

Stock Code: 000055, 200055 Stock ID: Fangda Group, Fangda B Announcement No. 2017-28

# China Fangda Group Co., Ltd. Interim Report 2017 Summary

## I. Important Declaration

The interim report summary is abstract from the interim report. Investors should read the annual report from the specified media to fully understand the Company's business achievements, financial status and future plans.

Objection from directors, supervisors and senior management

Applicable  Inapplicable

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
Guo Jinlong	Independent director	Business engagement	Deng Lei

Non-standard auditing opinion

Applicable  Inapplicable

Profit distribution pre-plan or capitalization plan in the period reviewed by the Board of Directors

Applicable  Inapplicable

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

The preference share profit distribution pre-plan approved by the Board of Directors

Applicable  Inapplicable

## II. General Information

### 1. Company Profile

Stock ID	Fangda Group, Fangda B	Stock code	000055、200055
Stock Exchange	Shenzhen Stock Exchange		
Contacts and liaisons	Secretary of the Board	Representative of Stock Affairs	
Name	Zhou Zhigang	Guo Linchen	
Office 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	
Email	zqb@fangda.com	zqb@fangda.com	

### 2. Financial Highlight

Whether the Company needs to make retroactive adjustment or restatement of financial data of previous years

Yes  No

	This report period	Same period last year	Year-on-year change (%)
Turnover (yuan)	1,399,710,941.29	1,009,456,049.75	38.66%
Net profit attributable to shareholders of the listed company (yuan)	228,003,319.43	53,156,405.36	328.93%
Net profit attributable to the shareholders of the listed company and after deducting of non-recurring gain/loss (RMB)	218,498,976.52	44,265,089.57	393.61%

Net cash flow generated by business operation (RMB)	215,263,207.38	298,469,343.92	-27.88%
Basic earnings per share (yuan/share)	0.1926	0.05	285.20%
Diluted Earnings per share (yuan/share)	0.1926	0.05	285.20%
Weighted average net income/asset ratio	9.37%	3.99%	5.38%
	End of the report period	End of last year	Year-on-year change
Total asset (RMB)	6,295,862,043.86	6,787,051,278.08	-7.24%
Net profit attributable to the shareholders of the listed company (RMB)	2,314,300,456.96	2,364,262,560.28	-2.11%

### 3. Shareholders and shareholding

In share

Number of shareholders of common shares at the end of the report period	47,307			Number of shareholders of preferred stocks of which voting rights recovered in the report period (if any)	0	
Top 10 Shareholders						
Shareholder	Nature of shareholder	Shareholding percentage	Number of shares	Conditional shares	Pledging or freezing	
					Share status	Amount
Shenzhen Banglin Technologies Development Co., Ltd.	Domestic non-state legal person	8.72%	103,161,409		Pledged	24,370,000
Shengjiu Investment Ltd.	Foreign legal person	7.36%	87,165,339			
GUOTAI JUNAN SECURITIES(HONGKONG) LIMITED	Foreign legal person	4.20%	49,745,300			
Huang Jupei	Domestic natural person	2.83%	33,501,500			
Gong Qing Cheng Shi Li He Investment Management Partnership Enterprise (limited partner)	Domestic non-state legal person	2.26%	26,791,488			
Shenwan Hongyuan Securities (Hong Kong) Co., Ltd.	Foreign legal person	1.73%	20,448,473			
Zhou Shijian	Domestic natural person	1.69%	20,000,000			
China Resource SZITIC Trust – China Resource Trust No.13 Collective Trust Program	Others	1.23%	14,559,204			
Yunnan International Trust CO., Ltd.	Others	1.12%	13,229,635			

– Juxin No.5 Collective Fund Trust Program						
First Capital Securities – Guosen Securities – Mutual Win Dayan Quantization Private Placement Collective Assets Management Program	Others	0.82%	9,657,534	9,657,534		
Notes to top ten shareholder relationship or "action in concert"	Among the shareholders, Shenzhen Banglin Technology Development Co., Ltd. and Shengjiu Investment Co., Ltd. are parties action-in-concert. Shenzhen Banglin Technology Development Co., Ltd. and Gong Qing Cheng Shi Li He Investment Management Partnership Enterprise are related parties. The Company is not notified of other action-in-concert or related parties among the other holders of current shares.					
Statement of shareholders participating in margin trade (if any)	Huang Jupei holds 33,500,000 shares of the Company through the client credit trade securities account of GF Securities; Zhou Shijian holds 20,000,000 shares of the Company through the client credit trade securities account of GF Securities;					

#### 4. 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

#### 5. Total number of preferred shareholders and shareholding of top 10 preferred shareholders by the end of the report period

Applicable  Inapplicable

No shareholder of preferred shares in the report period

#### 6. Bonds

Bonds publicly issued and listed in a securities exchange, immature or not fully paid by the approval date of the annual report

No

### III. Operation Discussion and Analysis

#### 1. Business status in the report period

Whether the Company needs to comply with disclosure requirements of special industries

Yes

Property development and decoration industries

In the first half of 2017, the Company has stuck to the annual operation target and the management theme of innovation and has taken a series internal evolution, organization optimization and process streamlining measures. The operation target for the first half of 2017 has been basically fulfilled. During the report period, the Company recorded operating revenue of RMB1,399,710,900, up 38.66% year on year. The net profit attributable to owners of the parent company is RMB228,003,300, up 328.93% year on year. The net profit after deducting accidental gain/loss is RMB218,499,000, up 393.61% year on year. The cash flow from main business reached RMB215,263,200. The order reserve is worth RMB4,016,000,000 (including orders that has won without signing) at the end

of the report period.

#### 1. High-end curtain wall system and material business

In the first half of 2017, the Company maintained its outstanding performance in the high-end energy-saving curtain wall market and won bids in a series of high-end curtain wall engineering and aluminum plate projects including the Shenzhen Vanke Coast Land Building, Shenzhen Vanke Yuncheng, Shenzhen Jinlitong Financial Center, Guangzhou Kaidaer International Traffic Center, Hangzhou Huanglong International Center, Yunnan Qujing Economic Development Zone Vanda Plaza. In the report period, the Company has taken a series of measures including engineering site management, design and engineering optimization, and improved engineering efficiency in projects including Shenzhen Shum Yip Uptown south zone, Guangzhou Baosteel Building, Wenzhou Qingshan Holding Group Headquarters Building, Chengdu Lindi Global Center, Shanghai CapitalLand Tianmu West Road and Suzhou CapitalLand Center. Currently, the Company is an industry leader in terms of the design, production and installation of high-end shaped curtain wall systems. By the end of the report period, the Company has high-end curtain wall and material orders worth RMB2.784 billion (including orders that has won without signing), which is 332% of the sales income from the high-end curtain wall system and material business in the first half of 2017, paving the way for the Company to continuously developing the business.

In the report period, the Beijing Yanxihu Lake International Convention and Exhibition Center undertaken by the Company served as the main venue for the 2017 “the Belt and Road” cooperation summit and attract attention around the world, reflecting Fangda’s outstanding expertise as a supplier of high-end curtain wall systems. The curtain wall engineering projects of Shenzhen Excellence Meilin Center Plaza south zone and Shenzhen Alibaba Building won the China Building High-quality Curtain Wall Engineering Prize and Guangdong Outstanding Building Decoration Engineering Prize respectively.

Since curtain walls have specific service life and need to be examined and serviced after being used for a specific number of years. As the industry has developed for more than 2 decades, more and more curtain walls have entered the maintenance and service stage. In the report period, the Company has taken advantage of its technological lead to explore into the curtain wall examination and maintenance business through standard preparation, industry promotion and pilot projects. Currently, the Company has undertaken examination and service businesses for Shenzhen Bao’an Airport and Shenzhen News Building. In the future, the Company will increase investment in the examination and maintenance business to upgrade the business competitiveness and increase driving force for its business development.

#### 2. Rail transport equipment business

In the first half of 2017, the Company won screen door system orders in projects including the Shenzhen subway line No.6, No.10, No.20, Wuhan subway No.11 east extension line, No.2 south extension line, No.7 south extension line, and Zhengzhou subway line No.5 and screen door service orders for Shenzhen subway line No.1, No.2 and No.5, and Nanchang subway line No.2, ranking No.1 in the Chinese screen door market in terms of the order volume in the first half of 2017, further consolidating the Company’s dominating market position in the business. By the end of the report period, the Company has rail transport equipment order worth RMB1.232 billion (including orders that has won without signing), which is 797% of the operating income from this business in the first half.

To further consolidate the Company’s lead in this business and expand the industry chain, the Company and Shenzhen BYD Supply Chain Management Co., Ltd have signed the *Cloud Rai Station Screen Door Purchase Contract* as of the disclosure date of this report. According the contract, the Company will provide screen door products and services for BYD Cloud Rail Guang’an Line, Shantou Line and Xi’an Line. Cloud Rail is one of the main businesses of BYD. The cooperation between the Company and BYD will give a strong boost to the development of this business.

As increasing investment is made in urban subway, the screen door maintenance service market is growing rapidly, profiting leaders of the screen door industry. The income from this business in the first half grew 85% year-on-year. The business is likely to continue growing and take a greater share among the Company’s businesses continuously.

As the government continues implementing the “Belt and Road” strategy and “13<sup>th</sup> Five-Year Plan”, the construction of rail transport in Chinese cities will explode. Currently, the Company’s screen door systems have been used in 27 cities around the world, most of which are used in nations and cities along the “Belt and Road”. As the world’s largest screen door system supplier, the Company is likely to maintain the continuous growth in this industry over the next few years.

#### 3. New energy industry

Since the PV power generation policy has changed radically, the Company made promptly adjustment in the report period to terminate PV power plant projects that are to be funded by raised capital but have been not started. The residual raised fund will be used to replenish the working capital permanently (see the *Notice on Terminating Part of the Projects Funded by Raised Capital and Using the Residual Fund to Replenish the Working Capital* disclosed on March 21, 2017). Currently, three PV power plants have been connected to the power grid with a power generation capacity of about 19.5MWp. The projects will bring long-term and stable income and profit for the Company. In the report period, the PV power plants constructed by the Company have met the production efficiency expectation.

#### 4. Real estate

Currently, the Company is running two real estate projects: Shenzhen Fangda Town project and Nanchang Phoenix Land project. By the end of the report period, the total sales area was 62,500 m<sup>2</sup>, of which 61,100 m<sup>2</sup> area has recognized income. Meanwhile, the Company has actively initiated the introduction of businesses, which will create stable rent income. The Nanchang Phoenix Land project is in the preliminary planning and construction preparation stage. As of the disclosure date of the reporting period, the Company and Bangshen Electronics (Shenzhen) Co., Ltd. have signed the cooperation framework agreement for the Fangda Bangshen Industry Park renovation project. The project is located in Furong, Shenzhen and covers 20,714.9m<sup>2</sup>. Currently, the land is used as industrial plant and will be renovated as an M0 new-type industry project. The Company will continue exploring real estate projects and developing the real estate business to bring profits continuously.

#### 5. Awards

In the report period, the Company won a series of titles and prizes including the Guangdong Trustworthy Enterprise, Shenzhen Outstanding Entity, Shenzhen Outstanding Quality Prize, Shenzhen Intellectual Property Right Gold Prize and Best Innovative Tradename Prize. The tradename “Fangda” won the title of Shenzhen Well-known Tradename for the fourth time.

In the report period, Fangda Jianke won a series of honors and prizes including the Outstanding Supplier, National High-Quality Project Prize, China High-Quality Curtain Wall Project Prize, Guangdong Outstanding Building Decoration Project Prize, My Favorite Curtain Wall Project Prize and Shenzhen Building Decoration Engineering Safety Prize.

In the report period, Fangda Automation won the title of Wuhan Rail Transport No.6 Line Phase I Outstanding Constructor and the title of Outstanding Partner from Nanjing and Tianjin subway operation companies.

In the report period, Fangda Property was given the titles of Shenzhen High Potential Real Estate Developer and Shenzhen Top-100 Real Estate Developers.

## **2. Related issues involved the financial report**

### **(1) Statement of changes to accounting policies, estimates and audit methods compared with the financial report of the report period**

Applicable  Inapplicable

No change in accounting policies, assumptions and auditing methods in the report period.

### **(2) Statement of retrospective restatement of major accounting errors in the report period**

Applicable  Inapplicable

No retrospective restatement of major accounting errors in the report period

### **(3) Statement of change in the financial statement consolidation scope compared with the previous financial report**

Applicable  Inapplicable

Shenzhen Hongjun Investment Co., Ltd. and Fangda Australia Co., Ltd. were newly established in this period. The two companies are consolidated in this period/

China Fangda Group Co., Ltd.

Legal representative: Xiong Jianming

August 1, 2017\_