

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

## **2015 Interim Report**

**August 2015**

## I. Important Statement, Table of Contents and Definitions

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

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

Name of absent director	Position of absent director	Reason	Name of proxy
Lin Bin	Independent director	Business engagement	Guo Wanda
Huang Yaying	Independent director	Business engagement	Guo Wanda
Xiong Jianwei	Director	Business engagement	Wang Shengguo

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

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

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

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## Definitions

Terms	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	Formally Shenzhen Fangda Decoration Engineering Co., Ltd., now renamed 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.
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 Jianke	Refers to	Formerly Chengdu Fangda New Material Co., Ltd, now renamed as Chengdu Fangda Construction Technology Co., Ltd.
Shihui International	Refers to	Shihui International Holding 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

## II. Company Profile

### 1. Company Profile

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

### 2. Contacts and liaisons

	Secretary of the Board	Representative of Stock Affairs
Name	Zhou Zhigang	Guo Linchen
Address	20F, Fangda Building, Kejinan 12 <sup>th</sup> Avenue, Hi-Tech Zone, Shenzhen	20F, Fangda Building, Kejinan 12 <sup>th</sup> 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. Other Information

#### 1. Liaison

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

☐ Applicable ☒ Inapplicable

Company's registration address, office address, post code, website or email have not changed during the report period. See Annual Report 2014 for details.

#### 2. Information disclosure and inquiring

Changes to the information disclosure and inquiring place

☐ Applicable ☒ Inapplicable

Please refer to the 2014 annual report for the newspapers and websites where the Company's

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

### **3. Registration changes**

Whether the registration has changed during the report period

☐ Applicable ☒ Inapplicable

Please refer to 2014 annual report for the Company's registration date and address, business license No., tax registration No. and organization registration code, which have remained unchanged during the report period.

## III Financial Highlight

### 1. Financial Highlight

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

☐ Yes ☒ No

	This report period	Same period last year	Year-on-year change (%)
Turnover (yuan)	1,150,115,523.53	822,792,739.02	39.78%
Net profit attributable to shareholders of the listed company (yuan)	51,317,648.87	40,769,958.24	25.87%
Net profit attributable to the shareholders of the listed company and after deducting of non-recurring gain/loss (RMB)	35,487,052.40	39,669,548.38	-10.54%
Net cash flow generated by business operation (RMB)	-274,712,071.19	-268,552,729.61	2.29%
Basic earnings per share (yuan/share)	0.07	0.05	40.00%
Diluted Earnings per share (yuan/share)	0.07	0.05	40.00%
Weighted average net income/asset ratio	4.07%	3.49%	0.58%
	End of the report period	End of last year	Year-on-year change
Total asset (RMB)	4,044,758,394.03	3,662,719,900.41	10.43%
Net profit attributable to the shareholders of the listed company (RMB)	1,262,312,157.68	1,234,930,863.46	2.22%

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

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

☒ Applicable ☐ Inapplicable

In RMB

	Net profit attributable to the shareholders of the listed company		Net profit attributable to the shareholders of the listed company	
	This period	Last period	Closing amount	Opening amount



On Chinese accounting standards	51,317,648.87	40,769,958.24	1,262,312,157.68	1,234,930,863.46
Items and amounts adjusted according International Accounting Standards				
On international accounting standards	51,317,648.87	40,769,958.24	1,267,075,555.92	1,239,694,261.70

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

☐ Applicable ☒ Inapplicable

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

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

☒ Applicable ☐ Inapplicable

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

## 3. Accidental gain/loss item and amount

☒ Applicable ☐ Inapplicable

In RMB

Items	Amount	Notes
Non-current asset disposal gain/loss (including the write-off part for which assets impairment provision is made)	-453,950.93	
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)	630,651.51	
Gain from entrusted investment or assets management	295,002.74	
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	2,676,854.00	
Gain/loss from change of fair value of investment property measured at fair value in follow-up measurement	32,768,907.31	

Other non-business income and expenditures other than the above	-13,605,087.48	
Less: Influenced amount of income tax	6,395,082.75	
Influenced amount of minority shareholders' equity (after-tax)	86,697.93	
Total	15,830,596.47	--

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 circumstance that should be defined as recurrent profit and loss according to *Explanation Announcement of Information Disclosure No. 1 - Non-recurring gain/loss* occurs in the report period.

## IV Board of Directors' Report

### 1. Summary

In the first half of 2015, the Chinese economic growth continued slowing down. Under the leadership of the Board of Directors, the Company reacted positively to the gloomy economy thanks to the hard work and diligence of all employees. In the report period, the Company recorded a sales income of RMB1,150,115,500, up 39.78% year on year. The net profit attributed to owners of the parent reached RMB51,317,600, up 25.87% year on year. The revenue from main businesses continued growing. By the end of the report period, the Company had secured new orders worth RMB1,691,785,400, which 147.10% of the operating revenue in H1 2015, paving the way for the Company to complete the whole year's sales target.

#### 1、Curtain wall system and material industry continued growing rapidly

As the Chinese economy continues growing and urbanization accelerates, the demand for high-end building curtain walls continues swelling. With technical, hardware, brand and service advantages, the Company has focused on the high-end curtain wall market and continued increasing the share in the high-end curtain wall system and material market. In the first half of 2015, the Company won a series of energy-saving and low-carbon high-end curtain wall and material projects including Shenzhen Swan Lake Gargen I, Shanghai Tongshan road renovation project, Xining (Kangmei) International Chinese Medicine Exchange Center, Kunming Dianhai Gudu Harbor, office building No.7 of Guiyang International Financial Center I, and the main stadium of Dongying China Petroleum Equipment Industry International Exchange Center. For secured high-end curtain wall and material orders, the Company vigorously started design, purchase, production and construction of Shenzhen Alibab/Ali Cloud, Chengdu Alibaba base, Nanchang Wandamao, Xining Wanda Square, Chengdu Wanda Ruihua Hotel, Shanghai Vanke Jade, SOHO Shanghai Bund, Huawei Xi'an Global Exchange Technology Center and software plant. The Upper Hills of 300m high, Shenzhen China Energy Storage Building, and Chongqing Tianhe International Center curtain wall projects have been implemented as planned. In the first half, the business recorded a sales income of RMB922,733,800, up 21.75% year on year.

In the first half, Fangda Jianke was given the title as Enterprise with Outstanding Efficiency by Shenzhen Outstanding Efficiency Promotion Committee and outstanding project team and suppliers by users.

#### 2. New energy business takes a great leap

The Company has taken a great leap in the new energy industry over the past year. Since the inception of Fangda New Energy in last July, the Company has signed PV power plant construction agreements in Nanchang, Pingxiang, Xinyu and Longnan, Jiangxi with a total capacity of 1.1GW. Besides, the Company started the construction of two solar PV power plants in Pingxiang and Dongguan Songshanhu in the first half and plans to realize grid-connected power generation in 2015. The Company will adopt the Internet+ management mode. As the Company continues implementing the PV power plant development plan, the business will bring stable income and profit for the Company and become a major business segment and source of income. In the first half, the Company increased promotion of LED products through advertisements on CCTV 1, Jiangsu Satellite and Hunan TV station, stabilizing and broadening channels. Currently, the sales network has expanded to nearly 80,000 stores

across the country. Now, the Company has more than 30 automatic production lines and intelligent R&D devoces with a monthly LED bulb production capability of 10 million and more than 100 patented technologies.

### 3. Rail transport equipment industry enjoys a bright outlook

In 2015, the rail transport equipment industry was outlined as a key industry in the China Manufacturing 2025 plan. Moreover, the one belt one road become a national development strategy. Over recent years, China has continued increasing investment in rail transport construction. According to the plan, about 50 cities will have rail transport by 2020 with a total mileage of 7,395km. The Company takes the opportunity to increase its market share, promote brand equity, participate in the formulation of industry standard and improve engineering services. The Company has won bids in Lanzhou, Xiamen, Wuhan, Hefei and Naning, consolidating the leadership in the industry in China. Through more than a decade's development, the Company has applied screen door products with intellectual property rights in more than 20 Chinese cities as well as Singapore, Hong Kong and Taiwan. In the first half, the metro screen door sales revenue increased 105.48% year-on-year. As the China Manufacturing 2025 plan continues to be implemented, the industry will continue growing rapidly.

### 4. Fangda Town renovation project

The project has been implemented as scheduled based previous engineering. The underground construction has been completed. The Company has opened the sales center and the project has been proceeded as scheduled.

### 5. Others

Given the orders and sales has continued growing, the Company has established cooperation relationships with many suppliers. Thanks to good credit record, the Company has signed supply chain financing cooperation agreement with banks. The relationships will help the Company build the industry chain financing platform.

The Company will continue hiring high-quality professionals and providing training for existing employees to optimize the labor structure and improve management efficiency.

## 2. Main business analysis

Year-on-year changes in major financial data

In RMB

	This report period	Same period last year	YOY change (%)	Cause of change
Turnover	1,150,115,523.53	822,792,739.02	39.78%	Increase in projects in progress
Operation cost	940,487,258.35	668,447,444.31	40.70%	Increase in revenue
Sales expense	41,009,137.46	18,245,120.86	124.77%	Increase in advertising cost
Administrative expense	75,547,311.64	67,185,503.16	12.45%	
Financial expenses	25,609,734.67	11,047,478.14	131.82%	Increase in average loan
Income tax expenses	16,168,196.04	4,362,903.54	270.58%	Increase in deferred

				income tax
R&D investment	39,856,514.35	41,228,960.53	-3.33%	
Cash flow generated by business operations, net	-274,712,071.19	-268,552,729.61		
Cash flow generated by investment activities, net	148,325,056.01	-3,392,292.06		Maturity of financial products
Net cash flow generated by financing activities	236,132,790.12	313,893,052.10	-24.77%	
Net increase in cash and cash equivalents	109,732,694.75	41,940,681.64	161.64%	Maturity of financial products

Major changes in profit composition or sources during the report period

☐ Applicable ☒ Inapplicable

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

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

☐ Applicable ☒ Inapplicable

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

Implementation of business plans disclosed in previous periods in this period

In the report period, the Company recorded a sales income of RMB1,150,115,500, up 39.78% year on year. The net profit attributed to owners of the parent reached RMB51,317,600, up 25.87% year on year. The revenue from main businesses continued growing. By the end of the report period, the Company had secured new orders worth RMB1,691,785,400, which 147.10% of the operating revenue in H1 2015, paving the way for the Company to complete the whole year's sales target. In the report period, the Company increased investment in new energy businesses, especially in the construction of solar power PV power plants. In the first half of this year, the Company has started construction of solar power PV power plants in Pingxiang and Dongguan Songshanhu, and plans to adopt the Internet+ management method. The Company decided to cancel the private A-share issuance to protect investors' interests and withdraw the application to CSRC. The PV power plant construction projects will be funded by the capital raised by the Company. The Fangda Town renovation project has been commenced and conducted as scheduled. All the business plans were fulfilled in 2015.

### 3. Business composition

In RMB

	Turnover	Operation cost	Gross margin	Year-on-year change in	Year-on-year change in	Year-on-year change in gross
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				operating revenue	operating costs	margin
Industry						
Metal production	922,733,838.21	764,311,734.54	17.17%	21.75%	22.01%	-0.17%
Railroad industry	96,966,572.45	73,765,384.45	23.93%	105.48%	101.59%	1.47%
Product						
Curtain wall system and materials	922,733,838.21	764,311,734.54	17.17%	21.75%	22.01%	-0.17%
Metro screen door	96,966,572.45	73,765,384.45	23.93%	105.48%	101.59%	1.47%
District						
Domestic	1,113,023,670.14	921,926,180.23	17.17%	40.29%	40.61%	-0.19%

## 4 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 low-carbon curtain walls, developing a series of domestic and global leading solar and energy-saving curtain wall products. The Company owns 383 curtain wall and material patents (including 24 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 50<sup>th</sup> Anniversary of the Foundation of the People's Republic of China, High-Quality Construction, White Magnolia Prize and Customer Satisfactory Engineering and the title of "Top 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 solutions

The Company has integrated the design, production, management and engineering of curtain wall systems to enjoy technological, cost, quality and service advantages.

### **(2) New energy industry**

The new energy business mainly comprises solar power PV application, PV construction and LED 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 power PV power generation is closely related to the Company's existing businesses. Most distributed solar power PV systems are 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) 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 219 metro screen door patents, including 40 invention patents. The Company also has four computer software copyrights.

#### 2. Brand equity

So far, the Company has undertaken railway screen door projects in most domestic cities, 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. 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

☐ Applicable ☒ Inapplicable

The Company made no external investment in the report period.

#### (2) Financial enterprise share held

☐ Applicable ☒ Inapplicable

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

#### (3) Securities investment

☒ Applicable ☐ Inapplicable

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	100,000,000	0.56%	100,000,000	0.56%	16,087,644.00	2,676,854.00	Transactional financial assets	Purchase
Total			16,263,675.00	100,000,000	--	100,000,000	--	16,087,644.00	2,676,854.00	--	--
Disclosure date of approval by the Board of Directors of securities investment			11.03.14								
Disclosure date of securities investment approval by the Shareholders' Meeting (if any)			None								

#### (4) Notes to shareholding in other listed companies

☐ Applicable ☒ Inapplicable

The Company holds no stock of other list companies in the report period.



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

### (1) Wealth management

√ Applicable □ Inapplicable

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)	Estimated return	Actual gain/loss in the report period
CCB, Shenzhen Branch	Non-affiliated party	No	Non-protected floating earning	3,000	31.12.14	21.01.15	Estimated annual yield of 3.12%	3,000		5.6	5.6
CCB, Shenzhen OCT Sub-branch	Non-affiliated party	No	Non-protected floating earning	1,000	31.12.14	03.01.15	Estimated annual yield of 3.12%	1,000		0.34	0.34
Bank of China	Non-affiliated party	No	Non-protected floating earning	3,000	26.12.14	04.01.15	Estimated annual yield of 2.5%	3,000		2.07	2.07
Bank of China	Non-affiliated party	No	Earning-protected	1,000	08.01.15	23.01.15	Estimated annual yield of 4.4%	1,000		1.81	1.81
Bank of China	Non-affiliated party	No	Earning-protected	850	12.02.15	02.03.15	Estimated annual yield of 4.7%	850		1.97	1.97
BOC, Shenzhen Branch	Non-affiliated party	No	Earning-protected	6,800	31.12.14	04.01.15	Estimated annual yield of 3.12%	6,800		2.33	2.33
BOC, Shenzhen Branch	Non-affiliated party	No	Non-protected floating earning	4,000	08.01.15	22.01.15	Estimated annual yield of 3.25%	4,000		4.99	4.99
BOC, Shenzhen	Non-affiliated	No	Non-protected	1,000	08.01.15	13.01.15	Estimated annual	1,000		0.43	0.43

n Branch	party		floating earning				yield of 3.12%				
BOC, Shenzhen Branch	Non-affiliated party	No	Non-protected floating earning	1,500	16.02.15	16.03.15	Actual annual yield of 4.65%	1,500		5.35	5.35
			Non-protected floating earning								
Total				22,150	--	--	--	22,150		24.89	24.89
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)				11.03.14							
Disclosure date of Shareholders' Meeting approval announcement (if any)				None							

**(2) Derivative investment**

√ Applicable □ Inapplicable

In RMB10,000

Derivative investment operator	Relationship	Related transaction	Type	Initial amount	Start date	End date	Initial investment amount	Impairment provision (if any)	Closing investment amount	Proportion of closing investment amount in the closing net assets in the report period	Actual gain/loss in the report period
Shanghai Futures Exchange	None	No	Shanghai aluminum	8,398.82	05.01.15	15.10.15			4,837.71	3.83%	58.51

e			m								
Total				8,398.82	--	--	0		4,837.71	3.83%	58.51
Capital source	Self-owned fund										
Lawsuit (if any)	None										
Disclosure date of derivative investment approval by the Board of Directors (if any)	None										
Disclosure date of derivative investment approval by the Shareholders' Meeting (if any)	None										
Risk analysis and control measures for the derivative holding in the report period (including without limitation market, liquidity, credit, operation and legal risks)	To prevent the risk of fluctuation of raw material prices, the Company adopted the aluminum futures exchanged at the domestic futures exchange to provide hedging for aluminum as a raw material for the Company. The Company has set up and implemented the Provincial Regulations on China Fangda Group Domestic Futures Hedging to prevent risks.										
Changes in the market price or fair value of the derivative in the report period, the analysis of the derivative's fair value should disclose the method used and related assumptions and parameters.	The fair value of the derivative should be calculated with the open quotation of the futures market and should be reviewed regularly to ensure effective hedging.										
Material changes in the accounting policies and rules related to the derivative in the report period compared to last period	No										
Opinions of independent directors on the Company's derivative investment and risk controlling	None										

### (3) Trusted loans

☐ Applicable ☒ Inapplicable

The Company borrowed no trust loan in the report period.

### 3. Use of raised capital

☐ Applicable ☒ Inapplicable

The Company used no raised capital in the report period.

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

☒ Applicable ☐ Inapplicable

## Major subsidiaries and joint-stock companies

In RMB

Company	Type	Industry	Main products or services	Registered capital	Total assets	Net assets	Turnover	Operation profit	Net profit
Fangda Jianke	Subsidiary	Decoration	Curtain wall system	500,000,000.00	2,653,232,138.94	766,865,850.15	867,657,987.24	46,747,753.96	26,318,553.43
Fangda Automatic	Subsidiary	Railroad industry	Metro screen door	105,000,000.00	416,155,534.14	199,664,335.39	98,245,302.25	12,963,230.21	11,139,440.71
Kexunda Co.	Subsidiary	Railroad industry	Software development, system integration	1,000,000.00	75,374,389.97	9,458,359.24	8,651,281.99	6,427,272.00	6,683,645.11

## 5. Major projects of non-raised capital

√ Applicable □ Inapplicable

In RMB10,000

Project	Planned investment	Investment in the report period	Actual investment by the end of the report period	Progress	Profit status	Disclosure date (if any)	Disclosure source (if any)
Jiangxi Pingxiang PV power plant project	16,766	177.48	177.48	1.06%		December 25, 2014 and January 14, 2015	Resolutions of the 8 <sup>th</sup> Meeting of the 7 <sup>th</sup> Board of Directors (2014-60), Resolution of the 1 <sup>st</sup> Extraordinary Shareholders' Meeting 2015 (2015-03), published on China Securities Journal, Shanghai Securities Daily, Securities Times, HKCD (English) and <a href="http://www.cninfo.com.cn">http://www.cninfo.com.cn</a> .
Total	16,766	177.48	177.48	--	--	--	--

## VI. Forecast of operating performance between January and September 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

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

☐ Applicable ☒ Inapplicable

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

☐ Applicable ☒ Inapplicable

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

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

☒ Applicable ☐ Inapplicable

The 2014 Profit Distribution Proposal was approved on the 28<sup>th</sup> meeting of the 6<sup>th</sup> Board of Director held on 25.03.15 and will be confirmed after being reviewed at the 2014 General Shareholders' Meeting held on 17.04.15. A cash dividend of RMB0.30 (tax inclusive) will be paid on each ten shares to all shareholders on the basis of 756,909,905 shares with a total amount of RMB22,707,297.15. The planning, review and implementation procedure of the profit distribution complies with related laws and regulations and the Company’s Articles of Association. The profit distribution plan was implemented on June 9, 2015 (see the Announcement on Implementation of the 2014 Equity Distribution Plan 2015-18).

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

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

☐ Applicable ☒ Inapplicable

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

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

√ Applicable □ Inapplicable

Time/date	Place	Way	Visitor	Visitor	Main content involved and materials provided
21.01.15	Shenzhen	Onsite investigation	Institution	China Galaxy Securities	Business and future development
28.04.15	Shenzhen	Onsite investigation	Institution	Guangzheng Hang Seng Securities Research Institute, Shenzhen Yujin Investment Co., Ltd.	Business and future development
26.05.15	Shenzhen	Onsite investigation	Institution	Guotai Junan Securities	Business and future development

## **V Significant Events**

### **I. Corporate Governance**

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

### **II. Lawsuit**

Significant lawsuit and arbitration

☐ Applicable ☒ Inapplicable

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

Other lawsuit

☐ Applicable ☒ Inapplicable

### **III. Media questioning**

☐ Applicable ☒ Inapplicable

The Company has no significant affair that arouses media questioning.

### **IV. Bankruptcy and capital reorganizing**

☐ Applicable ☒ Inapplicable

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

### **V. Assets trade**

#### **1. Assets acquisition**

☐ Applicable ☒ Inapplicable

The Company required no assets in the report period.

#### **2. Assets sales**

☐ Applicable ☒ Inapplicable

The Company sold no assets in the report period.

#### **3. Enterprise merger**

☐ Applicable ☒ Inapplicable

The Company merged no company in the report period.

## **VI. Implementation and influences of share equity incentive program**

☐ Applicable ☒ Inapplicable

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

## **VII. Material related transactions**

### **1. Related transactions related to routine operation**

☐ Applicable ☒ Inapplicable

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

### **2. Related transactions related to assets transactions**

☐ Applicable ☒ Inapplicable

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

### **3. Related transactions related to joint external investment**

☐ Applicable ☒ Inapplicable

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

### **4. Related credits and debts**

☐ Applicable ☒ Inapplicable

The Company had no related debt in the report period.

### **(5) Other related transactions**

☐ Applicable ☒ Inapplicable

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

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

☐ Applicable ☒ Inapplicable

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



## IX. Significant contracts and performance

### 1. Asset entrusting, leasing, contracting

#### (1) Asset entrusting

☐ Applicable ☒ Inapplicable

The Company made no custody in the report period.

#### (2) Contracting

☐ Applicable ☒ Inapplicable

The Company made no contract in the report period

#### (3) Leasing

☒ Applicable ☐ Inapplicable

Leasing

The lease of real estate property held for investment reached RMB12,830,370.75 between January and June 2015,

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

☐ Applicable ☒ Inapplicable

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

### 2. Guarantee

☒ Applicable ☐ Inapplicable

In RMB10,000

External guarantees made by the Company (exclude those made for subsidiaries)								
Guarantee provided to	Date of disclosure	Guarantee amount	Actual date of occurring (signing date of agreements)	Actual amount of guarantee	Type of guarantee	Term	Completed or not	Related party
Guarantee between the Company and its 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	11.03.14	36,000	03.09.14	34,374.23	Joint liability	since engage of contract to 2	No	No

						years upon due of debt		
Fangda Jianke	11.03.14	20,000	20.10.14	17,078.37	Joint liability	since engage of contract to 2 years upon due of debt	No	No
Fangda Jianke	11.03.14	25,000	09.09.14	23,257.53	Joint liability	since engage of contract to 2 years upon due of debt	No	No
Fangda Jianke	11.03.14	20,000	16.06.14	19,761.78	Joint liability	since engage of contract to 2 years upon due of debt	No	No
Fangda Jianke	11.03.14	21,428	30.09.14	7,637.87	Joint liability	since engage of contract to 2 years upon due of debt	No	No
Fangda Jianke	08.11.14	15,000	11.11.14	7,000	Joint liability	since engage of contract to 2 years upon due of debt	No	No
Fangda Jianke	11.03.14	15,000	19.01.15	2,594.32	Joint liability	since engage of contract to 2 years upon due of debt	No	No
Fangda Automatic	11.03.14	20,000	03.09.14	13,472.28	Joint liability	since engage of contract to 2 years upon due of debt	No	No
Fangda Automatic	08.11.14	5,000	11.11.14	2,660	Joint liability	since engage of contract to 2 years upon due of debt	No	No

Fangda New Material	11.03.14	7,080	11.04.14	1,466.83	Joint liability	since engage of contract to 2 years upon due of debt	No	No
Fangda New Material	11.03.14	8,000	05.05.14	6,879.97	Joint liability	since engage of contract to 2 years upon due of debt	No	No
Fangda Property	23.03.13	130,000	03.02.15	14,105.37	Joint liability	since engage of contract to 2 years upon due of debt	No	No
Guangdong Fangda SOZN	26.08.14	2,000	29.01.15	2,000	Joint liability	since engage of contract to 2 years upon due of debt	No	No
Guangdong Fangda SOZN	25.12.14	2,000	07.04.15	1,966.8	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)		216,000		Total of guarantee to subsidiaries actually occurred in the report term (B2)		95,199.84		
Total of guarantee to subsidiaries approved as of the report term (B3)		326,508		Total of balance of guarantee actually provided to the subsidiaries as of end of report term (B4)		154,255.34		
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
Total of guarantee provided by the Company (total of the above three)								
Total of guarantee approved in the report term		216,000		Total of guarantee occurred in the report term		95,199.84		

(A1+B1+C1)		(A2+B2+C2)	
Total of guarantee approved as of end of report term (A3+B3+C3)	326,508	Total of guarantee occurred as of the end of report term (A4+B4+C4)	154,255.34
Percentage of the total guarantee occurred (A4+B4+C4) on net asset of the Company		122.20%	
Including:			
Guarantees provided to the shareholders, substantial controllers and the related parties (D)		0	
Guarantee provided directly or indirectly to objects with over 70% of liability on asset ratio (E)		0	
Amount of guarantee over 50% of the net asset (F)		0	
Total of the above 3 (D+E+F)		0	
Statement on the possible joint liabilities on the guarantees not due yet (if any)		None	
Statement of external guarantees violating the procedure (if any)		None	

### (1) Incompliant external guarantee

☐ Applicable ☒ Inapplicable

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

### 3. Other significant contract

☐ Applicable ☒ Inapplicable

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

### 4. Other related transactions

☐ Applicable ☒ Inapplicable

The Company made no other significant transaction in the report period.

### X. Commitments of shareholders with over 5% of shares made in the report term or carried over from previous terms

☐ Applicable ☒ Inapplicable

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

## **XI. Engaging and dismissing of CPA**

Whether the interim financial report is audited

☐ Yes ☒ No

The interim report for H1 2015 has not been audited. This year, the Company engaged Grand Thornton China (limited liability partnership) as the financial statement and internal control auditing CPA with a fee of RMB1.3 million.

## **XII. Punishment and rectification**

☐ Applicable ☒ Inapplicable

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

## **XIII. Delisting due to law violation**

☐ Applicable ☒ Inapplicable

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

## **XIV. Other material events**

☐ Applicable ☒ Inapplicable

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

## VI Changes in Share Capital and Shareholders

### 1. Changes in shares

In share

	Before the change		Change (+,-)					After the change	
	Amount	Proportion	Issued new shares	Bonus shares	Transferred from reserves	Others	Subtotal	Amount	Proportion
I. Shares with trade restriction conditions	779,292	0.10%						779,292	0.10%
3. Other domestic shares	779,292	0.10%						779,292	0.10%
Domestic natural person shares	779,292	0.10%						779,292	0.10%
II. Shares without trading limited conditions	756,130,613	99.90%						756,130,613	99.90%
1. Common shares in RMB	420,179,425	55.51%						420,179,425	55.51%
2. Foreign shares in domestic market	335,951,188	44.39%						335,951,188	44.39%
III. Total of capital shares	756,909,905	100.00%						756,909,905	100.00%

Reasons

☐ Applicable ☒ Inapplicable

Approval of the change

☐ Applicable ☒ Inapplicable

Share transfer

☐ Applicable ☒ Inapplicable

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

☐ Applicable ☒ Inapplicable

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

☐ Applicable ☒ Inapplicable

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

☐ Applicable ☒ Inapplicable

## 2. Shareholders and shareholding

In share

Number of shareholders of common shares at the end of the report period	45,341			Number of shareholders of preferred stocks of which voting rights recovered in the report period (if any)		0		
Shareholders holding 5% of the Company's common shares or top-10 shareholders								
Shareholder	Properties of shareholder	Shareholding	Number of common shares held at the end of the report period	Change in the reporting period	Conditional common shares	Unconditional common shares	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	51,310,000
Shengjiu Investment Ltd.	Foreign legal person	5.92%	44,834,880	+6,989,289		44,834,880		
GUOTAI JUNAN SECURITIES(HONGKONG) LIMITED	Foreign legal person	4.09%	30,988,691	+29,263,840		30,988,691		
Zhou Shijian	Domestic natural person	2.49%	18,834,706	-2,288,775		18,834,706		
Shenzhen Shilihe Investment Co., Ltd.	Domestic non-state legal person	2.36%	17,860,992	0		17,860,992		
Yunnan International Trust Co.,Ltd.-Zifeng Prudent Struractical Securities	Others	2.00%	15,169,800	+15,169,800		15,169,800		

Investment Trust Program								
Huang Jupei	Domestic natural person	1.41%	10,701,000	-19,300,000		10,701,000		
Jiang Jing	Domestic natural person	1.27%	9,596,714	+566,800		9,596,714		
Yu Liandi	Domestic natural person	1.24%	9,405,971	-715,952		9,405,971		
Shanghai Hong Kong Wanguo Securities	Foreign legal person	0.98%	7,394,335	+5,951,637		7,394,335		
A strategic investor or ordinary legal person becomes the Top10 common share shareholder due a stock issue (see note 3)		None						
Notes to top ten shareholder relationship or "action in concert"		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.						
Top 10 shareholders of unconditional common shares								
Shareholder	Amount of common 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.	44,834,880	Foreign shares listed in domestic exchanges	44,834,880					
GUOTAI JUNAN SECURITIES(HONGKONG) LIMITED	30,988,691	Foreign shares listed in domestic exchanges	30,988,691					
Zhou Shijian	18,834,706	RMB common shares	18,834,706					
Shenzhen Shilihe Investment Co., Ltd.	17,860,992	RMB common shares	17,860,992					
Yunnan International Trust	15,169,800	RMB common	15,169,800					



Co.,Ltd.-Zifeng Prudent Struractical Securities Investment Trust Program		shares	
Huang Jupei	10,701,000	RMB common shares	10,701,000
Jiang Jing	9,596,714	RMB common shares	9,596,714
Yu Liandi	9,405,971	RMB common shares	9,405,971
Shanghai Hong Kong Wanguo Securities	7,394,335	Foreign shares listed in domestic exchanges	7,394,335
No action-in-concert or related parties among the top10 unconditional common share shareholders and between the top10 unconditional common share shareholders and the top10 common share 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.		
Top-10 common share shareholders participating in margin trade (if any)	Zhou Shijian holds 18,834,706 shares of the Company through GF Securities customer credit transaction guarantee securities account; Huang Jupei holds 10,700,000 shares of the Company through GF Securities customer credit transaction guarantee securities account, Jiang Jing holds 9,596,714 shares of the Company through Everbright Securities customer credit transaction guarantee securities account; Yu Liandi holds 9,405,971 shares of the Company through GF Securities customer credit transaction guarantee securities account.		
By the end of the trading day August 14, 2015, China Securities Finance Corporation Limited held 2,512,300 A-shares of the Company, accounting for 0.33% of the aggregate.			
By the end of the trading day August 14, 2015, Central Huijin Investment Ltd. held 841,900 A-shares of the Company, accounting for 0.11% of the aggregate.			

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

☐ Yes ☒ No

No 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

### 3. Changes in controlling shareholder or actual controller

Changes in the controlling shareholder in the reporting period

☐ Applicable ☒ Inapplicable

No change in the controlling shareholder in the report period

Change in the actual controller in the report period

☐ Applicable ☒ Inapplicable

No change in the actual shareholder in the report period

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

☒ Applicable ☐ Inapplicable

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.			6,989,289	0.92%		

## VII Preferred Shares

☐ Applicable ☒ Inapplicable

The Company had no preferred share in the report period.

## **VIII Particulars about the Directors, Supervisors, and Senior Management**

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

☐ Applicable ☒ Inapplicable

The Company's Directors, supervisors and senior management shareholding has remained unchanged during the report period. For details, please refer to the 2014 annual report.

### **2. Changes in the Directors, Supervisors and Senior Executives**

☐ Applicable ☒ Inapplicable

The Company's Directors, supervisors and senior management have remained unchanged during the report period. For details, please refer to the 2014 annual report.

## IX Financial Statements

### 1. Auditor's report

Whether the interim report is audited

☐ Yes ☒ No

The financial statements have not been audited.

### 2. Financial statements

Unit for statements in notes to financial statements: RMB yuan

#### 1. Consolidated Balance Sheet

Prepared by: China Fangda Group Co., Ltd.

June 30, 2015

In RMB

Items	Closing balance	Ending balance
Current asset:		
Monetary capital	373,005,361.74	212,430,798.87
Settlement provision		
Outgoing call loan		
Financial assets measured at fair value with variations accounted into current income account	16,087,644.00	13,410,790.00
Derivative financial assets		
Notes receivable	22,508,576.56	83,325,725.70
Account receivable	1,358,125,736.41	1,105,242,251.46
Prepayment	121,554,195.91	29,234,231.49
Insurance receivable		
Reinsurance receivable		
Provisions of Reinsurance contracts receivable		
Interest receivable		
Dividend receivable		
Other receivables	117,112,102.43	48,950,647.67

Repurchasing of financial assets		
Inventory	1,043,866,524.38	982,441,187.05
Assets held for sales		
Non-current assets due in 1 year		
Other current assets	5,898,698.67	234,986,107.72
Total current assets	3,058,158,840.10	2,710,021,739.96
Non-current assets:		
Loan and advancement provided		
Sellable financial assets		
Investment held until mature		
Long-term receivable		
Long-term share equity investment	10,105,655.37	11,048,660.43
Investment real estate	258,635,247.12	226,279,523.39
Fixed assets	483,208,904.28	489,714,684.63
Construction in process	1,245,195.61	341,749.17
Engineering materials		
Disposal of fixed assets	1,984.71	26,918.21
Productive biological assets		
Gas & petrol		
Intangible assets	97,332,228.66	98,947,331.09
R&D expense		
Goodwill	26,279,395.89	26,279,395.89
Long-term amortizable expenses	4,994,009.78	4,119,362.63
Deferred income tax assets	56,965,966.03	52,616,656.38
Other non-current assets	47,830,966.48	43,323,878.63
Total of non-current assets	986,599,553.93	952,698,160.45
Total of assets	4,044,758,394.03	3,662,719,900.41
Current liabilities		
Short-term loans	1,314,850,000.00	1,100,000,000.00
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	1,445,950.00	
Notes payable	244,756,319.76	227,266,485.57
Account payable	678,407,941.15	685,108,346.73
Prepayment received	108,253,046.93	122,285,231.14
Selling of repurchased financial assets		
Fees and commissions payable		
Employees' wage payable	26,915,651.60	41,703,314.26
Taxes payable	59,813,185.81	58,696,926.25
Interest payable	1,775,665.69	2,055,911.11
Dividend payable		
Other payables	72,218,632.30	47,425,682.44
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	6,000,000.00
Other current liabilities		
Total current liabilities	2,514,436,393.24	2,290,541,897.50
Non-current liabilities:		
Long-term loans	141,053,670.40	
Bond payable		
Including: preferred stock		
Perpetual bond		
Long-term payable		6,000,000.00
Long-term employees' wage payable		
Special payables		

Anticipated liabilities	481,740.34	5,859,045.98
Deferred earning	9,942,240.53	10,049,892.04
Deferred income tax liabilities	58,084,961.27	49,734,436.90
Other non-current liabilities		
Total of non-current liabilities	209,562,612.54	71,643,374.92
Total liabilities	2,723,999,005.78	2,362,185,272.42
Owner's equity:		
Share capital	756,909,905.00	756,909,905.00
Other equity tools		
Including: preferred stock		
Perpetual bond		
Capital reserves	79,099,220.38	79,099,220.38
Less: Shares in stock		
67. Other miscellaneous income	-1,137,225.87	91,831.63
Special reserves		
Surplus reserves	48,842,080.76	48,842,080.76
Common risk provisions		
Retained profit	378,598,177.41	349,987,825.69
Total of owner's equity belong to the parent company	1,262,312,157.68	1,234,930,863.46
Minor shareholders' equity	58,447,230.57	65,603,764.53
Total of owners' equity	1,320,759,388.25	1,300,534,627.99
Total of liabilities and owner's interest	4,044,758,394.03	3,662,719,900.41

Legal representative: Xiong Jianming  
Yonggang

CFO: Lin Keping

Accounting Manager: Chen

## 2. Balance Sheet of the Parent Company

In RMB

Items	Closing balance	Ending balance
Current asset:		
Monetary capital	80,684,551.99	22,256,065.49
Financial assets measured at fair value with variations accounted		



into current income account		
Derivative financial assets		
Notes receivable		
Account receivable	511,660.60	511,660.60
Prepayment		50,903.86
Interest receivable		
Dividend receivable	28,639,627.17	28,639,627.17
Other receivables	357,559,369.64	254,604,163.79
Inventory		
Assets held for sales		
Non-current assets due in 1 year		
Other current assets	1,051,197.12	31,005,620.01
Total current assets	468,446,406.52	337,068,040.92
Non-current assets:		
Sellable financial assets		
Investment held until mature		
Long-term receivable		
Long-term share equity investment	1,129,731,553.95	1,130,674,559.01
Investment real estate	231,282,493.46	198,513,586.15
Fixed assets	58,959,843.98	60,145,112.89
Construction in process		
Engineering materials		
Disposal of fixed assets		
Productive biological assets		
Gas & petrol		
Intangible assets	2,129,412.09	2,256,575.64
R&D expense		
Goodwill		
Long-term amortizable expenses	355,896.09	81,367.47
Deferred income tax assets	23,344,402.31	22,623,560.72
Other non-current assets	220,000,000.00	220,000,000.00
Total of non-current assets	1,665,803,601.88	1,634,294,761.88

Total of assets	2,134,250,008.40	1,971,362,802.80
Current liabilities		
Short-term loans	400,000,000.00	350,000,000.00
Financial liabilities measured at fair value with variations accounted into current income account		
Derivative financial liabilities		
Notes payable		
Account payable	606,941.85	606,941.85
Prepayment received	693,045.60	832,772.45
Employees' wage payable	851,100.80	1,956,875.76
Taxes payable	1,553,431.48	567,424.56
Interest payable	686,166.66	659,266.67
Dividend payable		
Other payables	375,721,848.04	270,281,330.40
Liabilities held for sales		
Non-current liabilities due in 1 year		
Other current liabilities		
Total current liabilities	780,112,534.43	624,904,611.69
Non-current liabilities:		
Long-term loans		
Bond payable		
Including: preferred stock		
Perpetual bond		
Long-term payable		
Long-term employees' wage payable		
Special payables		
Anticipated liabilities		
Deferred earning		
Deferred income tax liabilities	106,043,571.56	97,693,047.19
Other non-current liabilities		
Total of non-current liabilities	106,043,571.56	97,693,047.19
Total liabilities	886,156,105.99	722,597,658.88

Owner's equity:		
Share capital	756,909,905.00	756,909,905.00
Other equity tools		
Including: preferred stock		
Perpetual bond		
Capital reserves	38,598,565.00	38,598,565.00
Less: Shares in stock		
67. Other miscellaneous income	91,831.63	91,831.63
Special reserves		
Surplus reserves	48,842,080.76	48,842,080.76
Retained profit	403,651,520.02	404,322,761.53
Total of owners' equity	1,248,093,902.41	1,248,765,143.92
Total of liabilities and owner's interest	2,134,250,008.40	1,971,362,802.80

### 3. Consolidated Income Statement

In RMB

Items	Amount occurred in the current period	Occurred in previous period
1. Total revenue	1,150,115,523.53	822,792,739.02
Incl. Business income	1,150,115,523.53	822,792,739.02
Interest income		
Insurance fee earned		
Fee and commission received		
2. Total business cost	1,114,562,764.23	781,151,190.76
Incl. Business cost	940,487,258.35	668,447,444.31
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	17,537,240.22	11,358,459.71
Sales expense	41,009,137.46	18,245,120.86
Administrative expense	75,547,311.64	67,185,503.16
Financial expenses	25,609,734.67	11,047,478.14
Asset impairment loss	14,372,081.89	4,867,184.58
Plus: gains from change of fair value ("-" for loss)	35,445,761.31	
Investment gains ("-" for loss)	1,547,997.68	969,118.50
Incl. Investment gains from affiliates and joint ventures	1,256,994.94	-41,807.57
Exchange gains ("-" for loss)		
3. Operational profit ("-" for loss)	72,546,518.29	42,610,666.76
Plus: non-operational income	3,425,924.45	3,041,518.40
Incl. Loss from disposal of non-current assets	50,854.12	218,095.40
Less: non-operational expenditure	15,643,131.79	2,061,903.28
其中: Loss of non-current assets disposal	504,805.05	1,569,906.67
4. Gross profit ("-" for loss)	60,329,310.95	43,590,281.88
Less: Income tax expenses	16,168,196.04	4,362,903.54
5. Net profit ("-" for net loss)	44,161,114.91	39,227,378.34
Net profit attributable to the owners of parent company	51,317,648.87	40,769,958.24
Minor shareholders' equity	-7,156,533.96	-1,542,579.90
6. After-tax net amount of other misc. incomes	-1,229,057.50	35,700.00
After-tax net amount of other misc. incomes attributed to parent's owner	-1,229,057.50	35,700.00
(1) Other misc. incomes that cannot be re-classified into gain and loss		
1. Change in net liabilities		

or assets due to re-measurement set benefit program		
2. Shares enjoyed in other misc. incomes that cannot be reclassified into gain and loss by the invested entity under the equity law		
(2) Other misc. incomes that will be re-classified into gain and loss	-1,229,057.50	35,700.00
1. Shares enjoyed in other misc. incomes that cannot be reclassified into gain and loss by the invested entity under the equity law		
2. Change in the fair value of financial asset for sale		
3 Held-to-mature investment reclassified as gain and loss in the financial assets for sales		
4. Effective part in the gain and loss of arbitrage of cash flow	-1,229,057.50	35,700.00
5. Translation difference of foreign exchange statement		
6. Others		
After-tax net of other misc. income attributed to minority shareholders		
7. Total of misc. incomes	42,932,057.41	39,263,078.34
Total of misc. incomes attributable to the owners of the parent company	50,088,591.37	40,805,658.24
Total misc gains attributable to the minor shareholders	-7,156,533.96	-1,542,579.90
8. Earnings per share:		
(1) Basic earnings per share	0.07	0.05
(2) Diluted earnings per share	0.07	0.05

Net profit contributed by entities merged under common control in the report period was RMB0.00, net profit realized by parties merged during the previous period is RMB0.00.

Legal representative: Xiong Jianming  
Yonggang

CFO: Lin Keping

Accounting Manager: Chen

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

In RMB

Items	Amount occurred in the current period	Occurred in previous period
1. Turnover	15,377,309.73	14,332,254.25
Less: Operation cost	1,670,215.88	2,129,602.96
Business tax and surcharge	1,227,826.65	1,179,113.66
Sales expense		
Administrative expense	11,276,930.71	11,316,843.92
Financial expenses	5,120,806.86	5,364,994.52
Asset impairment loss	1,246,405.99	-53,159.58
Plus: gains from change of fair value ("-" for loss)	32,768,907.31	
Investment gains ("-" for loss)	1,312,956.58	-41,807.57
Incl. Investment gains from affiliates and joint ventures	1,256,994.94	-41,807.57
2. Operational profit ("-" for loss)	28,916,987.53	-5,646,948.80
Plus: non-operational income	751,855.29	1,326,268.74
Incl. Loss from disposal of non-current assets	3,581.20	19,118.43
Less: non-operational expenditure	3,104.40	327,022.34
Incl. Loss from disposal of non-current assets	1,932.08	125,522.34
3. Gross profit ("-" for loss)	29,665,738.42	-4,647,702.40
Less: Income tax expenses	7,629,682.78	-1,100,761.67
4. Net profit ("-" for net loss)	22,036,055.64	-3,546,940.73
5. After-tax net amount of other misc. incomes		
(1) Other misc. incomes that cannot be re-classified into gain and loss		
1. Change in net liabilities or assets due to re-measurement set benefit program		

2. Shares enjoyed in other misc. incomes that cannot be reclassified into gain and loss by the invested entity under the equity law		
(2) Other misc. incomes that will be re-classified into gain and loss		
1. Shares enjoyed in other misc. incomes that cannot be reclassified into gain and loss by the invested entity under the equity law		
2. Change in the fair value of financial asset for sale		
3 Held-to-mature investment reclassified as gain and loss in the financial assets for sales		
4. Effective part in the gain and loss of arbitrage of cash flow		
5. Translation difference of foreign exchange statement		
6. Others		
6. Total of misc. incomes	22,036,055.64	-3,546,940.73
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	880,753,505.06	749,511,473.43
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		
Increase in proposal of 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	1,487,373.49	575,871.97
Other cash received from business operation	37,271,825.34	47,867,585.96
Sub-total of cash inflow from business operations	919,512,703.89	797,954,931.36
Cash paid for purchasing products and services	922,181,248.55	852,304,489.33
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	141,611,724.17	105,126,526.67
Taxes paid	54,257,534.98	43,416,941.46
Other cash paid for business activities	76,174,267.38	65,659,703.51



Sub-total of cash outflow from business operations	1,194,224,775.08	1,066,507,660.97
Cash flow generated by business operations, net	-274,712,071.19	-268,552,729.61
2. Cash flow generated by investment:		
Cash received from investment recovery	331,500,000.00	
Cash received as investment profit	2,491,002.79	1,008,267.73
Net cash retrieved from disposal of fixed assets, intangible assets, and other long-term assets	134,190.00	4,577,733.50
Net cash received from disposal of subsidiaries or other operational units		
Other investment-related cash received		133,500.00
Sub-total of cash inflow generated from investment	334,125,192.79	5,719,501.23
Cash paid for construction of fixed assets, intangible assets and other long-term assets	31,982,236.78	8,981,293.29
Cash paid as investment	113,700,000.00	
Net increase of loan against pledge		
Net cash paid for acquiring subsidiaries and other operational units		
Other cash paid for investment	40,117,900.00	130,500.00
Subtotal of cash outflows	185,800,136.78	9,111,793.29
Cash flow generated by investment activities, net	148,325,056.01	-3,392,292.06
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	707,903,670.40	356,000,000.00
Cash received from bond placing		
Other cash received from financing activities		
Subtotal of cash inflow from financing activities	707,903,670.40	356,000,000.00
Cash paid to repay debts	352,000,000.00	
Cash paid as dividend, profit, or interests	64,660,840.58	41,950,857.15
Incl. Dividend and profit paid by subsidiaries to minority shareholders		
Other cash paid for financing activities	55,110,039.70	156,090.75
Subtotal of cash outflow from financing activities	471,770,880.28	42,106,947.90
Net cash flow generated by financing activities	236,132,790.12	313,893,052.10
4. Influence of exchange rate changes on cash and cash equivalents	-13,080.19	-7,348.79
5. Net increase in cash and cash equivalents	109,732,694.75	41,940,681.64
Plus: Balance of cash and cash equivalents at the beginning of term	102,638,232.19	285,237,255.38
6. Balance of cash and cash equivalents at the end of the period	212,370,926.94	327,177,937.02

## 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	11,243,204.83	12,110,570.32
Tax refunded		
Other cash received from	515,148,759.29	486,019,552.00

business operation		
Sub-total of cash inflow from business operations	526,391,964.12	498,130,122.32
Cash paid for purchasing products and services	2,136,699.94	2,860,543.41
Cash paid to and for the staff	7,189,717.90	7,871,822.76
Taxes paid	1,394,750.88	1,340,978.19
Other cash paid for business activities	469,504,100.24	784,384,264.75
Sub-total of cash outflow from business operations	480,225,268.96	796,457,609.11
Cash flow generated by business operations, net	46,166,695.16	-298,327,486.79
2. Cash flow generated by investment:		
Cash received from investment recovery	30,000,000.00	
Cash received as investment profit	8,963,295.02	
Net cash retrieved from disposal of fixed assets, intangible assets, and other long-term assets	4,190.00	171,005,300.50
Net cash received from disposal of subsidiaries or other operational units		
Other investment-related cash received		
Sub-total of cash inflow generated from investment	38,967,485.02	171,005,300.50
Cash paid for construction of fixed assets, intangible assets and other long-term assets	963,791.92	1,118,624.57
Cash paid as investment		
Net cash paid for acquiring subsidiaries and other operational units		
Other cash paid for investment	40,000,000.00	
Subtotal of cash outflows	40,963,791.92	1,118,624.57

Cash flow generated by investment activities, net	-1,996,306.90	169,886,675.93
3. Cash flow generated by financing activities:		
Cash received from investment		
Cash received from borrowed loans	50,000,000.00	96,000,000.00
Cash received from bond placing		
Other cash received from financing activities		
Subtotal of cash inflow from financing activities	50,000,000.00	96,000,000.00
Cash paid to repay debts		
Cash paid as dividend, profit, or interests	34,570,863.79	28,150,357.15
Other cash paid for financing activities	1,171,039.70	156,090.75
Subtotal of cash outflow from financing activities	35,741,903.49	28,306,447.90
Net cash flow generated by financing activities	14,258,096.51	67,693,552.10
4. Influence of exchange rate changes on cash and cash equivalents		
5. Net increase in cash and cash equivalents	58,428,484.77	-60,747,258.76
Plus: Balance of cash and cash equivalents at the beginning of term	22,006,065.49	67,973,808.76
6. Balance of cash and cash equivalents at the end of the period	80,434,550.26	7,226,550.00

## 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 shareh	Total of owners
	Share	Other equity tools	Capital	Less:	67.	Special	Surplu	Comm	Retain		

	capital	Preferred share	Perpetual bond	Others	reserves	Shares in stock	Other miscellaneous income	reserves	reserves	on risk provisions	ed profit	olders' equity	' equity
1. Balance at the end of last year	756,909,905.00				79,099,220.38		91,831.63		48,842,080.76		349,987,825.69	65,603,764.53	1,300,534,627.99
Plus:													
Changes in accounting policies													
Correction of previous errors													
Consolidation of entities under common control													
Others													
2. Balance at the beginning of current year	756,909,905.00				79,099,220.38		91,831.63		48,842,080.76		349,987,825.69	65,603,764.53	1,300,534,627.99
3. Amount of change in current term ("+" for increase)							-1,229,057.50				28,610,351.72	-7,156,533.96	20,224,760.26
(1) Total of misc. incomes							-1,229,057.50				51,317,648.87	-7,156,533.96	42,932,057.41
(2) Investment or decreasing of capital by owners													
1. Common shares contributed by shareholders													
2. Capital contributed by other equity instrument holders													
3. Amount of													

shares paid and accounted as owners' equity													
4. Others													
(3) Profit allotment										-22,707,297.15		-22,707,297.15	
1. Providing of surplus reserves													
2. Common risk provision													
3. Allotment to the owners (or shareholders)										-22,707,297.15		-22,707,297.15	
4. Others													
(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		-1,137,225.87		48,842,080.76	0.00	378,598,177.41	58,447,230.57	1,320,759,388.25

Amount of Last Year

In RMB

Items	Last period												
	Owners' Equity Attributable to the Parent Company											Minor shareh olders' equity	Total of owners ' equity
	Share capita l	Other equity tools			Capital reserve s	Less: Shares in stock	67. Other miscell aneous income	Special reserve s	Surplu s reserve s	Comm on risk provisi ons	Retaine d profit		
		Prefe rred share	Perp etual bond	Other s									
1. Balance at the end of last year	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													
Consolidation of entities under common control													
Others													
2. Balance at the beginning of current year	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)							35,700.00				18,062,661.09	-1,542,579.90	16,555,781.19
(1) Total of misc. incomes							35,700.00				40,769,958.24	-1,542,579.90	39,263,078.34
(2) Investment or decreasing of capital by owners													
1. Common shares contributed by shareholders													

2. Capital contributed by other equity instrument holders													
3. Amount of shares paid and accounted as owners' equity													
4. Others													
(3) Profit allotment											-22,707,297.15		-22,707,297.15
1. Providing of surplus reserves													
2. Common risk provision													
3. Allotment to the owners (or shareholders)											-22,707,297.15		-22,707,297.15
4. Others													
(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		127,531.63		46,389,142.21		296,212,292.72	53,889,866.99	1,232,627,958.93

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

Amount of the Current Term

In RMB

Items	Current period										
	Share capital	Other equity tools			Capital reserves	Less: Shares in stock	Other miscellaneous income	Special reserves	Surplus reserves	Retained profit	Total of owners' equity
		Preferred share	Perpetual bond	Others							
1. Balance at the end of last year	756,909,905.00				38,598,565.00		91,831.63		48,842,080.76	404,322,761.53	1,248,765,143.92
Plus: Changes in accounting policies											
Correction of previous errors											
Others											
2. Balance at the beginning of current year	756,909,905.00				38,598,565.00		91,831.63		48,842,080.76	404,322,761.53	1,248,765,143.92
3. Amount of change in current term ("+" for increase)										-671,241.51	-671,241.51
(1) Total of misc. incomes										22,036,055.64	22,036,055.64
(2) Investment or decreasing of capital by owners											
1. Common shares											

contributed by shareholders											
2. Capital contributed by other equity instrument holders											
3. Amount of shares paid and accounted as owners' equity											
4. Others											
(3) Profit allotment										-22,707,297.15	-22,707,297.15
1. Providing of surplus reserves											
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	403,651,520.02	1,248,093,902.41

Amount of Last Year

In RMB

Items	Last period										
	Share capital	Other equity tools			Capital reserves	Less: Shares in stock	Other miscellaneous income	Special reserves	Surplus reserves	Retained profit	Total of owners' equity
		Preferr ed share	Perpet ual bond	Others							
1. Balance at the end of last year	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 year	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)										-26,254,237.88	-26,254,237.88
(1) Total of misc. incomes										-3,546,940.73	-3,546,940.73
(2) Investment or decreasing of capital by owners											
1. Common shares contributed by shareholders											
2. Capital contributed by											

other equity instrument holders											
3. Amount of shares paid and accounted as owners' equity											
4. Others											
(3) Profit allotment										-22,707,297.15	-22,707,297.15
1. Providing of surplus reserves											
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	756,909,905.0				38,598,565.00		91,831.63		46,389,142.21	378,699,373.8	1,220,688,817.73

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### III. General Information

China Fangda Group Co., Ltd. (the “Company” or the “Group”) is a joint stock company registered in Shenzhen, Guangdong and was approved by the Government of Shenzhen with Shenzhen Government Document No. (1995)194, and was founded, on the basis of Shenzhen Fangda Construction Material Co., Ltd., by way of share issuing in October 1995. The Registration No. of the Company’s business license is: 440301501124785; 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 JiangxiNew Material, Shenyang Fangda, Fangda Property and Fangda New Energy.

The Company and its subsidiaries (collectively “the Group”) run businesses including (1) curtain wall segment, production and sales of curtain wall materials, design, production and installation of curtain walls; (2) railway transportation segment, assembly and production of subway screen doors; (3) real estate property segment, development and management of real estate properties; (4) new energy segment, R&D, installation and sales of PV devices, design and engineering of PV power plants., R&D, design, production, sales and installation of lamps, auxiliaries and other lighting devices, LED products and metal products.

The consolidation scope of the financial statements covers the Company and all subsidiaries. The scope has remained unchanged in the period.

### IV. Basis for the preparation of financial statements

#### 1. Preparation basis

The financial statements have been prepared in accordance with the Enterprise Accounting Standard – Basic Standards and 38 specific accounting principles issued in February 2006 by the Ministry of Finance and its application guide, interpretation and other related provision (collectively “Enterprise Accounting Standards”). The 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 able to maintain continuous operations. The company prepares the financial

statements 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 estimate prompt:

The Group determines the investment real estate accounting policies and income recognition policies according to the business features. See 14 and 23 of Note V Significant Accounting Policies and Estimates.

### **1. Statement of compliance to the Enterprise Accounting Standard**

The financial report and statements are prepared with compliance to the requirement of the Enterprise Accounting Standard. They reflect the financial position as of 30.06.15, and business performance and cash flow situation in Year 2015 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. Operation period**

The operation period of the Group is 12 months.

### **4. Bookkeeping standard money**

The Group takes RMB as the standard currency for bookkeeping.

### **5. 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 in the final controlling party's consolidated financial statements with the merged parties at the merger day in addition to the adjustment made given the difference in accounting policies. The differences between the book value of net assets and the book value of consideration price (or the total of face value of share issued) are adjusted to the capital reserve (share capital premium). If the share capital premium is not enough to offset the difference, it will be adjusted to the retained gains.

#### **(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 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 the fair value exceeds the costs, it is included in the income statement for the period after being re-examined.

### (3) Treatment of transaction cost in mergers

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 is determined based on control. Control means the power that the Group possesses over its invested entities. It enables the Group to enjoy returns by participating in their operations. The amount of returns can be affected by the power. Subsidiaries are enterprises controlled by the Company.

### (2) Preparation of consolidated financial statements

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

New subsidiaries and businesses caused by merger of enterprises under common control in the report period are considered being incorporated into the Group's consolidation scope since the date of being controlled by the final controlling party.

New subsidiaries and businesses caused by merger of enterprises not under common control are considered being incorporated into the Group's consolidation scope since of acquisition date with income, costs and profits incorporated into the consolidated income statement and cash flows into 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. Joint venture arrangement category and fiscal treatment of joint operation****8. 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.

**9. 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.

**10. Financial instrument**

Financial instrument refers to a company's financial assets and contracts that form other units of financial liability 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:

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**



The Group's financial assets are classified into two categories during initial recognition: financial assets measured at fair value and accounted into the current gain/loss account, loans and 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 5. 11). 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 5. 29 for the recognition of 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 Group.

Objective evidence of impairment in financial assets includes:

Serious financial difficulties for issuers or debtors;

②Debtors violate contracts: default or delay payment of interest or principals;

③The Group makes concessions for debtors with financial difficulties due to economic or legal reasons;

- ④Debtors are very like to go bankruptcy or conduct financial restructuring;
- ⑤Financial assets cannot be traded in an active market due to serial financial difficulties of issuers;
- ⑥It cannot be identified whether the cash flow of an asset in a group of financial assets decreases, while the estimated future cash flow of the group of financial assets will decrease from the initial recognition and the decrease can be measured, including:
  - The payment capability of the debtor of the group of financial assets weakens;
  - The economy of the country or district where the debtor is located faces problems that may lead to failure in payment of the group of financial assets;
- ⑦Technical, market, economic or legal environments change adversely, leading to that the investor may not be able to recover the investment;
- ⑧Other objective evident that proves impairment in the 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) Offset of financial assets and liabilities

When the Group has the legal right to offset recognized financial assets and liabilities, is able to execute the right, and the Group plans to settle them in net value and cash the financial assets and repay the financial assets, the amount after the offset will be present in the balance sheet. Besides that, financial assets and liabilities will be presented separately in the balance sheet.

## 11. 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) Receivables for which bad debt provision is made by credit risk group

Group	Method of bad debt provision
Account age	Aging method
Receivable accounts consolidated	Other method

Receivables adopting the aging method in the group:

☒ Applicable ☐ Inapplicable

Age	Providing rate for receivable account	Providing rate for other receivables
Within 1 year (inclusive)	3.00%	3.00%
1-2 years	10.00%	10.00%
2-3 years	30.00%	30.00%

Over 3 years	50.00%	50.00%
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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

## 12. 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 costs, 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 development cost includes 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

The inventory realizable value is equal to the estimated sales price of the inventory minus costs to be incurred when it is completed, estimated sales cost and related taxes. When the realizable value is recognized, the value should be based on concrete evidence obtained with the purpose of holding the

inventory and impacts of post-balance-sheet events taken into consideration.

On the balance sheet day, if the inventory cost is higher than the realizable net value, inventory depreciation provision should be made. The Group makes inventory depreciation provision for individual inventory or inventory group. On the balance sheet date, where the impact of inventory depreciation value disappears, the depreciation provision will be written back.

#### (4) Inventory system

The Group uses perpetual inventory system.

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

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

### **13. Long-term share equity investment**

The Group's long-term share equity investment includes equity investment with actual control and major influence upon invested entities. Invested entities that the Group possesses major influence are joint ventures of the Group.

#### (1) Recognition of initial investment costs

For long-term share equity investment generated by merger of enterprises: for long-term share equity investment obtained by merger of enterprises under common control, the investment cost is the book value in the finally controlling party's consolidated financial statements with the merged parties on the merger day; for long-term share equity investment obtained by merger of enterprises not under common control, the investment cost is the merger cost.

For those obtained with cash payment, the initial investment cost is the actual amount paid.

#### (2) Subsequent measurement and recognition of gain/loss

The Company uses the cost method to measure long-term share equity investment in which the Company can control the invested entity; uses the equity method to measure the investment in joint ventures.

For long-term share equity investment measured using the cost method, profit distribution made by invested entities is recognized as investment gains and included in profits and losses in the current period.

When the equity method is used, the net profit and loss shared is recognized as investment gain and the book value of the investment should be adjusted accordingly.

#### (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. 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. When the Company holds less than 20% (exclusive) 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 no 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 estate

Measurement method of investment real estate

Fair value method

Basis of choosing fair value method

Investment real estates of the Group are buildings leased.

For investment real estates with an active real estate transaction market and the Group can obtain market price and other information of same or similar real estates to reasonably estimate the investment real estates' fair value, the Group will use the fair value mode to measure the investment real estates subsequently. Variations in fair value are accounted into the current gain/loss account. If the conditions are not met, cost method is used for subsequent measurement.

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

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

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

See Note V 19 for the assets impairment provision method for the investment real estates that are 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 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, patent, industry property, special technologies, and softwares.

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	
Trade marks 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 V 19 for the 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 estatment, 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 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. estimates the recoverable amount on the individual asset item basis; whether it is hard to estimate the recoverable amount on the individual asset item basis, determine the recoverable amount based on the asset group that the assets belong to. The assets group is determined by whether the main cash flow generated by the group is

independent from those generated by other assets or assets groups.

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

For goodwill impairment test, the book value of goodwill generated by mergers is amortized through reasonable measures since the purchase day to related asset groups; those cannot be amortized to related assets groups are amortized to related combination of asset groups. The related asset groups or combination of asset groups refer to those that can benefit from the synergistic effect of mergers and must not exceed to the reporting range determined by the 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 Group and Shenzhen Fangda Automatic System, and curtain wall project of Fangda Decoration are individual construction contracts. They are accounted by the following means:

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

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

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

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 deferred 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 deferred gains, the balance of deferred gains will be setoff, the exceeded part shall be recorded into current income account; if there is no relative deferred gain, record to current income account directly.

## **25. Deferred income tax assets/differed 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 method 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 method of operational leasing**

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

The Group as the lessee: The Group 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 Group adopts the depreciation policy same as the self-owned fixed assets to make provision for depreciation of leased assets.

## **27. Other significant accounting policies and assumptions**

### **Significant accounting judgement and estimate**

The Group 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 Group 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 Group 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 Group 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 help 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

### **(2) Changes in accounting estimates**

☐ Applicable ☒ Inapplicable

## **29. Others**

### Fair value method

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 Group 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 whole: 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	Income tax rate
The Company	25%
Shenzhen Fangda Jianke Group Co., Ltd.	15%
Shenzhen Fangda Automation System Co., Ltd.	15%
Shenzhen Woke Semi-conductor Lighting Co., Ltd.	25%
Fangda New Materials (Jiangxi) Co., Ltd.	15%
Jiangxi Fangda New Type Aluminum Co., Ltd.	25%
Shenyang Fangda Semi-conductor Lighting Co., Ltd.	25%
Dongguan Fangda New Material Co., Ltd.	25%
Shenzhen Kexunda Software Co., Ltd.	12.5%
Chengdu Fangda Construction Technology Co., Ltd.	15%
Fangda Decoration Engineering (Shenyang) Co., Ltd.	25%
Shenzhen Fangda Property Development Co., Ltd.	25%
Shenzhen Fangda New Energy Co., Ltd.	25%
Guangdong Fangda SOZN Lighting Co., Ltd.	25%

### 2. Tax preference

(1) Fangda Jianke's hi-tech enterprise certificate expired in 2014 and needs to be re-applied for in 2015. By the release date of the report, the application has been approved and released by the Shenzhen

Commission of Technological Innovation and recovers the hi-tech enterprise certificate. The tax rate of income tax in the period is 15%.

(2) Fangda Automation's hi-tech enterprise certificate expired in 2014 and needs to be re-applied for in 2015. By the release date of the report, the application has been approved and released by the Shenzhen Commission of Technological Innovation and recovers the hi-tech enterprise certificate. The tax rate of income tax in the period is 15%.

(3) Fangda New Material's hi-tech enterprise certificate expired in 2014 and needs to be re-applied for in 2015. By the release date of the report, the application has been approved and released by the Shenzhen Commission of Technological Innovation and recovers the hi-tech enterprise certificate. The tax rate of income tax in the period is 15%.

(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. In 2015, Kexunda enters the relief period.

(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

## VII Notes to the consolidated financial statements

### 1. Monetary capital

In RMB

Items	Closing balance	Opening balance
Cash in stock	21,869.76	40,733.33
Bank deposits	222,261,075.52	114,515,874.25
Other monetary capital	150,722,416.46	97,874,191.29
Total	373,005,361.74	212,430,798.87
Including: amount deposited overseas	2,369,835.75	2,370,695.75

#### Note

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 47.
2. The book balance of other monetary capital at the end of the period RMB150,722,416.46 is mainly the bank acceptance and letter of guarantee, which are not regarded as cash equivalent at preparing of cash flow statement.

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

In RMB

Items	Closing balance	Opening balance
Transactional financial assets	16,087,644.00	13,410,790.00
Equity instrument investment	16,087,644.00	13,410,790.00
Total	16,087,644.00	13,410,790.00

**3. Derivative financial assets**☐ Applicable ☒ Inapplicable**4. Notes receivable****(1) Classification of notes receivable**

In RMB

Items	Closing balance	Opening balance
Bank acceptance	8,538,598.56	2,697,145.86
Commercial acceptance	13,969,978.00	80,628,579.84
Total	22,508,576.56	83,325,725.70

**(2) Receivable notes endorsed or discounted and not mature on the balance sheet date**

In RMB

Items	De-recognized amount	Recognized amount
Bank acceptance	107,626,581.81	5,850,000.00
Commercial acceptance	6,095,000.00	
Total	113,721,581.81	5,850,000.00

**(3) Notes of which the issuer is unable to perform and transferred into account receivable**

In RMB

Items	Amount transferred into account receivable at the end of the period
Commercial acceptance	38,846,579.84
Total	38,846,579.84

**Note**

The notes receivable reduced 73.59% from the beginning of the period mainly due to maturity of notes and transfer into account receivable.

## 5. Account receivable

### (1) Account receivable disclosed by categories

In RMB

Type	Closing balance					Opening balance				
	Remaining book value		Bad debt provision		Book value	Remaining book value		Bad debt provision		Book value
	Amount	Proportion	Amount	Provision rate		Amount	Proportion	Amount	Provision rate	
Account receivable for which bad debt provision is made by credit risk group	1,543,431,394.79	98.91%	185,872,658.38	12.04%	1,357,558,736.41	1,280,504,982.91	98.68%	175,879,731.45	13.74%	1,104,625,251.46
Account receivable with minor individual amount and bad debt provision provided individually	17,054,285.41	1.09%	16,487,285.41	96.68%	567,000.00	17,154,285.41	1.32%	16,537,285.41	96.40%	617,000.00
Total	1,560,485,680.20	100.00%	202,359,943.79	12.97%	1,358,125,736.41	1,297,659,268.32	100.00%	192,417,016.86	14.83%	1,105,242,251.46

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	Provision rate
Items within one year			
Subtotal for less than 1 year	954,767,651.31	28,946,385.69	3.00%
1-2 years	280,678,989.43	28,076,859.38	10.00%
2-3 years	125,714,818.68	37,714,445.61	30.00%
Over 3 years	182,269,935.37	91,134,967.70	50.00%
Total	1,543,431,394.79	185,872,658.38	12.04%

Grouping basis:

1. An amount of over RMB8 million receivable from an engineering enterprise is a major individual amount. An amount of over RMB2 million receivable from a product producer is a major individual amount.

2. The company considers receivable accounts with an actual age of over 5 years as risky.

Account receivable adopting the balance percentage method in the group:

☐ Applicable ☒ Inapplicable

Account receivable adopting other methods in the group:

None

## (2) Bad debt provision made, recovered or written back this period

A provision of RMB9,942,926.93 was made with RMB0 recovered or written back this period.

The provision recovered or written back this period mainly includes:

In RMB

Entity	Written-back or recovered amount	Method
--------	----------------------------------	--------

## (3) Top 5 customers in terms of the receivable account balance at the end of the period

The receivable account balance of top 5 customers totals RMB174,273,492.23 at the end of the period, accounting for 11.17% of the aggregate. The balance of the provision is RMB7,609,160.09.

## 6. Prepayment

### (1) Account age of prepayments

In RMB

Age	Closing balance		Opening balance	
	Amount	Proportion	Amount	Proportion
Less than 1 year	112,658,986.78	92.68%	24,526,989.72	83.90%
1-2 years	7,578,232.74	6.23%	2,991,743.88	10.23%
2-3 years	100,364.94	0.08%	163,672.10	0.56%
Over 3 years	1,216,611.45	1.00%	1,551,825.79	5.31%
Total	121,554,195.91	--	29,234,231.49	--

Prepayments with an age of over 1 year with a major amount:

The prepayment increased 315.79% from the beginning of the period mainly due to that Fangda Property made construction prepayment for the Fangda Square project.

### (2) Top 5 prepayment in terms of the amount at the end of the period

The top 5 prepayment totals RMB83,386,433.79, accounting for 69.61% of the aggregate balance.

## 7. Other receivables

### (1) Other receivables are disclosed by categories

In RMB

Type	Closing balance					Opening balance				
	Remaining book value		Bad debt provision		Book value	Remaining book value		Bad debt provision		Book value
	Amount	Proportion	Amount	Provision rate		Amount	Proportion	Amount	Provision rate	
Other receivables for which bad debt provision is made by credit risk group	134,284,992.64	99.83%	17,172,890.21	12.79%	117,112,102.43	62,085,155.66	99.64%	13,134,507.99	21.16%	48,950,647.67
Other receivables with minor individual amount and bad debt provision provided individually	223,146.95	0.17%	223,146.95	100.00%	0.00	223,146.95	0.36%	223,146.95	100.00%	
Total	134,508,139.59	100.00%	17,396,037.16	12.93%	117,112,102.43	62,308,302.61	100.00%	13,357,654.94	21.44%	48,950,647.67

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	Bad debt provision	Provision rate
Items within one year			
Subtotal for less than 1 year	92,223,265.06	2,928,214.85	3.00%
1-2 years	11,617,851.47	648,113.94	10.00%
2-3 years	7,751,023.81	2,251,385.35	30.00%
Over 3 years	22,692,852.30	11,345,176.07	50.00%
合计	134,284,992.64	17,172,890.21	12.79%

Grouping basis:

1. Other receivables of over RMB1 million are treated as receivables with a major amount.
2. The company considers other receivables with an actual age of over 5 years as risky.

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 provision made, recovered or written back this period

A provision of RMB4,038,382.22 was made with RMB0 recovered or written back this period.

The provision recovered or written back this period mainly includes:

In RMB

Entity	Written-back or recovered amount	Method
--------	----------------------------------	--------

## (3) Composition of other receivables

In RMB

By account	Closing balance of book value	Opening balance of book value
Deposit	102,994,771.41	37,088,745.12
Construction borrowing and advancement	16,681,771.95	14,869,519.46
Recoverable house disposal amount	166,200.00	2,136,200.00
Employee borrowing and deposit	4,281,903.54	1,410,387.87
Receivable VAT rebate	483,897.41	576,297.37
Others	9,899,595.28	6,227,152.79
Total	134,508,139.59	62,308,302.61

## (4) Top 5 other receivables in terms of the balance at the end of the period

In RMB

Entity	By account	Closing balance	Age	Percentage in the balance of other receivables at the end of the period	Balance of the bad debt provision at the end of the period
Nanchang Finance Bureal	Deposit	40,000,000.00	Less than 1 year	29.74%	1,200,000.00
China Merchants Futures	Deposit	5,824,687.50	Less than 1 year	4.33%	174,740.63
Wang Weihong	Construction	4,944,388.15	2-5 years	3.68%	2,310,044.32

	advancement				
Zhejiang Jiayue Industrial Co., Ltd.	Deposit	3,699,100.00	Less than 4 year	2.75%	1,649,550.00
Xin Song	Construction advancement	2,635,327.61	4-5 years	1.96%	1,317,663.81
Total	--	57,103,503.26	--	42.45%	6,651,998.76

## 8. Inventories

### (1) Classification of inventories

In RMB

Items	Closing balance			Opening balance		
	Remaining book value	Depreciation provision	Book value	Remaining book value	Depreciation provision	Book value
Raw materials	110,905,254.21	2,509,858.92	108,395,395.29	101,814,705.80	2,551,138.82	99,263,566.98
Product in process	22,310,152.00		22,310,152.00	6,682,625.91	2,277.73	6,680,348.18
Finished goods in stock	33,933,353.15	2,469,445.07	31,463,908.08	22,999,746.67	2,470,651.68	20,529,094.99
Unsettled payment of completed projects with contracts	245,078,069.59	1,830,742.67	243,247,326.92	251,262,257.58	1,830,742.67	249,431,514.91
Low price consumable	62,279.45		62,279.45	59,672.66		59,672.66
OEM materials	472,068.07		472,068.07	3,358,174.63		3,358,174.63
Development cost	637,915,394.57		637,915,394.57	603,118,814.70		603,118,814.70
Total	1,050,676,571.04	6,810,046.66	1,043,866,524.38	989,295,997.95	6,854,810.90	982,441,187.05

### (2) Inventory depreciation provision

In RMB

Items	Opening balance	Increase in this period		Decrease in this period		Closing balance
		Provision	Others	Written-back or written-off	Others	



Raw materials	2,551,138.82			41,279.90		2,509,858.92
Product in process	2,277.73			2,277.73		
Finished goods in stock	2,470,651.68			1,206.61		2,469,445.07
Unsettled payment of completed projects with contracts	1,830,742.67					1,830,742.67
Total	6,854,810.90			44,764.24		6,810,046.66

Item	Basis of recognized realizable net value	Reason for writing-back or writing-off depreciation provision
Raw materials	Realizable net value is lower the cost	Sales of inventory in this period
Product in process	Realizable net value is lower the cost	
Finished goods in stock	Realizable net value is lower the cost	
Asset formed by construction contract	Predicted construction contract loss	
<b>Total</b>	--	

### (3) Note capitalization of borrowing cost in the inventory balance at the end of this period

The capitalization of borrowing cost in the inventory balance at the end of this period is RMB27,488,060.28.

### (4) Unsettled payment of completed projects with contracts

In RMB

Items	Amount
Accumulative occurred costs	5,506,292,941.98
Accumulative recognized gross margin	1,135,984,062.49
Less: estimated losses	1,830,742.67
Settled amount	6,397,198,934.88
Unsettled payment of completed projects with contracts	243,247,326.92

**9. Other current assets**

In RMB

Items	Closing balance	Opening balance
Pending deduct tax	4,319,768.27	6,986,107.72
Financial products		228,000,000.00
Tooling cost	1,578,930.40	
Total	5,898,698.67	234,986,107.72

**Note**

Other current assets decreased 97.49% from the beginning of the period mainly due to maturity of financial products.

**10. Long-term share equity investment**

In RMB

Invested entity	Opening balance	Change								Closing balance	Balance of the bad debt provision at the end of the period
		Increase d investme nt	Decreas ed investme nt	Investme nt gain recogniz ed with the equity method	Other miscella neous income adjustme nt	Other equity change	Cash dividend or profit announc ed	Provision impairme nt provision	Others		
1. Joint venture											
2. Associate											
Shenzhe n Ganshan g Joint Investme nt Co., Ltd.	11,048,660.43			1,256,994.94			2,200,000.00			10,105,655.37	0.00
Subtotal	11,048,660.43			1,256,994.94			2,200,000.00			10,105,655.37	0.00
Total	11,048,660.43			1,256,994.94			2,200,000.00			10,105,655.37	0.00

## 11. Investment real estates

### (1) Investment real estate measured at costs

√ Applicable □ Inapplicable

Items	Houses & buildings	Land using right	Construction in process	Total
I. Original book value	32,081,268.14			32,081,268.14
1. Opening balance	32,081,268.14			32,081,268.14
2. Increase in this period				
(1) Purchased				
(2) Transferred from inventory/fixed assets/construction in progress				
(3) Increase from enterprise merger				
3. Decrease in this period				
(1) Disposal				
(2) Other transfer-out				
4. Closing balance	32,081,268.14			32,081,268.14
II. Accumulative depreciation and amortization				
1. Opening balance	4,315,330.90			4,315,330.90
2. Increase in this period	413,183.58			413,183.58
(1) Provision or amortization	413,183.58			413,183.58
3. Decrease in this period				
(1) Disposal				
(2) Other transfer-out				
4. Closing balance	4,728,514.48			4,728,514.48

IV. Book value				
1. Closing book value	27,352,753.66			27,352,753.66
2. Opening book value	27,765,937.24			27,765,937.24

## (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	198,513,586.15			198,513,586.15
II. Change in this period	32,768,907.31			32,768,907.31
Add: purchase				
Transferred from inventory/fixed assets/construction in progress				
Increase from enterprise merger				
Less: disposal				
Other transfer-out				
Change in fair value	32,768,907.31			32,768,907.31
III. Closing balance	231,282,493.46			231,282,493.46

## 12. Fixed assets

### (1) Fixed assets

In RMB

Items	Houses & buildings	Mechanical equipment	Transport equipment	Electronics and other devices	Total
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I. Original book value:					
1. Opening balance	414,676,207.19	244,520,117.16	23,352,273.72	55,787,441.33	738,336,039.40
2. Increase in this period	14,302.29	6,155,555.45	558,483.39	4,690,239.51	11,418,580.64
(1) Purchase		6,155,555.45	558,483.39	4,690,239.51	11,404,278.35
(2) Transferring from construction in progress	14,302.29				14,302.29
(3) Increase from enterprise merger					
3. Decrease in this period		4,022,313.53	1,282.05	2,832,413.40	6,856,008.98
(1) Disposal or retirement		4,022,313.53	1,282.05	116,530.90	4,140,126.48
(2) Others				2,715,882.50	2,715,882.50
4. Closing balance	414,690,509.48	246,653,359.08	23,909,475.06	57,645,267.44	742,898,611.06
II. Accumulative depreciation					
1. Opening balance	38,473,077.25	159,921,185.98	10,047,751.18	23,247,074.02	231,689,088.43
2. Increase in this period	5,444,687.40	4,798,396.63	1,392,769.14	2,981,637.71	14,617,490.88
(1) Provision	5,444,687.40	4,798,396.63	1,392,769.14	2,981,637.71	14,617,490.88
3. Decrease in this period		3,146,619.53	1,153.84	401,365.50	3,549,138.87
(1) Disposal or retirement		3,146,619.53	1,153.84	97,481.55	3,245,254.92
(2) Others				303,883.95	303,883.95
4. Closing balance	43,917,764.65	161,572,963.08	11,439,366.48	25,827,346.23	242,757,440.44
III. Impairment provision					

1. Opening balance	277,744.50	16,654,521.84			16,932,266.34
2. Increase in this period					
(1) Provision					
3. Decrease in this period					
(1) Disposal or retirement					
4. Closing balance	277,744.50	16,654,521.84			16,932,266.34
IV. Book value					
1. Closing book value	370,495,000.33	68,425,874.16	12,470,108.58	31,817,921.21	483,208,904.28
2. Opening book value	375,925,385.44	67,944,409.34	13,304,522.54	32,540,367.31	489,714,684.63

**(2) Temporary idle fixed assets**

In RMB

Items	Book value	Accumulative depreciation	Impairment provision	Book value	Notes
Houses & buildings	46,833,628.81	5,757,612.48	277,744.50	40,798,271.83	
Mechanical equipment	105,591,939.34	69,016,187.86	15,300,132.34	21,335,175.70	
Transportation facilities	358,087.84	336,030.00		22,057.84	
Electronics and other devices	7,822,284.94	7,362,332.45		400,395.93	
Total	160,605,940.93	82,472,162.79	15,577,876.84	62,555,901.30	

**(3) Fixed assets without ownership certificate**

In RMB

Items	Book value	Reason
Houses in Urumuqi for offsetting debt	573,316.49	Applying for

Yuehai Office Building C 502	157,988.40	Historical reasons
Houses in Dalian of Fangda Jianke for offsetting debt	19,947,968.30	Applying for
Shenyang Fangda extension workshop	17,328,457.14	Entering into liquidation
Shenyang Fangda dorm and workshop 2#	8,028,534.32	Entering into liquidation
Dinning hall and power station of Shenyang Fangda	3,857,269.24	Entering into liquidation

### 13. Construction in process

#### (1) Construction in progress

In RMB

Items	Closing balance			Opening balance		
	Remaining book value	Impairment provision	Book value	Remaining book value	Impairment provision	Book value
Tianjin energy-saving curtain wall project	779,356.71	0.00	779,356.71	341,749.17		341,749.17
Yifeng PV power plant project	434,770.94	0.00	434,770.94			
Others	31,067.96		31,067.96			
Total	1,245,195.61		1,245,195.61	341,749.17		341,749.17

#### (2) Changes in major construction in process

In RMB

Project	Budget	Opening balance	Increase in this period	Transfer into fixed assets in this period	Other decrease in this period	Closing balance	Proportion of engineering investment in the budget	Project progress	Accumulative capitalized interest	Including: capitalized interest for the current period	Interest capitalization rate	Capital source
Yifeng PV	167,660,000.00		434,770.94	0.00		434,770.94	0.30%	0.30%				Others

power plant project												
Total	167,660,000.00		434,770.94			434,770.94	--	--				--

## 14. Disposal of fixed assets

In RMB

Items	Closing balance	Opening balance
Mechanical equipment	1,984.71	26,918.21
Total	1,984.71	26,918.21

## 15. Intangible assets

### (1) Intangible assets

In RMB

Items	Land using right	Patent	Non-patent technology	Others	Total
1. Original book value					
1. Opening balance	98,015,399.41	5,565,804.46	24,330,413.42	11,028,384.99	138,940,002.28
2. Increase in this period		11,267.81		490,714.53	501,982.34
(1) Purchase		11,267.81		490,714.53	501,982.34
(2) Internal R&D					
(3) Increase from enterprise merger					
3. Decrease in this period					
(1) Disposal					
4. Closing	98,015,399.41	5,577,072.27	24,330,413.42	11,519,099.52	139,441,984.62



balance					
II. Accumulative amortization					
1. Opening balance	11,365,168.18	1,300,494.65	16,035,333.37	5,765,811.22	34,466,807.42
2. Increase in this period	985,850.04	264,429.13	446,168.80	420,636.80	2,117,084.77
(1) Provision	985,850.04	264,429.13	446,168.80	420,636.80	2,117,084.77
3. Decrease in this period					
(1) Disposal					
4. Closing balance	12,351,018.22	1,564,923.78	16,481,502.17	6,186,448.02	36,583,892.19
III. Impairment provision					
1. Opening balance			5,525,863.77		5,525,863.77
2. Increase in this period					
(1) Provision					
3. Decrease in this period					
(1) Disposal					
4. Closing balance			5,525,863.77		5,525,863.77
IV. Book value					
1. Closing book value	85,664,381.19	4,012,148.49	2,323,047.48	5,332,651.50	97,332,228.66
2. Opening book value	86,650,231.23	4,265,309.81	2,769,216.28	5,262,573.77	98,947,331.09

The intangible asset formed by internal R&D of the period accounted for 2.39% in the closing total book value of intangible assets.

**(2) Failure to obtain the land using right**

In RMB

Items	Book value	Reason
Shenyang Fangda land use right	4,807,024.68	Applying for

**16. Goodwill****(1) Original book value of goodwill**

In RMB

Invested entity or item of goodwill	Opening balance	Increase		Decrease		Closing balance
Shenzhen Woke	8,197,817.29					8,197,817.29
Fangda SOZN	26,279,395.89					26,279,395.89
Total	34,477,213.18					34,477,213.18

**(2) Goodwill impairment provision**

In RMB

Invested entity or item of goodwill	Opening balance	Increase		Decrease		Closing balance
Shenzhen Woke	8,197,817.29					8,197,817.29
Total	8,197,817.29					8,197,817.29

Goodwill impairment test process, parameters and recognition method of goodwill impairment losses:

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.

**17. Long-term amortizable expenses**

In RMB

Items	Opening balance	Increase in this period	Amortized this period	Other decrease	Closing balance
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Plant and dormitory deco	1,039,476.73	0.00	221,623.32	0.00	817,853.41
Renovation leased plants	2,588,029.24	0.00	446,475.21	0.00	2,141,554.03
Partition engineering	311,269.21	0.00	38,908.68	0.00	272,360.53
Association membership fee	0.00	300,000.00	0.00	0.00	300,000.00
Land lease fee	0.00	1,340,062.50	8,933.76	0.00	1,331,128.74
Others	180,587.45	0.00	49,474.38	0.00	131,113.07
<b>Total</b>	<b>4,119,362.63</b>	<b>1,640,062.50</b>	<b>765,415.35</b>		<b>4,994,009.78</b>

## 18. Differed income tax assets/differed income tax liabilities

### (1) Deferred income tax assets not offset

In RMB

Items	Closing balance		Opening balance	
	Deductible temporary difference	Deferred income tax assets	Deductible temporary difference	Deferred income tax assets
Assets impairment provision	229,905,889.66	36,126,743.33	215,379,455.02	33,823,708.10
Unrealized profit from internal transactions	14,035,518.61	2,967,277.56	11,839,968.61	2,579,827.55
Deductible loss	67,587,420.15	16,383,898.11	56,605,182.29	13,897,641.41
Reserved expense	2,773,848.33	416,077.25	3,055,220.98	458,283.15
Reserved wage	1,850,715.62	277,607.34	3,087,427.61	463,114.14
Deferred earning	2,114,090.87	505,208.89	2,161,818.23	515,225.13
Anticipated liabilities	481,740.34	72,261.05	5,859,045.98	878,856.90
Arbitrage tools	1,445,950.00	216,892.50		
<b>Total</b>	<b>320,195,173.58</b>	<b>56,965,966.03</b>	<b>297,988,118.72</b>	<b>52,616,656.38</b>

### (2) Offset deferred income tax assets

In RMB

Items	Closing balance		Opening balance	
	Taxable temporary difference	Deferred income tax liabilities	Taxable temporary difference	Deferred income tax liabilities

Gain/loss caused by changes in fair value	232,339,845.08	58,084,961.27	198,937,747.60	49,734,436.90
Total	232,339,845.08	58,084,961.27	198,937,747.60	49,734,436.90

### (3) Details of unrecognized deferred income tax assets

In RMB

Items	Closing balance	Opening balance
Deductible temporary difference	39,956,939.80	40,015,820.28
Deductible loss	74,151,593.08	70,274,405.85
Total	114,108,532.88	110,290,226.13

### (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
2015	7,240,577.12	7,240,577.12	
2016	19,999,060.04	19,999,060.04	
2017	20,241,373.78	20,241,373.78	
2018	11,130,985.83	11,130,985.83	
2019	11,662,409.08	11,662,409.08	
2020	3,877,187.23		
Total	74,151,593.08	70,274,405.85	--

## 19. Other non-current assets

In RMB

Items	Closing balance	Opening balance
Prepaid house and equipment amount	45,687,110.88	41,684,590.97
Input tax to be deducted	2,143,855.60	1,639,287.66
Total	47,830,966.48	43,323,878.63

## 20. Short-term borrowings

### (1) Classification of short-term borrowings

In RMB

Items	Closing balance	Opening balance
Loan by pledge	200,000,000.00	200,000,000.00
Guarantee loan	1,109,000,000.00	900,000,000.00
Bill discount	5,850,000.00	
Total	1,314,850,000.00	1,100,000,000.00

## 21. Derivative financial liabilities

√ Applicable □ Inapplicable

In RMB

Items	Closing balance	Opening balance
Arbitrage tools	1,445,950.00	
Total	1,445,950.00	

Note

Derivative financial liabilities is the deficit of arbitrage tools used by Fangda Jiangxi New Material Co., Ltd. and Fangda Jianke, subsidiaries of the Company.

## 22. Notes payable

In RMB

Type	Closing balance	Opening balance
Commercial acceptance	42,131,850.10	12,106,210.45
Bank acceptance	202,624,469.66	215,160,275.12
Total	244,756,319.76	227,266,485.57

Notes payable mature but not settled at the end of this period is RMB0.00.

## 23. Account payable

### (1) Account payable

In RMB

Items	Closing balance	Opening balance
Account repayable and engineering repayables	496,084,658.49	558,886,064.80
Construction payable	7,141,543.95	21,675,087.66
Payable installation and implementation fees	165,996,873.59	102,780,295.76
Others	9,184,865.12	1,766,898.51

Total	678,407,941.15	685,108,346.73
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## 24. Prepayment received

### (1) Prepayment received

In RMB

Items	Closing balance	Opening balance
Curtain wall and screen door engineering payments	100,280,521.67	115,346,105.96
Material loan	7,279,479.66	6,106,352.73
Others	693,045.60	832,772.45
Total	108,253,046.93	122,285,231.14

## 25. Employees' wage payable

### (1) Employees' wage payable

In RMB

Items	Opening balance	Increase	Decrease	Closing balance
1. Short-term remuneration	41,651,071.51	118,324,113.42	133,059,533.33	26,915,651.60
2. Retirement pension program-defined contribution plans	52,242.75	8,130,051.20	8,182,293.95	0.00
3. Dismiss compensation		186,956.75	186,956.75	0.00
Total	41,703,314.26	126,641,121.37	141,428,784.03	26,915,651.60

### (2) Short-term remuneration

In RMB

Items	Opening balance	Increase	Decrease	Closing balance
1. Wage, bonus, allowance and subsidies	39,519,553.05	108,672,242.54	123,468,719.48	24,723,076.11
2. Employee welfare		4,142,873.54	4,142,873.54	
3. Social insurance	39,612.75	2,612,948.55	2,594,133.70	58,427.60
Including:	33,570.00	2,137,218.90	2,112,361.30	58,427.60

medical insurance				
Labor injury insurance	3,357.00	252,901.57	256,258.57	
Breeding insurance	2,685.75	222,828.08	225,513.83	
4. Housing fund	42,585.20	2,606,068.63	2,540,879.83	107,774.00
5. Labor union budget and staff education fund	2,049,320.51	289,980.16	312,926.78	2,026,373.89
Total	41,651,071.51	118,324,113.42	133,059,533.33	26,915,651.60

### (3) Defined contribution plans

In RMB

Items	Opening balance	Increase	Decrease	Closing balance
1. Basic pension	49,755.00	7,564,225.76	7,613,980.76	
2. Unemployment insurance	2,487.75	565,825.44	568,313.19	
Total	52,242.75	8,130,051.20	8,182,293.95	0.00

### 26. Taxes payable

In RMB

Items	Closing balance	Opening balance
VAT	6,125,638.16	6,739,115.69
Business tax	31,642,710.84	25,489,264.49
Enterprise income tax	10,531,132.33	16,071,901.30
Personal income tax	2,176,803.64	1,228,564.47
City maintenance and construction tax	2,596,122.20	2,329,212.21
Land using tax	2,876,543.56	2,534,674.36
Property tax	2,027,773.82	2,287,765.04
Education surtax	1,270,650.33	1,123,167.45
Local education surtax	346,522.21	298,064.57
Others	219,288.72	595,196.67
Total	59,813,185.81	58,696,926.25

**27. Interest payable**

In RMB

Items	Closing balance	Opening balance
Short-term borrowing interests payable	1,775,665.69	2,055,911.11
Total	1,775,665.69	2,055,911.11

Significant overdue unpaid interest:

In RMB

Borrower	Overdue amount	Reason
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Note

**28. Other payables****(1) Other payables presented in term of nature**

In RMB

Items	Closing balance	Opening balance
Performance and quality deposit	31,414,231.64	22,806,218.88
Deposit	7,416,343.04	6,264,664.14
Reserved expense	7,661,482.08	9,369,196.08
Engineering payment	22,305,782.87	
Others	3,420,792.67	8,985,603.34
Total	72,218,632.30	47,425,682.44

**29. Non-current liabilities due within 1 year**

In RMB

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

Note

The long-term payables due within 1 year is the share transfer payment that Fangda New Energy shall pay to acquire 60% of the shares of Fangda SOZN according to the investment agreement and share transfer agreement.



**30. Long-term borrowings****(1) Classification of long-term borrowings**

In RMB

Items	Closing balance	Opening balance
Loan by pledge	141,053,670.40	
Total	141,053,670.40	

**31. Anticipated liabilities**

In RMB

Items	Closing balance	Opening balance	Reason
Pending lawsuit		5,039,045.98	
Others	481,740.34	820,000.00	
Total	481,740.34	5,859,045.98	--

**32. Deferred earning**

In RMB

Items	Opening balance	Increase	Decrease	Closing balance	Reason
Government subsidy	10,049,892.04		107,651.51	9,942,240.53	Governmental subsidy related to assets
Total	10,049,892.04		107,651.51	9,942,240.53	--

Itemss involving government subsidies:

In RMB

Liabilities	Opening 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	1,909,523.90		19,155.96		233,138.37	

Massive production project of air-breathing double-layer hollow glass energy-saving curtain call	7,888,073.81		28,571.40		1,880,952.50	
Railway transport screen door controlling system and information transmission technology	252,294.33		59,924.15		7,828,149.66	
<b>Total</b>	<b>10,049,892.04</b>		<b>107,651.51</b>		<b>9,942,240.53</b>	<b>--</b>

### 33. Capital share

In RMB

	Opening 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	Opening 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
<b>Total</b>	<b>79,099,220.38</b>			<b>79,099,220.38</b>

### 35. Other miscellaneous income

In RMB

Items	Opening balance	Amount occurred in the current period					Closing balance
		Income tax	Less: Amount	Less:	Attributabl	Attributabl	

		incurred in this period	written into other gains and transferred into gain/loss in previous terms	Income tax expenses	e to the parent company after tax	e to minority sharehold ers after tax	
I. Other misc. incomes that cannot be re-classified into gain and loss	91,831.63						91,831.63
Investment real estate measured at fair value	91,831.63						91,831.63
II. Other misc. incomes that will be re-classified into gain and loss		-1,445,950.00		-216,892.50	-1,229,057.50		-1,229,057.50
Effective part in the gain and loss of arbitrage of cash flow		-1,445,950.00		-216,892.50	-1,229,057.50		-1,229,057.50
Other miscellaneous income	91,831.63	-1,445,950.00		-216,892.50	-1,229,057.50		-1,137,225.87

### 36. Surplus reserves

In RMB

Items	Opening balance	Increase	Decrease	Closing balance
Statutory surplus reserves	48,842,080.76			48,842,080.76
Total	48,842,080.76			48,842,080.76

### 37. Retained profit

In RMB

Items	Current period	Last period
Adjustment on retained profit of previous period	349,987,825.69	278,149,631.63
Retained profit adjusted at beginning of year	349,987,825.69	278,149,631.63
Plus: Net profit attributable to owners of the parent	51,317,648.87	96,998,429.76
Less: Statutory surplus reserves		2,452,938.55
Common share dividend payable	22,707,297.15	22,707,297.15
Closing retained profit	378,598,177.41	349,987,825.69

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	1,125,911,242.60	929,839,206.78	805,064,175.79	663,032,612.82
Other business	24,204,280.93	10,648,051.57	17,728,563.23	5,414,831.49
Total	1,150,115,523.53	940,487,258.35	822,792,739.02	668,447,444.31

### 39. Business tax and surcharge

In RMB

Items	Amount occurred in the current period	Occurred in previous period
Business tax	12,833,597.88	7,943,113.33
City maintenance and construction tax	2,258,805.32	1,607,076.28
Education surtax	1,270,438.38	773,681.80
Property tax	526,006.30	539,320.21
Land using tax	57,620.36	50,304.06
Others	590,771.98	444,964.03
Total	17,537,240.22	11,358,459.71

### 40. Sales expense

In RMB

Items	Amount occurred in the current period	Occurred in previous period
Labor cost (including wages and social insurance)	13,506,452.55	10,990,132.53
Freight and miscellaneous charges	2,740,685.79	2,390,569.27
Travel expense	2,407,002.17	2,108,543.24
Entertainment expense	848,973.36	795,733.71

Material consumption	58,970.65	38,742.59
Office costs	429,287.85	304,476.16
Rental	1,069,448.20	579,779.25
Consultant costs	69,126.22	
Advertisement and exhibition costs	15,659,054.69	
Others	4,220,135.98	1,037,144.11
<b>Total</b>	<b>41,009,137.46</b>	<b>18,245,120.86</b>

#### Note

The sales costs increased RMB124.77% year on year, mainly due to the increase in the advertisement and exhibition costs.

### 41. Management expenses

In RMB

Items	Amount occurred in the current period	Occurred in previous period
Labor cost (including wages and social insurance)	40,048,984.25	33,875,067.26
Depreciation and amortization	9,985,147.56	8,996,264.62
Agencies	1,446,724.23	1,569,858.99
Tax	3,281,464.87	2,785,530.76
Maintenance costs	1,109,752.09	1,598,482.33
Water and electricity	608,038.39	990,722.31
Office expense	1,714,026.25	1,019,710.61
Travel expense	1,265,907.29	1,291,812.58
Entertainment expense	1,518,671.02	699,909.83
Rental	1,615,148.33	1,399,130.22
Lawsuit	59,731.66	130,337.00
Material consumption	413,971.75	1,223,688.25
Property management fee	1,123,173.09	1,236,357.40
R&D	6,455,972.94	4,955,581.09
Others	4,900,597.92	5,413,049.91
<b>Total</b>	<b>75,547,311.64</b>	<b>67,185,503.16</b>

### 42. Financial expenses

In RMB

Items	Amount occurred in the current period	Occurred in previous period
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Interest expense	25,095,306.66	11,901,596.69
Less: Interest income	1,250,108.37	1,463,393.70
Exchange gain/loss	62,155.37	229,139.52
Commission charges and others	1,702,381.01	380,135.63
Total	25,609,734.67	11,047,478.14

**Note**

The financial expenses increased RMB131.82% year on year, mainly due to the increases in interest expense for average loans.

### 43. Assets impairment loss

In RMB

Items	Amount occurred in the current period	Occurred in previous period
1. Bad debt loss	14,372,081.89	4,867,184.58
Total	14,372,081.89	4,867,184.58

**Note**

Assets impairment loss increased 195.29% year on year, mainly due to increase in the bad loan provision.

### 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	2,676,854.00	
Investment real estate measured at fair value	32,768,907.31	
Total	35,445,761.31	

**Note**

The income from fair value fluctuation increased RMB35,445,800 year on year, mainly due to increase in the fair value of investment real estate.

### 45. Investment income

In RMB

Items	Amount occurred in the current period	Occurred in previous period
Gains from long-term equity investment	1,256,994.94	-41,807.57

measured by equity		
Others	291,002.74	1,010,926.07
Total	1,547,997.68	969,118.50

#### 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	50,854.12	218,095.40	50,854.12
Including: Gains from disposal of fixed assets	50,854.12	218,095.40	50,854.12
Government subsidy	630,651.51	137,595.54	630,651.51
Penalty income	464,547.87	193,907.55	464,547.87
Penalty received	101,682.46	10,000.00	101,682.46
VAT rebated into revenue	1,211,179.56	547,615.39	
Payable account not able to be paid	116,834.08	1,242,148.51	116,834.08
Others	850,174.85	708,156.01	850,174.85
Total	3,425,924.45	3,041,518.40	2,214,744.89

Government subsidies accounted into current profit or loss:

In RMB

Item	Amount occurred in the current period	Occurred in previous period	Related to assets/earning
Patent application subsidy		23,000.00	Earning-related
Railway transport screen door controlling system and information transmission technology	19,155.96	19,465.03	Assets-related
Dongguan major or key domestic project award	28,571.40	28,571.40	Assets-related
National Industry Revitalization and Technology Renovation Project fund	59,924.15	50,559.11	Assets-related
Nanshan micro-business loan interest discount	500,000.00		Earning-related

Others	23,000.00	16,000.00	
Total	630,651.51	137,595.54	--

#### 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	504,805.05	1,569,906.67	504,805.05
Including: Losses from disposal of fixed assets	502,872.97	1,569,906.67	502,872.97
Intangible asset disposal loss	1,932.08		1,932.08
Donation	103,000.00	300,000.00	103,000.00
Lawsuit indemnity	14,921,737.67		14,921,737.67
Others	113,589.07	191,996.61	113,589.07
Total	15,643,131.79	2,061,903.28	15,643,131.79

##### Note

The non-business expenses increased 658.67% year on year, mainly due to the lawsuit indemnity. In 2010, Wang Weihong filed a lawsuit against Fangda Jianke, demanding payment of the engineering amount and loss RMB17,070,000 and interest. On June 19, 2015, Chongqing Senior People's Court entered the judgment of second instance Yu Gao Fa Min Zhong Zi Di (2014) 00322, requiring Fangda Jianke to pay RMB14,020,400 and interest to Wang Weihong and return the deposit of RMB2,345,000 and interest to Wang Weihong. The indemnity totals RMB14,921,700.

#### 48. Income tax expenses

##### (1) Income tax expenses

In RMB

Items	Amount occurred in the current period	Occurred in previous period
Income tax expenses	11,562,638.82	8,660,715.86
Deferred income tax expenses	4,605,557.22	-4,297,812.32
Total	16,168,196.04	4,362,903.54

##### (2) Adjustment process of accounting profit and income tax expenses

In RMB



Items	Amount occurred in the current period
Total profit	60,329,310.95
Income tax expense calculated according to law/applicable tax rate	15,082,327.74
Impacts of different tax rates for subsidiaries	-5,722,767.07
Impacts on income tax before adjustment	-218,885.67
Impacts of non-taxable income	-983,459.27
Impacts of non-deductible cost, expense and loss	2,287,773.43
Reductable temporary difference and deductible loss of unrecognized deferred income tax assets	4,598,333.40
Others	1,119,198.31
Income tax expenses	16,168,196.04

#### 49. Other miscellaneous income

See Note 35.

#### 50. Notes to the cash flow items

##### (1) Other cash inflow related to operation

In RMB

Items	Amount occurred in the current period	Occurred in previous period
Interest income	1,250,108.37	1,405,149.55
Subsidy income	523,000.00	73,335.30
Retrieving of bidding deposits	28,156,441.69	43,912,943.25
Operational trade received, net		131,098.26
Others	7,342,275.28	2,345,059.60
Total	37,271,825.34	47,867,585.96

##### (2) Other cash paid related to operation

In RMB

Items	Amount occurred in the current period	Occurred in previous period
Management costs paid	12,048,739.54	14,368,126.02
Sales costs paid	6,609,184.84	3,978,971.73
Deposit and pledge paid	43,444,113.34	27,198,442.50
Personal borrowing	2,038,161.79	2,763,090.54

Net draft deposit net paid	2,733,131.88	
Others	9,300,935.99	17,351,072.72
Total	76,174,267.38	65,659,703.51

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

In RMB

Items	Amount occurred in the current period	Occurred in previous period
Retrieving of deposits, net		133,500.00
Total		133,500.00

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

In RMB

Items	Amount occurred in the current period	Occurred in previous period
Deposit	40,117,900.00	130,500.00
Total	40,117,900.00	130,500.00

**(5) Other cash paid related to financing**

In RMB

Items	Amount occurred in the current period	Occurred in previous period
Payment of insurance fee	1,171,039.70	
Net associated bill net paid	53,500,000.00	
Dividend commission		156,090.75
Others	439,000.00	
Total	55,110,039.70	156,090.75

**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	44,161,114.91	39,227,378.34
Plus: Asset impairment provision	14,372,081.89	4,867,184.58

Fixed asset depreciation, gas and petrol depreciation, production goods depreciation	14,617,490.88	11,931,523.88
Amortization of intangible assets	2,117,084.77	1,714,855.62
Amortization of long-term amortizable expenses	765,415.35	599,567.88
Loss from disposal of fixed assets, intangible assets, and other long-term assets ("-" for gains)	453,950.93	1,351,811.27
Loss from fair value fluctuation ("-" for gains)	-35,445,761.31	
Financial expenses ("-" for gains)	25,157,462.03	11,901,596.69
Investment losses ("-" for gains)	-1,547,997.68	-969,118.50
Decrease of deferred income tax asset ("-" for increase)	-4,349,309.65	-4,492,779.69
Increase of deferred income tax asset ("-" for increase)	8,350,524.37	201,267.35
Decrease of inventory ("-" for increase)	-61,425,337.33	-358,335,093.96
Decrease of operational receivable items ("-" for increase)	-322,021,976.29	-106,160,080.05
Increase of operational receivable items ("-" for decrease)	37,350,054.06	141,821,176.57
Others	2,733,131.88	-12,212,019.59
Cash flow generated by business operations, net	-274,712,071.19	-268,552,729.61
2. Major investment and financing operation not involving with cash	--	--
3. Net change of cash and cash equivalents	--	--
Balance of cash at period end	212,370,926.94	246,577,937.02
Less: Initial balance of cash	102,638,232.19	285,237,255.38
Add: Ending balance of cash equivalents		80,600,000.00
Less: Ending balance of cash equivalents		0.00
Net increase in cash and cash equivalents	109,732,694.75	41,940,681.64

**(2) Composition of cash and cash equivalents**

In RMB

Items	Closing balance	Opening balance
I. Cash	212,370,926.94	102,638,232.19
Including: Cash in stock	21,869.76	40,733.33
Bank savings can be used at any time	210,261,075.52	102,515,874.25
Other monetary capital can be used at any time	2,087,981.66	81,624.61
3. Balance of cash and cash equivalents at end of term	212,370,926.94	102,638,232.19

**52. Ownership- or use-right-restricted assets**

In RMB

Items	Closing book value	Reason
Monetary capital	160,634,434.80	Lawsuit freezing and bank acceptance note and guarantee deposit
Fixed assets	53,671,015.43	Loan by pledge
Investment real estate	225,741,361.46	Loan by pledge
Total	440,046,811.69	--

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

In RMB

Items	Foreign currency balance at the end of the period	Exchange rate	RMB balance at the end of the period
HK Dollar	3,005,719.84	0.7886	2,370,351.69
SGD	210,488.19	4.558	959,405.17
SGD	74,223.92	4.558	338,312.63
USD	3,247,874.70	6.1136	19,856,206.79
HK Dollar	653,488.35	0.7886	515,347.45
AUD	40,000.00	4.6993	187,972.00

**(2) Foreign major operation location, recording currency and selection basis should be disclosed for a significant foreign operation entity. Where the recording currency is changed, the reason for the change should be disclosed.**

☐ Applicable ☒ Inapplicable

## 54. Arbitrage

Arbitrage items and related arbitrage tools, qualitative and quantitative information about arbitrated risks are disclosed.

## VIII Interests in other entities

### 1. Interests in subsidiaries

#### (1) Group structure

Company	Operation location	Registered address	Business	Shareholding		Method
				Direct	Indirect	
Fangda Jianke	Shenzhen	Shenzhen	Designing, manufacturing, and installation of curtain walls	98.39%	1.61%	Incorporation
Fangda Automatic	Shenzhen	Shenzhen	Production, procession and installation of subway screen doors	94.08%	5.92%	Incorporation
Fangda Jiangxi New Material	Nanchang	Nanchang	Production and sales of new-type materials composite materials	75.00%	25.00%	Incorporation
Fangda Aluminium	Nanchang	Nanchang	Design, production, sales and installation of aluminium profile, doors and windows	100.00%		Incorporation
HK Junjia	Hong Kong	Hong Kong	Investment	100.00%		Incorporation

Shenyang Fangda	Shenyang	Shenyang	Manufacturing of semiconductor lighting material and chips; encapsulation; designing, manufacturing, engineering, installation and trading of semiconductor lighting system	64.58%		Incorporation
Kexunda	Shenzhen	Shenzhen	Computer software development	100.00%		Incorporation
Fangda Property	Shenzhen	Shenzhen	Real estate development and operation	100.00%		Incorporation
Fangda New Resource	Shenzhen	Shenzhen	Design and installation of PV power plants	100.00%		Incorporation
Chengdu Fangda Jianke	Chengdu	Chengdu	Trusted processing of building curtain wall materials		100.00%	Incorporation
Shihui International	Virgin Islands	Virgin Islands	Investment	100.00%		Incorporation
Dongguan New Material	Dongguan	Dongguan	Installation and sales of building curtain walls		100.00%	Incorporation
Shenyang Decoration	Shenyang	Shenyang	Designing, manufacturing, and installation of curtain walls		100.00%	Incorporation
Shenzhen Woke	Shenzhen	Shenzhen	Installation of LED color curtain wall, city and road lamps		64.58%	Consolidation of entities not under common control
Fangda SOZN	Zhongshan	Zhongshan	Production and sales of lights		60.00%	Consolidation of entities not

						under common control
--	--	--	--	--	--	----------------------

Note:

Basis of invested entities that the Company holds half or less than half of the shares with voting rights but still controls, and holds more than half but does not control:

Basis for control on significant structural subjects incorporated into the consolidation scope:

Basis for confirming whether the Company is an agent or client:

## (2) Significant non-wholly owned subsidiaries

In RMB

Company	Minority shareholder shareholding	Gain/loss attributable to minority shareholders	Dividend distributed to minority shareholders in this period	Balance of minority interest at the end of the period
Shenyang Fangda	35.42%	-1,347,594.94		48,047,703.38
Fangda SOZN	40.00%	-5,808,939.02		10,399,527.19

## (3) Major financial information of significant non-wholly owned subsidiaries

In RMB

Company	Closing balance						Opening balance					
	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	11,755,919.63	99,896,963.15	111,652,882.78	29,143,662.59		29,143,662.59	11,922,896.03	102,875,540.72	114,798,436.75	28,484,600.69		28,484,600.69
Fangda SOZN	149,695,009.40	28,492,673.93	178,187,683.33	182,188,865.36		182,188,865.36	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 of business activities	Turnover	Net profit	Total of misc. incomes	Cash flow of business activities
Shenyang Fangda		-3,804,615.87	-3,804,615.87	-170,718.69		-4,355,109.83	-4,355,109.83	-284,643.63
Fangda SOZN	110,671,469.13	-14,522,347.55	-14,522,347.55	-2,458,543.39				

## 2. Interests in joint ventures or associates

### (1) Financial information about insignificant joint ventures and associates

In RMB

	Closing balance/amount of this period	Opening balance/amount of last period
Joint venture:	--	--
Total calculated based on shareholding percentage of the following items	--	--
Associate:	--	--
Total book value of investment	10,105,655.37	11,048,660.43
Total calculated based on shareholding percentage of the following items	--	--
Net profit	1,256,994.94	-41,807.57
Total of misc. incomes	1,256,994.94	-41,807.57

## IX. Risks related to financial tools

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. By June 30, 2015, short-term borrowings of the Group are fixed interest contracts.

#### 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.

On June 30, 2015, among the Group's receivables, accounts receivable from top 5 customers account for 11.17% of the total accounts receivable (2014: 11.26%); among other receivables, other receivables from top 5 customers account for 42.45% of the total other receivables (2014: 27.06%).

#### (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 June 30, 2015, bank loan credit that the Group has not used was RMB2,023,246,600.

## X. 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	16,087,644.00			16,087,644.00
2. Leased building		231,282,493.46		231,282,493.46
Total assets measured at fair value continuously	16,087,644.00	231,282,493.46		247,370,137.46
Derivative financial liabilities	1,445,950.00			1,445,950.00
Total liabilities measured at fair value continuously	1,445,950.00			1,445,950.00
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.

### XI. 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	RMB19,780,992	2.36%	2.36%
Shengjiu Investment Ltd.	Hong Kong	Industrial investment	HKD10,000	5.92%	5.92%

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 VIII, 8 for the details.

### 3. Joint ventures and associates

See Note VIII, 2 for details.

The following shows other joint ventures or associates that made related transactions with the Company or with balance of related transactions in previous periods:

Joint venture or associate	Relationship with the Company
Shenzhen Ganshang Joint Investment Co., Ltd.	Associate

### Other related parties

Other related parties	Relationship with the Company
-----------------------	-------------------------------

### 5. Related transactions

#### (1) Related leasing

The Company is the lessor:

In RMB

6Name of the lessee	Category of asset for lease	Recognized release income this period	Recognized release income last period
Shenzhen Ganshang Joint Investment Co., Ltd.	Office building	64,455.14	11,050.60

The Company is the lessee:

In RMB

Name of the owner	Category of asset for lease	Recognized rental this period	Recognized rental last period
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#### (2) Remuneration of key management

In RMB

Items	Amount occurred in the current period	Occurred in previous period
Wage, allowance and subsidies	2,535,415.00	2,462,740.00

## XII. Commitments and/or contingent events

### 1. Contingent events

#### (1) Significant contingencies on the balance sheet date

Fangda Jianke filed a lawsuit against Wang Weihong, demanding payment of RMB18 million engineering amount and loss. In July 2015, Fangda Jianke submitted supplementary materials and applied for freezing of RMB23 million. The court will open a court session in August.

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

None

**2. Others****XIII. Other material events****1. 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**

In RMB

Items	Curtain wall	Rail transport	Real estate	New energy	Others	Offset	Total
Turnover	932,136,542.81	98,245,302.25	0.00	110,671,469.13	15,377,309.73	6,315,100.39	1,150,115,523.53
Major business turnover	924,788,347.83	96,966,572.51	0.00	106,210,831.94		2,054,509.68	1,125,911,242.60

Operation cost	770,980,941.67	74,022,517.86	0.00	95,899,842.36	1,670,215.88	2,086,259.42	940,487,258.35
Major business cost	766,367,700.66	73,765,384.51	0.00	91,762,087.79		2,055,966.18	929,839,206.78

## XIV. Notes to Financial Statements of the Parent

### 1. Account receivable

#### (1) Account receivable disclosed by categories

In RMB

Type	Closing balance					Opening balance				
	Remaining book value		Bad debt provision		Book value	Remaining book value		Bad debt provision		Book value
	Amount	Proportion	Amount	Provision rate		Amount	Proportion	Amount	Provision rate	
Account receivable for which bad debt provision is made by credit risk group	527,485.15	100.00%	15,824.55	3.00%	511,660.60	527,485.15	100.00%	15,824.55	3.00%	511,660.60
Total	527,485.15	100.00%	15,824.55	3.00%	511,660.60	527,485.15	100.00%	15,824.55	3.00%	511,660.60

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	Provision rate
Items within one 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%

Grouping basis:

Account receivable adopting the balance percentage method in the group:

☐ Applicable ☒ Inapplicable

Account receivable adopting other methods in the group:

## (2) Bad debt provision made, recovered or written back this period

A provision of RMB0.00 was made with RMB0 recovered or written back this period.

The provision recovered or written back this period mainly includes:

In RMB

Entity	Written-back or recovered amount	Method
--------	----------------------------------	--------

## (3) Top 5 receivable accounts in terms of the balance 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					Opening balance				
	Remaining book value		Bad debt provision		Book value	Remaining book value		Bad debt provision		Book value
	Amount	Proportion	Amount	Provision rate		Amount	Proportion	Amount	Provision rate	
Other receivables for which bad debt provision is made by credit risk group	359,354,251.02	99.98%	1,794,881.38	0.50%	357,559,369.64	255,152,639.18	99.97%	548,475.39	0.21%	254,604,163.79
Other receivables with minor individual amount and bad debt provision provided individually	77,046.00	0.02%	77,046.00	100.00%	0.00	77,046.00	0.03%	77,046.00	100.00%	0.00
Total	359,431,297.02		1,871,927.38		357,559,369.64	255,229,685.18		625,521.39		254,604,163.79

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	Bad debt provision	Provision rate
Items within one year			
Less than 1 year	41,715,526.55	1,251,465.80	3.00%
Subtotal for less than 1 year	41,715,526.55	1,251,465.80	3.00%
1-2 years	40,000.00	4,000.00	10.00%
2-3 years	18,379.35	5,513.81	30.00%
Over 3 years	1,067,803.54	533,901.77	50.00%
Total	42,841,709.44	1,794,881.38	4.19%

Grouping basis:

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 provision made, recovered or written back this period**

A provision of RMB1,246,405.99 was made with RMB0 recovered or written back this period.

The provision recovered or written back this period mainly includes:

In RMB

Entity	Written-back or recovered amount	Method
--------	----------------------------------	--------

**(3) Composition of other receivables**

In RMB

By account	Closing balance of book value	Opening balance of book value
Payments between counterparts	316,512,541.58	253,944,828.64
Deposit	40,100,699.54	100,699.54
Other accounts	2,818,055.90	1,184,157.00
Total	359,431,297.02	255,229,685.18

**(4) Top 5 other receivables in terms of the balance at the end of the period**

In RMB

Entity	By account	Closing balance	Age	Percentage in the	Balance of the bad
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				balance of other receivables at the end of the period	debt provision at the end of the period
Fangda Property	Trades	133,179,160.80	1-2 years	47.27%	
Fangda Property	Trades	36,715,800.70	Less than 1 year		
Fangda Jianke	Trades	108,518,719.42	Less than 1 year	30.19%	
Nanchang Finance Bureau	Deposit	40,000,000.00	Less than 1 year	11.15%	1,200,000.00
HK Junjia	Trades	3,789.54	Less than 1 year	8.46%	
HK Junjia	Trades	83,183.13	1-2 years		
HK Junjia	Trades	3,230.28	2-3 years		
HK Junjia	Trades	30,321,229.22	Over 3 years		
Shenyang Fangda	Trades	6,906,771.58	Over 3 years	1.92%	
Total	--	355,731,884.67	--	98.97%	1,200,000.00

### 3. Long-term share equity investment

In RMB

Items	Closing balance			Opening balance		
	Remaining book value	Impairment provision	Book value	Remaining book value	Impairment provision	Book value
Investment in subsidiaries	1,166,555,998.5 8	46,930,100.00	1,119,625,898.5 8	1,166,555,998.5 8	46,930,100.00	1,119,625,898.5 8
Investment in affiliates and joint ventures	10,105,655.37		10,105,655.37	11,048,660.43		11,048,660.43
Total	1,176,661,653.9 5	46,930,100.00	1,129,731,553.9 5	1,177,604,659.0 1	46,930,100.00	1,130,674,559.0 1

#### (1) Investment in subsidiaries

In RMB

Invested entity	Opening balance	Increase	Decrease	Closing balance	Provision made in this period	Balance of the bad debt provision at the end of the period
Fangda Jianke	491,950,000.00			491,950,000.00		

Fangda Aluminium	19,800,000.00			19,800,000.00		19,800,000.00
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
Kexunda	1,000,000.00			1,000,000.00		
Fangda Property	200,000,000.00			200,000,000.00		
Shihui International Holding Co., Ltd.	61,653.00			61,653.00		
Fangda New Resource	100,000,000.00			100,000,000.00		
Total	1,166,555,998.58			1,166,555,998.58		46,930,100.00

**(2) Investment in affiliates and joint ventures**

In RMB

Invested entity	Opening balance	Change								Closing balance	Balance of the bad debt provision at the end of the period
		Increase d investment	Decreased investment	Investment gain recognized with the equity method	Other miscellaneous income adjustment	Other equity change	Cash dividend or profit announced	Provision impairment provision	Others		
1. Joint venture											
2. Associate											
Shenzhen Ganshang Joint Investment Co., Ltd.	11,048,660.43			1,256,994.94			2,200,000.00			10,105,655.37	
Subtotal	11,048,660.43			1,256,994.94			2,200,000.00			10,105,655.37	

	60.43			4.94			0.00			55.37	
Total	11,048,660.43			1,256,994.94			2,200,000.00			10,105,655.37	

**(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	15,377,309.73	1,670,215.88	14,332,254.25	2,129,602.96
Total	15,377,309.73	1,670,215.88	14,332,254.25	2,129,602.96

**5. Investment income**

In RMB

Items	Amount occurred in the current period	Occurred in previous period
Gains from long-term equity investment measured by equity	1,256,994.94	-41,807.57
Other investment gains	55,961.64	
Total	1,312,956.58	-41,807.57

**XV. Supplementary Materials****1. Detailed accidental gain/loss**

√ Applicable □ Inapplicable

In RMB

Items	Amount	Notes
Gain/loss of non-current assets	-453,950.93	
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)	630,651.51	
Gain from entrusted investment or assets management	295,002.74	
Gain/loss from change of fair value of transactional financial asset and	2,676,854.00	

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		
Gain/loss from change of fair value of investment property measured at fair value in follow-up measurement	32,768,907.31	
Other non-business income and expenditures other than the above	-13,605,087.48	
Less: Influenced amount of income tax	6,395,082.75	
Influenced amount of minority shareholders' equity	86,697.93	
Total	15,830,596.47	--

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	4.07%	0.07	0.07
Net profit attributable to the common owners of the PLC after deducting of non-recurring gains/losses	2.82%	0.050	0.050

## 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

☒ Applicable ☐ Inapplicable

In RMB

	Net profit	Net assets
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	Amount occurred in the current period	Occurred in previous period	Closing balance	Opening balance
On Chinese accounting standards	51,317,648.87	40,769,958.24	1,262,312,157.68	1,234,930,863.46
Items and amounts adjusted according International Accounting Standards:				
On international accounting standards	51,317,648.87	40,769,958.24	1,267,075,555.92	1,239,694,261.70

**(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.

## **X Documents for Reference**

1. The Interim Report 2015 and the Summary with signature of the legal representative (Chinese and English);
2. Financial statements stamped and signed by the legal representative, CFO and accounting manager;
3. Originals of all documents and manuscripts of Public Notices of the Company disclosed in public in the newspapers as designated by China Securities Regulatory Commission.