trust company subscriber shall subscribe the shares with its own fund.

The pricing ex-date will be the day when the announcement of resolutions of the 8th meeting of the 7th Board of Directors. The price will be 90% of the average price in 20 days prior to the pricing ex-date, namely RMB9.85 per share. The average price in 20 days prior to the pricing ex-date = total dealing amount in the days prior to the pricing ex-date/total number of shares dealt in the 20 days prior to the pricing ex-date. In case ex-dividend or ex-interest events happened during the period from pricing ex-day to issuing day, such as dividend distribution, bonus shares, or capitalizing of common reserves, the price shall be adjusted according to the following formula:

Assume that the base issuing price before adjustment is P0, N share(s) is distributed for each share, D is distributed as cash dividend for each share, the base issuing price after adjustment is P1 (the figure is rounded to

two decimal places when the number is larger than 4):

Cash dividend: $P1=P0-D$

Share dividend or transfer of capital to shares: $P1=P0/(1+N)$

Both: $P1=(P0-D)/(1+N)$

The final issuing price is to be determined by the Board of Directors and sponsor (principal underwriter) according to the price priority principle based on the investor subscription price after the Board of Directors receives approval of the issuance from CSRC with the authorization by the Shareholders' Meeting. Banglin Technology does not participate in the market enquiry process and agrees to accept the bidding result and subscribe for the shares with other investors at the same price. Where no other investors bid, the subscription price for Banglin Technology will be the base issuing price.

Shares subscribed by Banglin Technology at this private issuing are not allowed to be transferred in 36 months since the closing day of this private issuing. Shares subscribed by other investors at this private issuing are not allowed to be transferred in 12 months since the closing day of this private issuing.

Upon accomplishing of the issuing, the new shareholders will share the retained profit in the previous years along with the existing shareholders.

3. Assets and liabilities measured at fair value

(1) Assets of the Group measured at fair value are investment real estate and financial assets measured at fair value and change including the gain of the current period. Investment real estate's fair value is adjusted when necessary using quotation of similar asset in an active market or same or similar asset in an inactive market. The closing value is RMB198,513,586.15; financial assets measured at fair value and of which changes are including in gain/loss in the current period, the fair value is determined by quotation in an active market. The closing value is RMB13,410,790.00.

(2) Assets measured at fair value

Items	Opening amount	Gain/loss caused by changes in fair value	Accumulative changes in fair value accounting into the income account	Provision Impairment	Closing amount
Investment real estate	174,778,756.62	34,897,632.10	91,831.63		198,513,586.15
Financial assets measured at fair value with variations accounted into current income account		-2,852,885.00			13,410,790.00

XVI. Notes to Financial Statements of the Parent**1. Account receivable****(1) Account receivable are disclosed by categories**

In RMB

Type	Closing balance					Ending balance				
	Remaining book value		Bad debt provision balance at the end of the period		Book value	Remaining book value		Bad debt provision balance at the end of the period		Book value
	Amount	Proportion	Amount	Provision rate		Amount	Proportion	Amount	Provision rate	
Recognition and providing of bad debt provisions on groups	527,485.15	100.00%	15,824.55	3.00%	511,660.60	623,154.11	100.00%	18,694.62	3.00%	604,459.49
Total	527,485.15	100.00%	15,824.55	3.00%	511,660.60	623,154.11	100.00%	18,694.62	3.00%	604,459.49

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 balance		
	Account receivable	Bad debt provision balance at the end of the period	Provision rate
Items less than 1 year			
Less than 1 year	527,485.15	15,824.55	3.00%
Subtotal for less than 1 year	527,485.15	15,824.55	3.00%
Total	527,485.15	15,824.55	3.00%

Note:

Account receivable adopting the balance percentage method in the group:

☐ Applicable ☒ Inapplicable

(2) Bad debt provisions made, recovered or reversed in this period

Bad debt provisions of RMB-2,870.07 were made in this period; none was recovered or reversed in this period.

(3) Top 5 account receivable entities at the end of the period

The total balance of accounts receivable due from top 5 account receivable entities at the end of the period is RMB348,543.92, accounting for 66.08% of the aggregate. Bad debt provisions made totaled RMB10,456.32 at the end of the period.

2. Other receivables**(1) Other receivables are disclosed by categories**

In RMB

Type	Closing balance					Ending balance				
	Remaining book value		Bad debt provision balance at the end of the period		Book value	Remaining book value		Bad debt provision balance at the end of the period		Book value
	Amount	Proportion	Amount	Provision rate		Amount	Proportion	Amount	Provision rate	
Recognition and providing of bad debt provisions on groups	255,152,639.18	99.97%	548,475.39	0.21%	254,604,163.79	572,239,771.28	99.99%	619,111.55	0.11%	571,620,659.73
Account receivable with minor individual amount and bad debt provision provided individually	77,046.00	0.03%	77,046.00	100.00%		77,046.00	0.01%	77,046.00	100.00%	
Total	255,229,685.18		625,521.39		254,604,163.79	572,316,817.28		696,157.55		571,620,659.73

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 balance		
	Other receivables at the end of the period	Bad debt provision balance at the end of the period	Provision rate
Items less than 1 year			
Less than 1 year	68,253.65	2,047.61	3.00%
Subtotal for less than 1 year	68,253.65	2,047.61	3.00%
1-2 years	35,000.00	3,500.00	10.00%

2-3 years	46,753.35	14,026.01	30.00%
Over 3 years	1,057,803.54	528,901.77	50.00%
Total	1,207,810.54	548,475.39	45.41%

Note:

Other receivables adopting the balance percentage method in the group:

☐ Applicable ☒ Inapplicable

Other receivables adopting other methods in the group:

☐ Applicable ☒ Inapplicable

(2) Bad debt provisions made, recovered or reversed in this period

Bad debt provisions of RMB-70,636.16 were made in this period; none was recovered or reversed in this period.

(3) Other receivables disclosed by nature

In RMB

By account	Closing balance of book value	Opening balance of book value
Payments between counterparts	253,944,828.64	570,338,916.39
Lent to employee		20,152.00
Deposit	100,699.54	100,699.54
Other trades	1,184,157.00	1,857,049.35
Total	255,229,685.18	572,316,817.28

(4) Top 5 other receivable entities at the end of the period

In RMB

Entity	By account	Closing balance	Age	Percentage in the aggregate	Bad debt provision balance at the end of the period
Shenzhen Fangda Property Development Co., Ltd.	Trades	133,179,160.80	Less than 1 year	52.18%	
Shenzhen Fangda Jianke Group Co., Ltd.	Trades	82,615,134.19	Less than 1 year	32.37%	
HK Junjia	Trades	83,183.13	Less than 1 year	0.03%	
HK Junjia	Trades	3,230.36	1-2 years		
HK Junjia	Trades	6,529.28	2-3 years		

HK Junjia	Trades	30,380,251.73	Over 3 years	11.90%	
Shenyang Fangda Semi-conductor Lighting Co., Ltd.	Trades	6,906,771.58	Over 3 years	2.71%	
Shenzhen Woke Semi-conductor Lighting Co., Ltd.	Trades	630,000.00	Less than 1 year	0.25%	
Shenzhen Woke Semi-conductor Lighting Co., Ltd.	Trades	2,342.08	2-3 years		
Shenzhen Woke Semi-conductor Lighting Co., Ltd.	Trades	106,411.33	Over 3 years	0.04%	
Total	--	253,913,014.48	--	99.48%	

3. Long-term share equity investment

In RMB

Items	Closing balance			Ending balance		
	Remaining book value	Impairment provision	Book value	Remaining book value	Impairment provision	Book value
Investment in subsidiaries	1,166,555,998.58	46,930,100.00	1,119,625,898.58	749,452,105.58	39,718,360.00	709,733,745.58
Investment in affiliates	11,048,660.43		11,048,660.43	9,994,565.55		9,994,565.55
Total	1,177,604,659.01	46,930,100.00	1,130,674,559.01	759,446,671.13	39,718,360.00	719,728,311.13

(1) Investment in subsidiaries

In RMB

Invested entity	Ending balance	Increase	Decrease	Closing balance	Provision made in this period	Impairment provision balance at the end of the period
Fangda Jianke	305,000,000.00	186,950,000.00		491,950,000.00		
Fangda Aluminium	19,800,000.00			19,800,000.00		19,800,000.00
Fangda Yide	19,907,760.00		19,907,760.00			
HK Junjia	10,600.00			10,600.00		10,600.00

Fangda Automatic	170,385,071.73			170,385,071.73		
Fangda New Material	74,496,600.00			74,496,600.00		
Shenyang Fangda	108,852,073.85			108,852,073.85	27,119,500.00	27,119,500.00
Kexunda	1,000,000.00			1,000,000.00		
Fangda Property	50,000,000.00	150,000,000.00		200,000,000.00		
Shihui International Holding Co., Ltd.		61,653.00		61,653.00		
Fangda New Energy		100,000,000.00		100,000,000.00		
Total	749,452,105.58	437,011,653.00	19,907,760.00	1,166,555,998.58	27,119,500.00	46,930,100.00

(2) Investment in affiliate

Invested entity	Opening amount	Increase	Decrease	Closing amount
Affiliate:				
Shenzhen Ganshang Joint Investment Co., Ltd.	9,994,565.55	1,054,094.88		11,048,660.43

(3) Others

4. Operational revenue and costs

In RMB

Items	Amount occurred in the current period		Occurred in previous period	
	Income	Cost	Income	Cost
Other business	29,609,371.13	5,669,281.13	45,659,921.07	10,980,932.52
Total	29,609,371.13	5,669,281.13	45,659,921.07	10,980,932.52

5. Investment income

In RMB

Items	Amount occurred in the current period	Occurred in previous period
Gains from long-term equity investment measured by costs	28,639,627.17	
Gains from long-term equity investment measured by equity	1,054,094.88	-5,434.45
Other investment gains	111,670.20	

Total	29,805,392.25	-5,434.45
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6. Others

XVII. Supplementary Materials

1. Detailed accidental gain/loss

In RMB

Items	Amount	Notes
Gain/loss of non-current assets	-24,398.43	
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)	2,340,175.75	
Capital using expense charged to non-financial enterprises and accounted into the current income account	3,649,313.12	
Gain from entrusted investment or assets management	2,144,844.80	
Gain/loss from change of fair value of transactional financial asset and liabilities, and investment gains from disposal of transactional financial assets and liabilities and sellable financial assets, other than valid period value instruments related to the Company's common businesses	-2,852,885.00	
Gain/loss from change of fair value of investment property measured at fair value in follow-up measurement	34,897,632.10	
Other non-business income and expenditures other than the above	-3,671,724.03	
Less: Influenced amount of income tax	9,526,862.57	
Influenced amount of minority shareholders' equity	-973,756.92	
Total	27,929,852.66	--

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

☐ Applicable ☒ Inapplicable

2. Net income on asset ratio and earning per share

Profit of the report period	Weighted average net income/asset ratio	Earning per share	
		Basic earnings per share (yuan/share)	Diluted Earnings per share (yuan/share)
Net profit attributable to common shareholders of the Company	8.14%	0.13	0.13
Net profit attributable to the common owners of the PLC after deducting of non-recurring gains/losses	5.79%	0.09	0.09

3. Differences in accounting data under domestic and foreign accounting standards**(1) Differences in net profits and assets in financial statements disclosed according to the international and Chinese account standards**

In RMB

	Net profit		Net assets	
	Amount occurred in the current period	Occurred in previous period	Closing balance	Ending balance
On Chinese accounting standards	96,998,429.76	85,676,863.78	1,234,930,863.46	1,160,639,730.85
Items and amounts adjusted according International Accounting Standards				
On international accounting standards	96,998,429.76	85,676,863.78	1,239,694,261.70	1,165,403,129.09

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

□ Applicable √ Inapplicable

(3) Where the data audited by overseas auditor has been adjusted, the name of the overseas auditor should be specified.

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.

4. Supplementary material related to changes to accounting policies

√ Applicable □ Inapplicable

According to the eight modified accounting standards including Enterprise Accounting Standard No.2 – Long-term Equity Investment, balance sheet from January 1, 2013 to December 31, 2013 is restated as follows:

In RMB

Items	January 1, 2013	December 31, 2013	December 31, 2014
Current asset:			
Monetary capital	278,283,968.61	333,876,921.97	212,430,798.87
Financial assets measured at fair value with variations accounted into current income account			13,410,790.00
Notes receivable	7,638,780.88	21,898,770.43	83,325,725.70
Account receivable	774,890,805.30	898,780,981.93	1,105,242,251.46
Prepayment	22,006,159.22	28,364,016.21	29,234,231.49
Interest receivable	72,833.33	36,387.50	
Other receivables at the end of the period	57,339,556.28	66,298,730.17	48,950,647.67
Inventory	269,120,191.36	428,537,851.82	982,441,187.05
Other current assets			234,986,107.72
Total current assets	1,409,352,294.98	1,777,793,660.03	2,710,021,739.96
Non-current assets:			
Long-term share equity investment		9,994,565.55	11,048,660.43
Investment real estate	258,405,762.09	195,249,069.13	226,279,523.39
Fixed assets	341,555,810.21	462,930,269.98	489,714,684.63
Construction in process	175,138,694.28	940,841.00	341,749.17
Disposal of fixed assets		177,298.11	26,918.21
Intangible assets	102,380,382.21	91,527,650.52	98,947,331.09
R&D expense	67,700.00		
Goodwill			26,279,395.89
Long-term amortizable expenses	4,710,860.65	3,799,354.79	4,119,362.63
Deferred income tax assets	36,191,385.09	41,166,043.56	52,616,656.38
Other non-current assets		15,978,789.90	43,323,878.63
Total of non-current assets	918,450,594.53	821,763,882.54	952,698,160.45

Total of assets	2,327,802,889.51	2,599,557,542.57	3,662,719,900.41
Current liabilities			
Short-term loans	181,970,000.00	369,000,000.00	1,100,000,000.00
Notes payable	160,779,777.03	188,570,850.63	227,266,485.57
Account payable	411,846,031.72	489,216,140.32	685,108,346.73
Prepayment received	77,741,903.02	168,386,251.94	122,285,231.14
Employees' wage payable	23,945,272.55	30,182,851.80	41,703,314.26
Taxes payable	33,686,577.98	44,839,947.77	58,696,926.25
Interest payable	1,954,557.27	689,153.75	2,055,911.11
Other payables	41,340,056.86	41,687,580.72	47,425,682.44
Non-current liabilities due in 1 year			6,000,000.00
Other current liabilities	200,000,000.00		
Total current liabilities	1,133,264,176.43	1,332,572,776.93	2,290,541,897.50
Non-current liabilities:			
Long-term payable	7,700.00		6,000,000.00
Anticipated liabilities			5,859,045.98
Deferred earning		10,255,823.93	10,049,892.04
Deferred income tax liabilities	36,210,286.40	40,656,763.97	49,734,436.90
Total of non-current liabilities	36,217,986.40	50,912,587.90	71,643,374.92
Total liabilities	1,169,482,162.83	1,383,485,364.83	2,362,185,272.42
Owner's equity:			
Share capital	756,909,905.00	756,909,905.00	756,909,905.00
Capital reserves	79,099,220.38	79,099,220.38	79,099,220.38
Other miscellaneous income	1,200,647.26	91,831.63	91,831.63
Surplus reserves	30,494,542.94	46,389,142.21	48,842,080.76
Retained profit	230,907,879.99	278,149,631.63	349,987,825.69
Total of owner's equity belong to the parent company	1,098,612,195.57	1,160,639,730.85	1,234,930,863.46
Minor shareholders' equity	59,708,531.11	55,432,446.89	65,603,764.53
Total of owners' equity	1,158,320,726.68	1,216,072,177.74	1,300,534,627.99
Total liabilities and shareholders' equity	2,327,802,889.51	2,599,557,542.57	3,662,719,900.41

5. Others

None

XI Documents for Reference

1. The Annual Report 2014 and the Summary with signature of the legal representative (Chinese and English);
2. Accounting Statements with signatures and seals of the legal representative and financial principal and chief of accounting department;
3. Original copy of the Auditors' Report under the seal of the CPA and signed by and under the seal of certified accountants.
4. Originals of all documents and manuscripts of Public Notices of the Company disclosed in public in the newspapers as designated by China Securities Regulatory Commission.