

China Fangda Group Co., Ltd.

2019 Interim Report

August 2019

Chapter 1 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.

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

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

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.

The Company has specified market, management and production and operation risks in this report. Please review the 10. Risks Facing the Company and Measures in Chapter 4 Operation Discussion and Analysis.

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

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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	Gong Qing Cheng Shi Li He Investment Management Partnership Enterprise (limited partner)
Shengjiu Co.	Refers to	Shengjiu Investment Ltd.
Fangda Jianke	Refers to	Shenzhen Fangda Jianke Group Co., Ltd.
Fangda Zhichuang	Refers to	Fangda Zhichuang Science and Technology Co., Ltd.
Fangda New Material	Refers to	Fangda New Materials (Jiangxi) Co., Ltd.
Fangda New Resource	Refers to	Shenzhen Fangda New Energy Co., Ltd.
Fangda Property	Refers to	Shenzhen Fangda Property Development Co., Ltd.
Zhongrong Litai	Refers to	Shenzhen Zhongrong Litai Investment Co., Ltd.
Chengdu Fangda Jianke	Refers to	Chengda Fangda Construction Technology Co., Ltd.
Dongguan Fangda New Material	Refers to	Dongguan Fangda New Material Co., Ltd.

	to	
Kechuangyuan Software	Refers to	Shenzhen Qianhai Kechuangyuan Software Co., Ltd.
Kexunda Co.	Refers to	Shenzhen Kexunda Software Co., Ltd.
Fangda Property	Refers to	Shenzhen Fangda Property Management Co., Ltd.
Jiangxi Property	Refers to	Fangda (Jiangxi) Property Development Co., Ltd.
Hongjun Investment Company	Refers to	Shenzhen Hongjun Investment Co., Ltd.
Fangda Qingling	Refers to	Shanghai Fangda Qingling Technology Co., Ltd.
Fangda Cloud Rail	Refers to	Shenzhen Fangda Cloud Rail Technology Co., Ltd.
Jianke Australia	Refers to	Fangda Australia Pty Ltd
Fangda Southeast Asia	Refers to	Fangda Southeast Asia Company Limited
Zhichuang Hong Kong	Refers to	Fangda Zhichuang Science and Technology (Hong Kong) Co., Ltd.
Shihui International	Refers to	Shihui International Holding Co., Ltd.
Shenyang Fangda	Refers to	Shenyang Fangda Semi-conductor Lighting Co., Ltd.
Shenzhen Woke	Refers to	Shenzhen Woke Semi-conductor Lighting Co., Ltd.
SZSE	Refers to	Shenzhen Stock Exchange

Chapter 2 About the Company and Financial Highlights

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)	CFGC		
Legal representative	Xiong Jianming		

2. Contacts and liaisons

	Secretary of the Board	Representative of Stock Affairs
Name	Zhou Zhigang	Guo Linchen
Address	20F, Fangda Technology Building, Kejinan 12th Avenue, High-tech Zone, Hi-tech Park South Zone, Shenzhen, PR China.	20F, Fangda Technology Building, Kejinan 12th Avenue, High-tech Zone, Hi-tech Park South Zone, Shenzhen, PR China.
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 2018 for details.

2. Information disclosure and inquiring

Changes to the information disclosure and inquiring place

Applicable Inapplicable

Please refer to the 2018 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.

4. 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)	1,425,890,946.99	1,442,050,896.53	-1.12%
Net profit attributable to shareholders of the listed company (yuan)	128,581,755.01	230,131,663.19	-44.13%
Net profit attributable to the shareholders of the listed company and after deducting of non-recurring gain/loss (RMB)	113,377,064.06	209,705,118.34	-45.94%
Net cash flow generated by business operation (RMB)	-372,725,003.11	-31,426,267.64	-1,086.03%
Basic earnings per share (yuan/share)	0.11	0.19	-42.11%
Diluted Earnings per share (yuan/share)	0.11	0.19	-42.11%
Weighted average net income/asset ratio	2.55%	6.99%	-4.44%
	End of the report period	End of last year	Year-on-year change
Total asset (RMB)	10,940,802,780.45	10,658,854,133.73	2.65%
Net profit attributable to the shareholders of the listed company (RMB)	5,023,788,122.76	5,195,187,621.88	-3.30%

Notes:

1. The above-mentioned decrease in “net profit attributable to shareholders of the listed company” was mainly due to the fact that the Fangda Town project which had a higher gross profit during the reporting period and contributed more to the profit in the previous year, was nearing the end of the planned sales area resulting in a decrease in operating income and profit. In addition, the operating income, net profit and gross profit margin of the curtain wall systems and materials industries and rail transit screen door equipment businesses have increased, as follows:

1. The real estate industry realized operating income of RMB204,754,300 in the first quarter of 2019, a decrease of 57.03% over the same period of the previous year; net profit of RMB55,294,600 was reduced by RMB113,516,400 compared with the same period of the previous year with a decrease of 67.24%.

2. In the first quarter of 2019, the curtain wall system and materials industry realized operating income of RMB1,005,451,500, an increase of 23.53% over the same period of the previous year; the net profit was RMB48,390,900, an increase of 33%; the gross margin was 14.55%, up 0.67 percentages from the same period of last year;

3. In the first half of 2019, the rail transit screen door equipment business realized operating income of RMB197,936,300, an increase of 50.79% over the same period of the previous year; net profit of RMB35,630,100, an increase of 68.76% over the same period of the previous year; gross profit margin of 28.00%, an increase of 4.67 percentage points.

2. The decrease in the above-mentioned “net cash flow from operating activities” was mainly due to the decrease in the revenue of the Fangda town project due to the decrease in operating income during the reporting period and the annual corporate income tax settlement and payment of taxes. The curtain wall system and materials industry and the rail transit screen door equipment

industry have basically remained the same or improved compared with the same period of the previous year, as follows:

1. The net cash flow generated by the real estate industry in the first half of 2019 was RMB-181,979,600, compared with RMB182,350,800 in the same period of the previous year, a decrease of RMB364,330,400 over the same period of the previous year.
2. The net cash flow generated by the operating activities of the curtain wall system and materials industry in the first half of 2019 was RMB -157,339,500, compared with RMB-156,697,800 in the same period of last year, which was basically the same as that of the same period of last year;
3. The net cash flow generated by the operating activities of the rail transit screen door equipment industry in the first half of 2019 was RMB-33,676,200, compared with RMB-47,830,600 in the same period of last year, which was improved compared with the same period of the previous year.

5. 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

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.

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.

6. Accidental gain/loss item and amount

Applicable Inapplicable

In RMB

Item	Amount	Notes
Non-current asset disposal gain/loss (including the write-off part for which assets impairment provision is made)	-27,108.78	
Subsidies accounted into the current income account (except the government subsidy closely related to the enterprise's business and based on unified national standard quota)	3,504,406.39	
Capital using expense charged to non-financial enterprises and accounted into the current income account	355,987.05	
Gain from entrusted investment or assets management	4,003,332.19	
Gain/loss from change of fair value of transactional financial asset and liabilities, and investment gains from disposal of transactional and derivative financial assets and liabilities and	882,741.74	

sellable financial assets, other than valid period value instruments related to the Company's common businesses		
Write-back of impairment provision of receivables and contract assets for which impairment test is performed individually	16,097.16	
Gain/loss from commissioned loans	21,351.12	
Other non-business income and expenditures other than the above	4,495,326.37	
Less: Influenced amount of income tax	-1,952,557.71	
Influenced amount of minority shareholders' equity (after-tax)	0.00	
Total	15,204,690.95	--

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.

Chapter 3 Business Introduction

1. Major businesses of the Company during the report period

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

Yes

Decoration

The Company is headquartered in Nanshan District, Shenzhen. The stock was listed on the Shenzhen Stock Exchange on November 29, 1995. Currently, five major business subsidiaries of the Company are national high-tech enterprises with modern production bases in Shenzhen, Shanghai, Chengdu, Nanchang, Dongguan and Foshan. The Company was engaged in the following businesses in the report period.

1. Curtain wall system and material industry

(1) Main products and purpose

The Company's main products include energy-saving curtain walls, building integrated photo-voltaics (BIPV), LED color-display curtain walls and aluminum plate materials. Construction curtain walls are mainly used on high-level buildings, large-area public venues such as airports, stations, cultural centers and exhibition centers, daylighting roof, shaped construction (ball-shaped and clock-shaped buildings) with external retaining and decoration functions.

(2) Main business modes, specific risks and changes;

The projects implemented by the Company are mainly through the bidding method to obtain contract orders. Project design, material procurement, production and processing, and the construction and installation and after-sales service model are based on the contract orders. The main risk of this mode is that it takes a long period of time from the completion of the order to the completion of the project, and it is highly dependent on raw materials and labor costs. It is greatly affected by the national industrial policy, raw material prices, and labor market fluctuations. The Company's curtain wall products are engineered by itself. The operation mode remained unchanged in the report period.

(3) Main business drive

See III. Core Competitiveness Analysis.

(4) Development stage of the industry, circle and industry position

In the first half of the year, China's supply-side structural reforms continued to deepen, and the national regional coordinated development strategy was further promoted. New urbanization, coordinated development of Beijing-Tianjin-Hebei, "Belt and Road" construction, and Guangdong, Hong Kong, Macao and Dawan District development projects provided valuable opportunities for the development of the curtain wall systems and materials business. Over recent years, a series of industry policies will be issued to push forward the industry, providing a gold opportunity for the development of energy-saving curtain wall and material business. The economic development of the first and second tier cities is relatively good, and there is a continuous demand for building curtain walls. Therefore, the market capacity is relatively large and it is also the main area of the curtain wall market competition. There is no obvious periodicity in the curtain wall industry.

The Company is a pioneer and first listed company in this industry. Over the past more than 20 years, the Company has undertaken hundreds of large projects and received the highest award in the industry China Construction Luban Award and Zhan Tianyou Civil Engineering Award for many times. The Company has also received nearly 100 provincial and above awards. The Company has been in the top 10 of "China's top 100 building curtain wall industry" for many years, and has already had strong brand advantages and competitiveness in the industry. The Company has a strong technology lead in the industry with 440 patents, including 37 intention patents and 8 software copyrights. The Company also took part in the preparation of more than 10 national or industry standards including the Public Construction Energy Saving Design Standard, making 9 records among Chinese enterprises.

The Company has a Class A qualification for building curtain wall engineering contracting and class A qualification for building curtain wall engineering design. It is the highest level for curtain wall design and construction companies in China.

2. Rail transport equipment business

The Company's main products in this sector are rail transport screen door systems, which are a necessary part of modern subway system. It is installed at the edge of the subway platform and separates trains from the platform. The Company seeks to win orders through tenders and purchase raw materials and arrange production based on orders. The Company has built a complete industry chain that integrates designing, production, engineering, after-sales services and technical services. The operation mode remained unchanged in the report period. The Company has developed rail transport screen door systems with independent intellectual property rights. The Company also prepared the first Rail Transport Station Screen Door Standard. At present, the Company's subway screen doors have covered more than 60% of metropolitan-operated cities in China. More than 80 metro and cloud rails of over 41 cities around the world have adopted the Fangda screen door systems, making the Company the world's largest supplier of screen doors.

3. New energy industry

Solar PV power generation industry is largely supported by the Chinese government. The Company is one of the first companies that possess intellectual property rights in the designing, production and integration of solar PV systems. The three photovoltaic power plants that have been connected to the grid have been operating smoothly and the power generation sales revenue and operating profit have all reached the Company's expectations. Among them, the 20MW distributed photovoltaic power generation project of Chayu Village, Xuanfeng Town, Luxi County, Jiangxi Province and the distributed photovoltaic power generation project of, Songshan Lake in Dongguan have been included in the Renewable Issue issued by the Ministry of Finance the National Development and Reform Commission and the National Energy Administration. The list of energy and electricity price additional funds subsidies can be subsidized by electricity prices.

4. Real estate

The Company has completed one of the projects: Fangda Town; project under development: Nanchang Honggutan Fenghuangzhou Fangda Center ", theProject; there are two projects in construction: Fangda Bangshen Project in Baoan District, Shenzhen and Urban Renewal Project along the Dagang River in Henggang, Shenzhen.

For a detailed discussion of the Company's business, please refer to "III. Analysis of Core Competencies" in this section of the report and Chapter VI "Operation Discussion and Analysis".

II. Major assets change

1. Major assets change

Main assets	Major change
Equity assets	None
Fixed assets	None
Intangible assets	None
Construction in process	Construction in progress increased by 56.16% compared with the beginning of the year, mainly due to the increase in investment in construction of Chengdu Xinjin Base and

	Shanghai East China Base.
Investment real estate	None

2. Major foreign assets

Applicable Inapplicable

3 Core Competitiveness Analysis

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

Yes

Decoration

(1) Curtain wall system and material

1. Expertise and brand competitiveness

The industry and target market of the Company have high requirements for the performance of participating enterprises which has formed certain thresholds. Especially in the super high-rise buildings, large public buildings and special-shaped external maintenance structures, the company has rich experience in project implementation. It has established business contacts and cooperation with many large real estate development companies. The Company has a high reputation and strong market competitiveness.

The Company has 440 patents (including 37 invention patents) and 8 software copyrights in the curtain wall system and materials industry which has created many firsts in the industry and is one of the high-end preferred brands in the Chinese curtain wall system materials industry. FANGDA is a nationwide well-known trademark in China.

2. Focusing on the high-end market to edge out competitors

In the fierce market competition, the Company accurately positions the market in the field of high-end energy-saving curtain wall systems with high requirements for technology, service and management, and focuses its resources on high-end curtain wall projects. Many of the curtain wall projects undertaken won the national "Luban Award", "Zhan Tianyou Civil Engineering Award", "National Quality Engineering Award", "China Construction Engineering Decoration Award", "White Magnolia" Award and "Customer Satisfaction Project" awards, and Won the title of "Top Ten Most Competitive in China's Curtain Wall Industry". The Company has built a leading brand and created a clear edge in the high-end curtain wall market.

3. Well-developed industry base landscape

After years of accumulation and continuous investment in hardware facilities, the Company's curtain wall system and materials industry are formed with Shenzhen as the headquarters South China with Dongguan Songshan Lake and Foshan as the base Southwest China with Chengdu as the base East China with Shanghai and Central China with Nanchang. As the base of the national industrial layout, it provides an important guarantee for improving market share and comprehensive 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.

5. Talent

The Company has trained a group of outstanding teams with strong marketing technical, management and financial experience from a large number of project implementation experience. The core backbone personnel are stable, ensuring the execution ability of orders and bringing good user experience to customers.

6. Boost overseas market development to increase overseas orders

In recent years, the Company has increased its investment in overseas markets and gradually expanded its influence in Australia and Southeast Asia. Thanks to good product quality and contract performance, it has continuously won the trust of new and old

customers and more orders. The overseas market orders are growing steadily.

(2) Rail transport equipment business

1. National development strategy

With the implementation of major national strategies such as the Guangdong, Hong Kong, and Macao Bay District, Xiong'an New District, and the “Belt and Road” Initiative, the region has radiated into Southeast Asia, South Asia, Central Asia, and West Asia, and has extended to Eastern Europe and North Africa with strong demand for infrastructure construction and interconnection. As the world's largest supplier of rail transit shielding door systems, the Company will also make full use of its advantages in technology, brand, and service to further consolidate and increase its domestic market share, and actively participate in rail transit construction in Guangdong, Hong Kong, Macao Bay District and Xiong'an New District. The Company will vigorously expand overseas markets, especially the “Belt and Road” Initiative, maintain the continuity and stability of overseas orders, balance the development of domestic and foreign markets, and continue to “lead” the rail transit industry.

2. Expertise competitiveness

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 implemented as a national standard 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. The Company participated in the preparation of the national standard “Evaluation Method for Urban Rail Transit Energy Consumption and Emission Indicators” (GB/T 37420-2019) this year, which was issued by the State Administration of Markets and the National Standardization Administration of China, and will be published in 2019 and formally implemented on December 1, 2019, fully embodying the company's leading edge and leading position in the field of rail transit screen doors. The Company has 231 metro screen door patents, including 48 invention patents. The Company also has eight computer software copyrights.

3. Brand competitiveness

Up to now, the Company's screen door system products have been applied in rail transit in 41 cities around the world, including Hong Kong, Singapore, Kuala Lumpur, Malaysia, Noida, Thailand, Bangkok, Thailand, etc., with more than 10 million people using large screen door systems every day. The Fangda subway screen door system has grasped a leading market share and established incomparable brand influence thanks to its patents, standard and maintenance services.

4. Industry chain advantage

As the first company to enter the subway screen door industry in China, the Company's subway screen doors have reached to more than 60% of the subway cities in China, and many domestic subway screen doors have entered the maintenance period. The Company actively expands its industrial chain and takes the lead in the domestic market to provide metro maintenance services. The Company has a natural advantage in this high-end service industry. Our screen door system are independently developed by us, thus enabling us to provide prompt, overall, effective and standard maintenance services for our customers without other third parties. As more and more subways are opened, the business volume will continue to increase.

(3) 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 intellectual 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.

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.

(4) Real Estate

1. The Company is committed to the Guangdong-Hong KongMacao Bay District, focusing on the development of urban renewal projects in the core area of Shenzhen. Through the development and operation of Shenzhen Fangda Town Project, the Company has accumulated valuable experience in the operation of urban renewal projects, and has formed a complete operation mode from the renewal of project plan approval, special planning approval, planning and construction, which is conducive to continuous promotion. Development and operation of urban renewal projects such as Shenzhen Fangda Bangshen Project and Shenzhen Henggang Dakang River area.

2. Although the company is a later comer in the industry, the Shenzhen Fangda Town project was quickly recognized by the market and the sales rate was faster. At the same time, the Company has been rated as “Shenzhen Real Estate Development Industry Development Potential Enterprise” by Shenzhen Housing Association for three consecutive years. In two consecutive years, it has been awarded “Shenzhen Real Estate Development Industry Brand Value Enterprise” with professional operations for commercial and property management.

Chapter 4 Operation Discussion and Analysis

1. Summary

In the first half of 2019, the international environment was complex and changeable. The impact of Sino-US trade frictions intensified and continued. The domestic economy continued to decline. The Company overcame many unfavorable factors and completed the targets set at the beginning of the year. During the reporting period, the Company achieved operating income of RMB1,425,890,900, a year-on-year decrease of 1.12%, and the net profit attributable to owners of the parent company was RMB128,581,800, a year-on-year decrease of 44.13%. The decrease in operating income and net profit of the Company was mainly due to the fact that the sales area of Fangda Town project with higher gross profit and greater contribution to profit in the same period of last year was close completion. The project realized operating income of RMB204,754,300 in the first half of 2019, compared with the same period of last year. The decrease was RMB271,728,600, a decrease of 57.03%, and the net profit was RMB55,294,600, a decrease of RMB113,516,400 from the same period of the previous year, a decrease of 67.24%. In addition, in the first half of the year, the Company's two major industrial curtain wall systems and materials industry and rail transit screen door equipment industry developed well. The curtain wall system and materials industry operating income and net profit increased by 23.53% and 33% respectively. The operating income and net profit of the door equipment industry increased by 50.79% and 68.76% respectively. As of the end of the reporting period, the company's order reserve was RMB4,992,541,500 (excluding real estate sales), an increase of 7.71% compared with the beginning of the year, which was 3.5 times of the operating income in the first half of the year. Adequate order reserve provided a strong guarantee for the company's sustainable development.

1. High-end curtain wall system and material business

The Company has always practiced the business philosophy of “technology-based, innovation as the source”, adheres to the spirit of “Fangda Quality” with excellence and quality first, and with the core competitiveness of product quality, technical strength and brand influence. The quality and quantity of the newly signed orders in the first half of the year have remained at a high level. In the first half of the year, the Company secured the 188S-C-4 and 188S-D-1 plots of the WS5 unit in the south section of the Huangpu River in Xuhui District, Shanghai, and the 31-01(D) plot office building in Xujingzhong, Shanghai Xihongqiao Business District, Chengdu Tianfu Wanke Yuncheng, Chengdu Tianfu International Conference Center, Chengdu Longhu Renmin North Road 6-7 Group Central Commercial Street, Chongqing Longhu Shapingba Hub Project, Nanjing Vanke Shangduhui Project, Shenzhen Shangzhi Science and Technology Park, Shenzhen Qianhai East Asia Kerry, Shenzhen Jinxiu Science Park Phase III, Shenzhen Vanke Antoshan Project, Zhuhai Renhe Hengqin International Chinese Medicine Innovation Center, Marriott Docklands Marriott Melbourne, Australia, Victoria Square, Melbourne, Australia, 89 Victoria Street, Brisbane, Saudi Arabia A large number of high-end curtain wall systems and materials projects, totaled RMB1.178 billion. 2. In the first half of 2019, the curtain wall system and materials industry realized operating income of RMB1,005,451,500, an increase of 23.53% over the same period of the previous year; the net profit was RMB48,390,900, an increase of 33%, the gross margin was 14.55%, up 0.67 percentages from the same period of last year. As of the end of the reporting period, the Company's curtain wall system and materials industry orders reserve was RMB3,134,694,300 which was 3.12 times of the operating income of the curtain wall system and materials industry in the first half of 2019.

In order to meet the growing demand for orders, the Company has established new production bases in Chengdu Xinjin and Shanghai Songjiang. In June this year the Fangda Western Headquarters Base of Chengdu Xinjin has been basically completed. The base covers an area of 45,000 square meters and has a total construction area of about 21,000 square meters. The company's East China production base in Songjiang, Shanghai, has started in the first half of the year and is scheduled to be completed by the end of this year. The base covers an area of 23,800 square meters and has a total construction area of 43,000 square meters. After the completion of the two bases, the national industrial layout of the upgrade company will be improved and the production capacity of

the Company's energy-saving and environmental protection curtain wall will be enhanced to provide guarantee for the Company's sustained and rapid development. After completion, the Company's curtain wall system and materials industry are formed with Shenzhen as the headquarters South China with Dongguan Songshan Lake and Foshan as the base Southwest China with Chengdu as the base East China with Shanghai and Central China with Nanchang. As the base of the national industrial layout, it provides an important guarantee for improving market share and comprehensive competitiveness.

During the reporting period, the curtain wall project of the four projects of Zhuhai R&F Yingkai Plaza, Shenzhen Jinlitong Financial Center, Shenzhen Vanke Binhai Land Building and Haikou Henghaihua Island under construction completed the above projects with high quality product quality and service capacity. The high-tech and high-difficult curtain wall design and construction tasks have won honors such as "Excellent Suppliers" from R&F Group, Qianhai Life Insurance, Vanke and Evergrande, reflecting the recognition of the Company's comprehensive strength and brand of the Company's curtain wall business.

2. Rail transport screen door business

As the national "Belt and Road" initiative continues to deepen and the development strategy of Guangdong, Hong Kong and Macao Dawan District continues to advance in depth, in the first half of 2019, the Company's rail transit screen door equipment industry has expanded rapidly and has won the Mumbai Metro Line in India, Nanjing Metro Line 7, Zhengzhou Line 4, Ningbo Metro Line 1, Guiyang Metro Line 2, Phase II, Jinan Rail Transit R2 Line 1, Wuhan Metro Line 5, Xi'an Metro Line 5 orders for screen door system projects, and also obtained orders for professional technical maintenance services for shielded doors of Wuhan Railway Bureau and Shenzhen Metro Line 9, and Shenzhen Metro 1, 2, 3, 5, 7, 9, and 11. Line shield door installation project orders, the total amount of new signed singles was RMB618,636,600, an increase of 95%. Among them, the Mumbai Metro Line 3 project in India is the third project of the company in the Indian market after the Noida subway in India and the Ahmedabad subway project in India. The company will continue to firmly grasp the rapid development opportunities of the Indian subway construction. Take the "One Belt, One Road" express train to speed up the overseas market layout and further expand the Company's business landscape. In the first half of the year, the Company's rail transit screen door equipment industry realized operating income of RMB197,936,300, a year-on-year increase of 50.79%, net profit of RMB35,630,100, a year-on-year increase of 68.76%, and a gross profit margin of 28.00%, an increase of 4.67 percentage points. As of the end of the reporting period, the Company's rail transit screen equipment industry orders reserve reached RMB1,857,847,200, an increase of 27.38% compared with the beginning of the year, which is 9.38 times of the company's rail transit screen equipment industry operating income in the first half of the year. The Company's rail transit screen door equipment industry has reached a new level, entering a new era of rapid development and continuing to lead the industry.

During the reporting period, the Company's construction of the screen door system of the Wuhan Metro Line 2 South Extension Line, Zhengzhou Metro Line 5, Lanzhou Metro Line 1 Phase 1, and Nanchang Metro Line 2 after the passage section were opened. At present, Fangda's screen door system has been applied in rail transit in 41 cities around the world. The domestic coverage of the screen door system is over 60%. There are more than 10 million people using the large screen door system every day. The market share has ranked first in the world for nearly five years, and the Company is the world's largest supplier of rail transit screen doors.

On May 10, the Company participated in the preparation of the national standard "Evaluation Method for Urban Rail Transit Energy Consumption and Emission Indicators" (GB/T 37420-2019) 5 year, which was issued by the State Administration of Markets and the National Standardization Administration of China, and will be published in 2019 and formally implemented on December 1, 2019. The Company's participation in the preparation of the first domestic screen door industry standard "Urban Rail Transit Platform Screen Door", and in the standard compilation in the domestic rail transit field reflect the Company's technology in the urban rail transit field.

3. New energy industry

In the first half of the year, there were more rains. The Company strengthened the operation and maintenance of solar photovoltaic power station equipment. The three solar photovoltaic power plants that have been connected to the grid have maintained efficient and safe operation.

4. Real estate

(1) Shenzhen Fangda Town Project: In the first half of 2019, the Fangda Town project achieved a sales area of 2,853.75 square

meters and an accumulated sales area of 85,264.25 square meters. As of the end of the first half of 2019, the area for sale was 7,822 square meters. The business investment signing rate was 94%, the cumulative rental area of 1# building was 16,854.13 square meters, and the occupancy rate was 23.24%.

(2) Nanchang Fenghuangzhou Project (Fangda Center Project): The project is located in Fenghuangzhou Area, Honggutan New District, Nanchang City. Construction started in May 2018. The project covers an area of about 17,000 square meters and has a total construction area of about 93,000 square meters. With a total construction area of 66,000 square meters, Jirong is a commercial complex covering commercial, apartment and office buildings. The self-use and sales area of the whole project is half of each. The project is scheduled to start pre-sale in the second half of 2019 and be completed and accepted in the first half of 2020. At present, the project construction is progressing in accordance with the expected engineering nodes. In the future, the project will contribute profits and cash flow to the Company.

(3) Shenzhen Fangda Bangshen Industrial Park Project: The project is located in Fuyong, Bao'an District, Shenzhen. It covers an area of 20,714.9 square meters and is currently an industrial plant. The project has begun to declare the project. As of the end of the first half of 2019, the project is still in the stage of approval.

(4) Urban renewal project along the Dagang River in Henggang, Shenzhen: The project is located in Dakang Village, Yuanshan Street, Longgang District, Shenzhen. The area of the project to be demolished is about 80,000 square meters. The update direction is mainly residential function, and finally subject to government approval. The project work is currently being actively promoted.

5. Awards

During the reporting period, the Company won the title of “Guangdong Province May 1st Labor Award”, “Shenzhen Quality Strong City Key Enterprise”, “2018 Shenzhen Quality Credit Demonstration Unit”, and was awarded the “Innovation China-Top 100 Listed Company” award. Ranked 12th in the growth list of A-share listed companies in the past five years.

Fangda Jianke Co., a wholly-owned subsidiary, was awarded “2019 Shenzhen University Building Doors and Windows Curtain Wall Industry Academic Exchange Advanced Unit”. General Manager Wei Yuexing won the “Innovative Talents” award in Shenzhen Decoration Industry and Zhang Jianhui, Regional Manager, won the “Top Ten Outstanding Project Managers” award. Senior designer Hu Guangzhou won the “Top Ten Young Designers” award and the curtain wall maker Xu Xiuhui won the “Top Ten Star Craftsmen” award. The four curtain wall projects including Fangda Town (Phase I), Shenyue Shangcheng (Southern District) Tower 2, China Energy Storage Building and China Southern Power Grid Production and Research Comprehensive Base undertaken by the company won the “China Construction Engineering Decoration Award”. Shenzhen Hanjing Finance curtain wall project was awarded “My Favorite Curtain Wall Project”.

Fangda Zhichuang Technology, a wholly-owned subsidiary, was awarded “Shenzhen Metro 2018 Excellent Equipment Supplier”, “Shenzhen Metro Phase III Excellent Equipment Supplier”, and “Shenzhen Metro Line 7, 9 and 11 Performance Evaluation Excellent Unit” “2018 Xi'an Metro Construction Labor Competition Advanced Unit”, employees Ouyang Kehua, Zhu Zhenfei, Kong Debing were awarded “Shenzhen Baiyou Craftsman” and Tang Long was awarded “2018 Xi'an Subway Construction Labor Competition Advanced Individual”.

Fangda Jiangxi New Material received titles including 2018 Nanchang High-Tech Industry Park Leading Enterprise, and Leading Company in Standardization.

After 2018, the wholly-owned subsidiary Fangda Real Estate Co., Ltd. was once again awarded the “Shenzhen Real Estate Development Industry Brand Value Enterprise” award by the Shenzhen Real Estate Association.

2. Main business analysis

For details see Management Discussion and Analysis – 1. Profile

Year-on-year changes in major financial data

In RMB

	This report period	Same period last year	YOY change (%)	Cause of change
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Turnover	1,425,890,946.99	1,442,050,896.53	-1.12%	
Operation cost	1,066,065,970.56	935,486,175.73	13.96%	
Sales expense	27,175,638.50	27,060,141.24	0.43%	
Administrative expense	82,678,777.56	66,539,185.89	24.26%	
Financial expenses	49,481,340.36	33,772,321.68	46.51%	Mainly due to the increase in borrowings during the period and the suspension of capitalization of interest expenses of Fangda Town project
Income tax expenses	24,019,259.71	63,046,179.95	-61.90%	Mainly due to the decrease in profits which is due to the decrease in income tax
R&D investment	69,859,537.37	42,082,922.04	66.00%	Mainly due to increased investment in research and development
Cash flow generated by business operations, net	-372,725,003.11	-31,426,267.64	-1,086.03%	Mainly due to the decrease in cash flow from real estate business activities
Cash flow generated by investment activities, net	-579,720,478.07	-43,736,732.77	-1,225.48%	Mainly due to the fact that the current wealth management investment has not been repaid
Net cash flow generated by financing activities	376,629,126.62	94,383,606.69	299.04%	Mainly due to the increase in bank loans and the payment of cash dividends in the current period.
Net increase in cash and cash equivalents	-576,045,363.83	20,226,410.15	-2,947.99%	

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.

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

				operating revenue	operating costs	margin
Industry						
Metal production	1,005,451,498.68	859,166,194.19	14.55%	23.53%	22.57%	0.67%
Real estate	204,754,339.12	57,493,641.50	71.92%	-57.03%	-54.67%	-1.46%
Railroad industry	197,936,254.53	142,515,728.84	28.00%	50.79%	41.61%	4.67%
Product						
Curtain wall system and materials	1,005,451,498.68	859,166,194.19	14.55%	23.53%	22.57%	0.67%
Real estate sales	204,754,339.12	57,493,641.50	71.92%	-57.03%	-54.67%	-1.46%
Metro screen door	197,936,254.53	142,515,728.84	28.00%	50.79%	41.61%	4.67%
District						
In China	1,376,533,552.06	1,030,698,498.88	25.12%	-1.86%	13.64%	-10.21%

3. Non-core business analysis

√ Applicable □ Inapplicable

In RMB

	Amount	Profit percentage	Reason	Whether continuous
Investment income	4,056,397.16	2.66%	Mainly from bank financial products	No
Gain/loss caused by changes in fair value	121,506.67	0.08%	Changes in the fair value of investment fund products	No
Assets impairment	-4,369,660.38	-2.86%	Mainly bad debt provision corresponding to accounts receivable	Yes
Non-operating revenue	4,873,892.15	3.19%	Mainly due to the overdue interest income of the receivables of Chongqing Telecom project of RMB4,372,800.	No
Non-business expenses	378,565.80	0.25%		No

4. Assets and liabilities

1. Major changes in assets composition

In RMB

	End of the report period		Same period last year		Change (%)	Notes
	Amount	Proportion in total assets	Amount	Proportion in total assets		
Monetary capital	1,072,726,726. 45	9.80%	1,199,195,175. 72	15.19%	-5.39%	
Account receivable	2,118,904,495. 79	19.37%	2,077,617,891. 78	26.32%	-6.95%	
Inventory	750,395,540.0 6	6.86%	726,389,203.30	9.20%	-2.34%	
Investment real estate	5,285,303,323. 58	48.31%	2,332,213,399. 66	29.55%	18.76%	Mainly due to the Fangda Town Project 1# building as an investment real estate, since the fourth quarter of 2018, the subsequent measurement based on fair value to generate value-added
Long-term share equity investment	69,779,924.33	0.64%	69,871,054.85	0.89%	-0.25%	
Fixed assets	431,948,450.6 6	3.95%	474,159,833.94	6.01%	-2.06%	
Construction in process	90,993,650.25	0.83%	2,820,259.75	0.04%	0.79%	
Short-term loans	900,000,000.0 0	8.23%	524,000,000.00	6.64%	1.59%	
Long-term loans	593,978,153.3 9	5.43%	1,293,978,153. 39	16.39%	-10.96%	Repayment of borrowings in the current period and reclassification of payments due within one year to current liabilities
Other current assets	114,294,388.8 1	1.04%	270,720,575.33	3.43%	-2.39%	Mainly due to decrease in bank financial products
Non-current liabilities due in 1 year	800,000,000.0 0	7.31%	200,000,000.00	2.53%	4.78%	Increase the reclassification of long-term borrowings due within one year

2. Assets and liabilities measured at fair value

√ Applicable □ Inapplicable

In RMB

Item	Opening amount	Gain/loss caused by changes in fair value	Accumulative changes in fair value accounting into the income account	Impairment provided in the period	Amount purchased in the period	Amount sold in the period	Closing amount
Financial assets							
1. Transactional financial assets (excluding derivative financial assets)		121,506.67			400,000,000.00	200,000,000.00	200,121,506.67
2. Derivative financial assets							17,375.00
4. Investment in other equity tools	21,674,008.23		-6,888,567.44				21,674,008.23
Subtotal	21,674,008.23	121,506.67	-6,888,567.44		400,000,000.00	200,000,000.00	221,812,889.90
Investment real estate	5,230,896,067.50		11,675,404.61		29,292,017.43		5,260,188,084.93
Total	5,252,570,075.73	121,506.67	4,786,837.17		429,292,017.43	200,000,000.00	5,482,000,974.83
Financial liabilities	1,625,725.00						0.00

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

Yes No

3. Right restriction of assets at the end of the period

Item	Closing book value	Reason
Monetary capital	692,581,199.60	Deposit and time deposit
Fixed assets	50,528,321.98	Credit guarantee
Investment real estate	309,189,866.37	Credit guarantee
100% stake in Fangda Property Development held by the Company	200,000,000.00	Loan by pledge
Total	1,252,299,387.95	

VI. Investment

1. General situation

Applicable Inapplicable

2. Major equity investment in the report period

Applicable Inapplicable

In RMB

Invested company	Main businesses	Method of investment	Investment amount	Shareholding percentage	Capital source	Partner	Term of investment	Type of product	Progress as of the balance sheet date	Estimate return	Current investment profit and loss	Whether litigation is involved	Disclosure date (if any)	Disclosure source (if any)
Shenzhen Zhongrong Litai Investment Co., Ltd.	Real estate development	Acquisition	112,613,316.68	100.00%	Self-owned fund	Shenzhen Yikang Real Estate Co., Ltd., Shenzhen Qianhai Zhongrong Litai's actual operating period Dingfeng No. 6 Investment Enterprise (Limited Partnership)		Real estate development	55% equity has been transferred and control has been transferred to the Company	--	-403,894.30	No	None	None
Total	--	--	112,613,316.68	--	--	--	--	--	--	--	-403,894.30	--	--	--

3. Major non-equity investment in the report period

Applicable Inapplicable

4. Financial assets investment

(1) Securities investment

Applicable Inapplicable

Securities	Code	Abbreviation	Initial investment cost	Accounting method	Opening book value	Gain/losses caused by changes in fair value	Accumulative changes in fair value accounting into the income account	Amount purchased in the period	Amount sold in the period	Gain/losses	Closing book value	Accounting item	Capital source
Fund	004400	Jinxin Minxing Bond A	200,000,000.00	Measurement at fair value	0.00			200,000,000.00	200,000,000.00	761,235.07	0.00	Transactional financial assets	Self-owned fund
Fund	002163	Dongfang Huixin Flexible Configuration Compound Securities Investment Fund Class C	200,000,000.00	Measurement at fair value	0.00	121,506.67		200,000,000.00		121,506.67	200,121,506.67	Transactional financial assets	Self-owned fund
Total			400,000,000.00	--	0.00	121,506.67	0.00	400,000,000.00	200,000,000.00	882,741.74	200,121,506.67	--	--
Disclosure date of approval by the Board of Directors of securities investment			September 11, 2018										
Disclosure date of approval by the Board of Directors			None										

of securities investment	
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(2) Derivative investment

√ Applicable □ Inapplicable

In RMB10,000

Derivative investment operator	Relationship	Related transaction	Type	Initial amount	Start date	End date	Initial investment amount	Amount in this period	Amount sold in this period	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	No	No	Shanghai aluminum	2,535.76	July 13, 2018	January 31, 2020	2,535.76	11,019.77	8,458.21		5,097.32	1.01%	34.16
Total				2,535.76	--	--	2,535.76	11,019.77	8,458.21		5,097.32	1.01%	34.16
Capital source				Self-owned fund									
Lawsuit involved				None									
Disclosure date of derivative investment approval by the Board of Directors				October 31, 2017									
Disclosure date of derivative investment approval by the shareholders' meeting				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				Fair value of derivatives are measured at open prices in the futures market									

period, the analysis of the derivative's fair value should disclose the method used and related assumptions and parameters.	
Material changes in the accounting policies and rules related to the derivative in the report period compared to last period	None
Opinions of independent directors on the Company's derivative investment and risk controlling	None

VI. Major assets and equity sales

1. Major assets sales

Applicable Inapplicable

The Company sold no assets in the report period.

2. Major equity sales

Applicable Inapplicable

VII. Analysis of major joint stock companies

Applicable Inapplicable

Major subsidiaries and joint stock companies affecting more than 10% of the Company's net profit

In RMB

Company	Type	Main business	Registered capital	Total assets	Net assets	Turnover	Operation profit	Net profit
Fangda Zhichuang	Subsidiary	Subway screen door and service	105,000,000.00	559,417,204.89	238,461,667.32	197,936,254.53	28,115,721.39	24,260,468.27
Fangda Property	Subsidiary	Real estate	200,000,000.00	6,456,192,056.32	3,237,187,299.99	185,080,344.80	66,076,465.64	53,874,527.52
Fangda Jianke	Subsidiary	Curtain wall system and materials	500,000,000.00	3,260,584,986.85	1,074,236,659.57	906,677,681.20	48,690,014.92	44,399,848.47

Acquisition and disposal of subsidiaries in the report period

Applicable Inapplicable

Company	Acquisition and disposal of subsidiaries in	Impacts on overall production, operation
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	the report period	and performance
Fangda Southeast Asia Company Limited	Newly set	None
Shenzhen Zhongrong Litai Investment Co., Ltd.	Obtained from transfer	None
Shenzhen Kexunda Software Co., Ltd.	Liquidation	None

VIII. Structural entities controlled by the Company

Applicable Inapplicable

IX. Forecast of operating performance between January and September in 2019

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

X. Risks facing the company and measures

1. Market risks and measures

As the overall designing and engineering quality continues improving in the domestic construction curtain wall industry, curtain wall products will become increasingly standard, intensifying the market competition. In addition, the market concentration of first- and second-tier cities will increase, and regional competition will become more intense. The Company will continue to adopt a prudent management policy, refined management, and technological innovations to reduce management costs and accelerate the return of funds. Through new technologies and processes, we will improve product quality, lower costs and elevate earnings. While consolidating the domestic market, the Company will step up the efforts in exploring overseas markets, thus elevating our competitiveness in global markets and improving our resistance to risks.

2. Management risks and measures

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

3. Production and operation risks and measures

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

4. Solar PV power plant risks and measures

As an important asset, photovoltaic power plants need to ensure the safe and stable operation of the power station. The Company guarantees through the establishment of reasonable operation and maintenance division and scientific management system,

such as production operation system, safety management system, emergency fire protection system, equipment operation rules, etc., timely grasp the operation status of the power station, and find existing or potential problems. Ensure normal power generation.

5. Risks and countermeasures of real estate project policy regulation

1. The Company is committed to the Guangdong-Hong KongMacao Bay District, of urban renewal projects in the core area of Shenzhen. According to the market and policy, the Company will carefully select relevant projects to avoid related risks.

Chapter 5 Significant Events

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

1. Annual shareholder meeting during the report period

Meeting	Type	Participation of investors	Date	Date of disclosure	Index for information disclosure
2018 Annual Shareholder Meeting	Annual shareholders' meeting	21.52%	February 19, 2019	February 20, 2019	Notice on Resolutions of the Annual Shareholders' Meeting (2018) (2019-19) released on www.cninfo.com.cn

2. Shareholders of preference shares of which voting right resume convening an extraordinary shareholders' meeting

Applicable Inapplicable

II. Profit Distribution and Reserve Capitalization in the Report Period

Applicable Inapplicable

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

III. Commitments that have been fulfilled and not fulfilled by actual controller, shareholders, related parties, acquirers of the Company

Applicable Inapplicable

There is no commitment that has not been fulfilled by actual controller, shareholders, related parties, acquirers of the Company

IV. Engaging and dismissing of CPA

Whether the interim financial report is audited

Yes No

The interim report for H1 2015 has not been audited.

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

Applicable Inapplicable

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

Applicable Inapplicable

VII. Bankruptcy and capital reorganizing

Applicable Inapplicable

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

VIII. Lawsuit

Significant lawsuit and arbitration

Applicable Inapplicable

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

Other lawsuit

Applicable Inapplicable

IX. Punishment and rectification

Applicable Inapplicable

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

X. Credibility of the Company, controlling shareholder and actual controller

Applicable Inapplicable

XI. Share incentive schemes, staff shareholding program or other incentive plans

Applicable Inapplicable

There is no share incentive schemes, staff shareholding program or other incentive plans in the report period

XII. 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 or equity 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 major related transactions

Applicable Inapplicable

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

XIII. 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.

XIV. 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 investment real estate is used as external leasing. The rental income in the report period is RMB32,407,941.33.

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

Applicable Inapplicable

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

2. Significant guarantee

√ Applicable □ Inapplicable

(1) Guarantee

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
None								
Guarantee provided to subsidiaries								
Guarantee provided to	Date of disclosure	Guarantee amount	Actual date of occurring (signing date of agreements)	Actual amount of guarantee	Type of guarantee	Term	Completed or not	Related party
Fangda Jianke	January 30, 2019	30,000	August 28, 2018	12,537.24	Joint liability	since engage of contract to 2 years upon due of debt	No	Yes
Fangda Jianke	January 30, 2019	40,000	April 1 2019	13,722.24	Joint liability	since engage of contract to 2 years upon due of debt	No	Yes
Fangda Jianke	January 30, 2019	40,000	March 26, 2019	9,392.86	Joint liability	since engage of contract to 2 years upon due of debt	No	Yes
Fangda Jianke	January 30, 2019	20,000	April 10, 2018	11,174.93	Joint liability	since engage of contract to 2 years upon due of debt	No	Yes
Fangda Jianke	January 30, 2019	9,000	July 13, 2018	6,288	Joint liability	since engage of contract to 2 years upon due of debt	No	Yes
Fangda Jianke	January 30, 2019	10,000	June 11, 2018	1,165.19	Joint liability	since engage of contract to 2 years upon	No	Yes

						due of debt		
Fangda Zhichuang	January 30, 2019	21,600	August 06, 2018	18,429.4	Joint liability	since engage of contract to 2 years upon due of debt	No	Yes
Fangda Zhichuang	January 30, 2019	12,000	March 26, 2019	303.25	Joint liability	since engage of contract to 2 years upon due of debt	No	Yes
Fangda Zhichuang	January 30, 2019	15,000	May 27, 2019	4,398.15	Joint liability	since engage of contract to 2 years upon due of debt	No	Yes
Fangda New Material	January 30, 2019	8,000	April 24, 2019	7,715.84	Joint liability	since engage of contract to 2 years upon due of debt	No	Yes
Fangda New Material	January 30, 2019	6,500	June 26, 2019	795.98	Joint liability	since engage of contract to 2 years upon due of debt	No	Yes
Fangda Property	January 30, 2019	130,000	February 03, 2015	79,397.82	Joint liability	since engage of contract to 2 years upon due of debt	No	Yes
The Company	January 30, 2019	60,000	March 26, 2019	20,000	Joint liability	since engage of contract to 2 years upon due of debt	No	Yes
The Company	January 30, 2019	25,000	September 29, 2018	20,000	Joint liability	since engage of contract to 2 years upon due of debt	No	Yes
Total of guarantee to subsidiaries approved in the report term (B1)			427,100	Total of guarantee to subsidiaries actually occurred in the report term (B2)				66,608.98
Total of guarantee to subsidiaries approved as of the report term (B3)			427,100	Total of balance of guarantee actually provided to the subsidiaries as of end of report term (B4)				205,320.89
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
None								
Total of guarantee provided by the Company (total of the above three)								
Total of guarantee approved in the report term (A1+B1+C1)		427,100		Total of guarantee occurred in the report term (A2+B2+C2)				66,608.98
Total of guarantee approved as of end of report term (A3+B3+C3)		427,100		Total of guarantee occurred as of the end of report term (A4+B4+C4)				205,320.89
Percentage of the total guarantee occurred (A4+B4+C4) on net asset of the Company				40.87%				
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				

(2) 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.

XV. Social responsibilities

1. Environmental protection

Whether the Company and its subsidiaries are key polluting companies disclosed by the environmental protection authority

No

The Company and its subsidiaries have earnestly implemented the Environmental Protection Law of the People's Republic of China, the Law of the People's Republic of China on Water Pollution Prevention and Control, the Law of the People's Republic of China on the Prevention and Control of Air Pollution, and the Law of the People's Republic of China on the Prevention and Control of Solid Waste Pollution. In the environmental protection laws and regulations, there were no penalties for violations of laws and regulations during the reporting period.

2. Performance of poverty relieving responsibilities

(1) Half-year poverty relieving summary

In the first half of 2019, the Company used funds for precision poverty alleviation projects of RMB122,000 as follows:

- (1) Donated RMB100,000 to the Ganzhou Charity Federation of Jiangxi Province to fund the Ruijin City Charity Association to purchase defibrillators at the Red Spot;
- (2) donated RMB20,000 to two poverty-stricken villages in Luxi County, Pingxiang City, Jiangxi Province for the construction of public facilities;
- (3) Donated RMB2,000 to the Social Assistance Center of Luxiang Town, Jinshan District, Shanghai for charity assistance activities.

(2) Result of targeted poverty alleviation

Specifications	Unit	Qty/Description
I. General situation	—	—
Including: 1. capital	(in RMB10,000)	12.2
II. Investment	—	—
1. Industry development poverty relief	—	—
2. Employment transfer	—	—
3. Relocation	—	—
4. Education	—	—
5. Health care support	—	—
Including: 5.1 Contribution to health care sources in poor areas	(in RMB10,000)	10
6. Eco-protection support	—	—
7. Last-line guarantee	—	—
8. Social poverty relieving	—	—
8.2 Targeted poverty alleviation investment amount	(in RMB10,000)	2
9. Others	—	—
Including: 9.1 Number of projects	Item	1
9.2 Investment	(in RMB10,000)	0.2
III. Prizes	—	—

(3) Further property relief plans

The Company donated Amount RMB680,000 for targeted poverty in H1 2019:

- (1) In order to help the Lianhua County of Pingxiang City Jiangxi Province to achieve poverty alleviation, the Company plans to donate RMB500,000 to the Pingxiang City Charity Association to develop the lily industry.
2. In order to assist the Ji'an City Chamber of Commerce in Jiangxi Province, "100 Enterprises to Help 100 Villages", education and poverty alleviation activities, the company plans to donate RMB150,000 to poor village high schools and college students.
3. Donated RMB30,000 to two students at Jiangxi Ganzhou Zhanggong district Shahe Longcun village.

The Company will continue to fulfill its social responsibility for precision poverty alleviation, and make donations from time to time based on business development.

XVI. Other material events

Applicable Inapplicable

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

XVII. Material events of subsidiaries

Applicable Inapplicable

Chapter 6 Changes in Share Capital and Shareholders

I. Changes in shares

1. Changes in shares

In share

	Before the change		Change (+,-)					After the change	
	Quantity	Proportion	Issued new shares	Bonus shares	Transferred from reserves	Others	Subtotal	Quantity	Proportion
I. Shares with trade restriction conditions	1,431,568	0.12%						1,431,568	0.13%
1. Other domestic shares	1,431,568	0.12%						1,431,568	0.13%
Domestic natural person shares	1,431,568	0.12%						1,431,568	0.13%
II. Shares without trading limited conditions	1,148,308,021	99.88%				-26,355,400	-26,355,400	1,121,952,621	99.87%
1. Common shares in RMB	678,283,904	58.99%						678,283,904	60.38%
2. Foreign shares in domestic market	470,024,117	40.88%				-26,355,400	-26,355,400	443,668,717	39.49%
III. Total of capital shares	1,149,739,589	100.00%				-26,355,400	-26,355,400	1,123,384,189	100.00%

Reasons

√ Applicable □ Inapplicable

During the reporting period, the Company repurchased 26,355,400 shares of domestically listed foreign shares (B shares).

Approval of the change

√ Applicable □ Inapplicable

The Company held the 10th meeting of the 8th Board of Directors and the first extraordinary shareholders meeting of 2018 on September 10 2018 and September 27 2018 respectively and reviewed and approved the repurchase of some domestically listed foreign shares (B shares).

Share transfer

Applicable Inapplicable

From December 19, 2018 to January 3, 2019, the Company repurchased 32,097,497 shares of B shares through centralized bidding, and completed the cancellation of the shares at China Securities Depository and Clearing Co., Ltd. Shenzhen Branch on January 11, 2019.

Progress in the implementation of share repurchase

Applicable Inapplicable

Period	Number of shares	Fund used	Highest price (HKD/share)	Lowest price (HKD/share)	Date of cancellation
December 19, 2018 to Monday, December 31, 2018	5,742,097	19,488,199.08	3.58	3.24	January 11, 2019
January 02, 2019 to January 3, 2019	26,355,400	93,524,433.13			
Total	32,097,497	113,012,632.21			

Progress in the implementation of the reduction of shareholding shares by means of centralized bidding

Applicable Inapplicable

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

Applicable Inapplicable

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

Applicable Inapplicable

2. Changes in conditional shares

Applicable Inapplicable

II. Share placing and listing

Applicable Inapplicable

III. Shareholders and shareholding

In share

Number of shareholders of	62,141	Number of shareholders of	0
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common shares at the end of the report period		preferred stocks of which voting rights recovered in the report period						
Shareholders holding 5% of the Company's common shares or top-10 shareholders								
Shareholder	Nature of shareholder	Shareholding percentage	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	Quantity
Shenzhen Banglin Technologies Development Co., Ltd.	Domestic non-state legal person	10.08%	113,202,154	-		113,202,154	Pledged	32,860,000
Shengjiu Investment Ltd.	Foreign legal person	8.52%	95,688,766	1,813,128		95,688,766		
Gong Qing Cheng Shi Li He Investment Management Partnership Enterprise (limited partner)	Domestic non-state legal person	2.38%	26,791,488	-		26,791,488		
Fang Wei	Domestic natural person	1.65%	18,514,449	-16,097,004		18,514,449		
SUN HUNG KAI INVESTMENT SERVICES LTD	Foreign legal person	0.89%	10,053,618	-115,384		10,053,618		
VANGUARD EMERGING MARKETS STOCK INDEX FUND	Foreign legal person	0.71%	7,946,483	-		7,946,483		
Shenwan Hongyuan Securities (Hong Kong) Co., Ltd.	Foreign legal person	0.55%	6,158,732	-13,720,415		6,158,732		
VANGUARD TOTAL INTERNATIONAL STOCK INDEX FUND	Foreign legal person	0.52%	5,872,007	-153,951		5,872,007		
Qu Chunlin	Domestic natural person	0.38%	4,236,961	386,900		4,236,961		
First Shanghai Securities Limited	Foreign legal person	0.36%	4,001,704	-		4,001,704		
A strategic investor or ordinary legal person becomes the Top10 shareholder due a stock	None							

issue.			
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.		
Top 10 shareholders of unconditional common shares			
Shareholder	Amount of common shares without sales restriction	Category of shares	
		Category of shares	Quantity
Shenzhen Banglin Technologies Development Co., Ltd.	113,202,154	RMB common shares	113,202,154
Shengjiu Investment Ltd.	95,688,766	Foreign shares listed in domestic exchanges	95,688,766
Gong Qing Cheng Shi Li He Investment Management Partnership Enterprise (limited partner)	26,791,488	RMB common shares	26,791,488
Fang Wei	18,514,449	RMB common shares	18,514,449
SUN HUNG KAI INVESTMENT SERVICES LTD	10,053,618	Foreign shares listed in domestic exchanges	10,053,618
VANGUARD EMERGING MARKETS STOCK INDEX FUND	7,946,483	Foreign shares listed in domestic exchanges	7,946,483
Shenwan Hongyuan Securities (Hong Kong) Co., Ltd.	6,158,732	Foreign shares listed in domestic exchanges	6,158,732
VANGUARD TOTAL INTERNATIONAL STOCK INDEX FUND	5,872,007	Foreign shares listed in domestic exchanges	5,872,007
Qu Chunlin	4,236,961	RMB common shares	4,236,961
First Shanghai Securities Limited	4,001,704	Foreign shares listed in domestic exchanges	4,001,704
No action-in-concert or related parties among the top10	Among the shareholders, Shenzhen Banglin Technology Development Co., Ltd. and Shengjiu Investment Co., Ltd. are parties action-in-concert. Shenzhen Banglin Technology		

unconditional common share shareholders and between the top10 unconditional common share shareholders and the top10 common share shareholders	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.
Top-10 common share shareholders participating in margin trade	None

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

IV. 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

Chapter 7 Preferred Shares

Applicable Inapplicable

The Company had no preferred share in the report period.

Chapter 8 Particulars about the Directors, Supervisors, and Senior Management

I. 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 2018 annual report.

II. 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 2018 annual report.

Chapter 9 Information about the Company's Securities

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

No

Chapter 10 Financial Statements

I. Auditor's report

Whether the interim report is audited

Yes No

The financial statements for H1 2014 have not been audited.

II. Financial statements

Unit for statements in notes to financial statements: RMB yuan

1. Consolidated Balance Sheet

Prepared by: China Fangda Group Co., Ltd.

In RMB

Item	June 30, 2019	December 31, 2018
Current asset:		
Monetary capital	1,072,726,726.45	1,389,062,083.76
Settlement provision		
Outgoing call loan		
Transactional financial assets	200,121,506.67	
Financial assets measured at fair value with variations accounted into current income account		
Derivative financial assets	17,375.00	
Notes receivable	85,655,871.18	140,139,692.84
Account receivable	2,118,904,495.79	1,920,075,031.85
Receivable financing		
Prepayment	73,540,307.08	46,454,844.74
Insurance receivable		
Reinsurance receivable		
Provisions of Reinsurance contracts receivable		
Other receivables	162,536,536.53	139,990,188.26
Including: interest receivable	366,666.66	

Dividend receivable		
Repurchasing of financial assets		
Inventory	750,395,540.06	651,405,832.29
Contract assets		
Assets held for sales		
Non-current assets due in 1 year		
Other current assets	114,294,388.81	51,698,111.14
Total current assets	4,578,192,747.57	4,338,825,784.88
Non-current assets:		
Loan and advancement provided		
Debt investment		
Sellable financial assets		21,674,008.23
Other debt investment		
Investment held until mature		
Long-term receivable		
Long-term share equity investment	69,779,924.33	70,105,657.88
Investment in other equity tools	21,674,008.23	
Other non-current financial assets		
Investment real estate	5,285,303,323.58	5,256,442,406.63
Fixed assets	431,948,450.66	455,274,241.83
Construction in process	90,993,650.25	58,269,452.72
Productive biological assets		
Gas & petrol		
Use right assets		
Intangible assets	79,441,627.18	80,313,240.67
R&D expense		
Goodwill		
Long-term amortizable expenses	2,476,634.82	2,114,331.46
Deferred income tax assets	357,050,574.16	356,474,925.76
Other non-current assets	23,941,839.67	19,360,083.67
Total of non-current assets	6,362,610,032.88	6,320,028,348.85
Total of assets	10,940,802,780.45	10,658,854,133.73
Current liabilities		
Short-term loans	900,000,000.00	208,000,000.00

Loans from Central Bank		
Call loan received		
Transactional financial liabilities		
Financial liabilities measured at fair value with variations accounted into current income account		
Derivative financial liabilities		1,625,725.00
Notes payable	533,557,330.40	507,864,518.19
Account payable	953,298,396.58	1,039,630,798.64
Prepayment received	132,431,063.25	278,577,848.54
Selling of repurchased financial assets		
Deposit received and held for others		
Entrusted trading of securities		
Entrusted selling of securities		
Employees' wage payable	23,925,424.42	44,513,062.17
Taxes payable	21,432,798.90	107,709,999.19
Other payables	836,350,288.81	813,118,699.84
Including: interest payable	2,423,014.69	2,098,971.44
Dividend payable		
Fees and commissions payable		
Reinsurance fee payable		
Contract liabilities		
Liabilities held for sales		
Non-current liabilities due in 1 year	800,000,000.00	200,000,000.00
Other current liabilities	10,023,641.11	9,328,682.25
Total current liabilities	4,211,018,943.47	3,210,369,333.82
Non-current liabilities:		
Insurance contract provision		
Long-term loans	593,978,153.39	1,193,978,153.39
Bond payable		
Including: preferred stock		
Perpetual bond		

Lease liabilities		
Long-term payable		
Long-term employees' wage payable		
Anticipated liabilities	6,672,052.01	6,831,162.99
Deferred earning	10,956,741.32	10,401,161.30
Deferred income tax liabilities	1,044,043,233.97	1,042,086,700.35
Other non-current liabilities		
Total of non-current liabilities	1,655,650,180.69	2,253,297,178.03
Total liabilities	5,866,669,124.16	5,463,666,511.85
Owner's equity:		
Share capital	1,123,384,189.00	1,155,481,686.00
Other equity tools		
Including: preferred stock		
Perpetual bond		
Capital reserves	1,454,191.59	1,454,191.59
Less: Shares in stock		10,831,437.66
Other miscellaneous income	3,605,436.34	7,382,087.59
Special reserves		
Surplus reserves	54,042,195.07	120,475,221.40
Common risk provisions		
Retained profit	3,841,302,110.76	3,921,225,872.96
Total of owner's equity belong to the parent company	5,023,788,122.76	5,195,187,621.88
Minor shareholders' equity	50,345,533.53	
Total of owners' equity	5,074,133,656.29	5,195,187,621.88
Total of liabilities and owner's interest	10,940,802,780.45	10,658,854,133.73

Legal representative: Xiong Jianming

CFO: Lin Keping

Accounting Manager: Wu Bohua

2. Balance Sheet of the Parent Company

In RMB

Item	June 30, 2019	December 31, 2018
Current asset:		
Monetary capital	101,688,461.26	410,118,157.55

Transactional financial assets		
Financial assets measured at fair value with variations accounted into current income account		
Derivative financial assets		
Notes receivable	200,000,000.00	200,000,000.00
Account receivable	14,565.67	471,039.12
Receivable financing		
Prepayment	1,661,827.83	6,733,047.16
Other receivables	1,320,828,678.84	822,543,653.04
Including: interest receivable		
Dividend receivable	100,000,000.00	100,000,000.00
Inventory		
Contract assets		
Assets held for sales		
Non-current assets due in 1 year		
Other current assets	6,711,425.57	919,388.18
Total current assets	1,630,904,959.17	1,440,785,285.05
Non-current assets:		
Debt investment		
Sellable financial assets		21,674,008.23
Other debt investment		
Investment held until mature		
Long-term receivable		
Long-term share equity investment	1,013,339,495.35	983,339,494.35
Investment in other equity tools	21,674,008.23	
Other non-current financial assets		
Investment real estate	309,189,866.37	309,189,866.37
Fixed assets	52,804,391.71	53,784,811.23
Construction in process		
Productive biological assets		
Gas & petrol		
Use right assets		
Intangible assets	1,961,314.57	2,112,301.97
R&D expense		

Goodwill		
Long-term amortizable expenses	777,499.64	917,499.68
Deferred income tax assets	38,972,942.37	34,555,598.81
Other non-current assets		
Total of non-current assets	1,438,719,518.24	1,405,573,580.64
Total of assets	3,069,624,477.41	2,846,358,865.69
Current liabilities		
Short-term loans	500,000,000.00	200,000,000.00
Transactional financial liabilities		
Financial liabilities measured at fair value with variations accounted into current income account		
Derivative financial liabilities		
Notes payable		
Account payable	606,941.85	676,941.85
Prepayment received	694,791.63	733,274.16
Contract liabilities		
Employees' wage payable	1,001,120.09	2,145,763.39
Taxes payable	819,162.49	341,004.65
Other payables	450,775,536.65	300,006,406.51
Including: interest payable	1,162,456.96	740,208.33
Dividend payable		
Liabilities held for sales		
Non-current liabilities due in 1 year	500,000,000.00	
Other current liabilities		
Total current liabilities	1,453,897,552.71	503,903,390.56
Non-current liabilities:		
Long-term loans	100,000,000.00	500,000,000.00
Bond payable		
Including: preferred stock		
Perpetual bond		
Lease liabilities		
Long-term payable		
Long-term employees' wage		

payable		
Anticipated liabilities		
Deferred earning		
Deferred income tax liabilities	64,030,014.06	64,130,617.41
Other non-current liabilities		
Total of non-current liabilities	164,030,014.06	564,130,617.41
Total liabilities	1,617,927,566.77	1,068,034,007.97
Owner's equity:		
Share capital	1,123,384,189.00	1,155,481,686.00
Other equity tools		
Including: preferred stock		
Perpetual bond		
Capital reserves	360,835.52	360,835.52
Less: Shares in stock		10,831,437.66
Other miscellaneous income	3,590,127.88	8,756,553.46
Special reserves		
Surplus reserves	54,042,195.07	120,475,221.40
Retained profit	270,319,563.17	504,081,999.00
Total of owners' equity	1,451,696,910.64	1,778,324,857.72
Total of liabilities and owner's interest	3,069,624,477.41	2,846,358,865.69

3. Consolidated Income Statement

In RMB

Item	H1 2019	H1 2018
1. Total revenue	1,425,890,946.99	1,442,050,896.53
Incl. Business income	1,425,890,946.99	1,442,050,896.53
Interest income		
Insurance fee earned		
Fee and commission received		
2. Total business cost	1,281,585,400.17	1,172,057,419.48
Incl. Business cost	1,066,065,970.56	935,486,175.73
Interest expense		
Fee and commission paid		

Insurance discharge payment		
Net claim amount paid		
Net insurance policy reserves provided		
Insurance policy dividend paid		
Reinsurance expenses		
Taxes and surcharges	41,481,000.07	101,204,195.03
Sales expense	27,175,638.50	27,060,141.24
Administrative expense	82,678,777.56	66,539,185.89
R&D cost	14,702,673.12	7,995,399.91
Financial expenses	49,481,340.36	33,772,321.68
Including: interest cost	40,476,886.48	32,139,251.82
Interest income	2,439,090.91	3,715,935.93
Add: other gains	4,001,450.51	2,699,191.58
Investment gains ("-" for loss)	4,056,397.16	26,244,762.41
Incl. Investment gains from affiliates and joint ventures	-325,733.55	-1,071,000.77
Financial assets derecognised as a result of amortized cost ("-" for loss)		
Exchange gains ("-" for loss)		
Net open hedge gains ("-" for loss)		
Gains from change of fair value ("-" for loss)	121,506.67	-8,896,637.25
Credit impairment ("-" for loss)	-4,369,660.38	
Investment impairment loss ("-" for loss)		-1,854,963.05
Investment gains ("-" for loss)	-27,108.78	-1,551,865.58
3. Operational profit ("-" for loss)	148,088,132.00	286,633,965.16
Plus: non-operational income	4,873,892.15	7,066,038.41
Less: non-operational expenditure	378,565.80	522,160.43
4. Gross profit ("-" for loss)	152,583,458.35	293,177,843.14

Less: Income tax expenses	24,019,259.71	63,046,179.95
5. Net profit ("-" for net loss)	128,564,198.64	230,131,663.19
(1) By operating consistency		
1. Net profit from continuous operation ("-" for net loss)	128,570,716.39	230,131,663.19
2. Net profit from discontinuous operation ("-" for net loss)	-6,517.75	
(2) By ownership		
1. Net profit attributable to the owners of parent company	128,581,755.01	230,131,663.19
2. Minor shareholders' equity	-17,556.37	
6. After-tax net amount of other misc. incomes	1,389,774.33	-1,879,756.17
After-tax net amount of other misc. incomes attributed to parent's owner	1,389,774.33	-1,879,756.17
(1) Other misc. incomes that cannot be re-classified into gain and loss		
1. Re-measure the change in the defined benefit plan		
2. Other comprehensive income that cannot be transferred to profit or loss under the equity method		
3. Fair value change of investment in other equity tools		
4. Fair value change of the company's credit risk		
5. Others		
(2) Other misc. incomes that will be re-classified into gain and loss	1,389,774.33	-1,879,756.17
1. Other comprehensive income that can be transferred to profit or loss under the equity method		
2. Fair value change of other debt investment		
3. Change in the fair value of financial asset for sale		
4. Gains and losses from changes in fair value of available-for-sale		

financial assets		
5. Held-to-mature investment reclassified as gain and loss in the financial assets for sales		
6. Other credit investment credit impairment provisions		
7. Cash flow hedge reserve	1,396,635.00	-1,839,001.25
8. Translation difference of foreign exchange statement	-6,860.67	-40,754.92
9. Others		
After-tax net of other misc. income attributed to minority shareholders		
7. Total of misc. incomes	129,953,972.97	228,251,907.02
Total of misc. incomes attributable to the owners of the parent company	129,971,529.34	228,251,907.02
Total misc gains attributable to the minor shareholders	-17,556.37	
8. Earnings per share:		
(1) Basic earnings per share	0.11	0.19
(2) Diluted earnings per share	0.11	0.19

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

CFO: Lin Keping

Accounting Manager: Wu Bohua

4. Income Statement of the Parent Company

In RMB

Item	H1 2019	H1 2018
1. Turnover	17,142,022.88	15,112,290.20
Less: Operation cost	3,496,588.06	673,578.25
Taxes and surcharges	645,703.49	650,802.82
Sales expense		
Administrative expense	11,286,569.85	10,133,470.85
R&D cost		
Financial expenses	21,369,380.01	7,548,692.03
Including: interest cost	17,322,986.12	8,550,029.19
Interest income	351,128.89	1,581,410.05

Add: other gains	234,066.99	114,556.59
Investment gains (“-” for loss)	1,155,183.42	8,138,483.22
Incl. Investment gains from affiliates and joint ventures		
Financial assets derecognised as a result of amortized cost (“-” for loss)		
Net open hedge gains (“-” for loss)		
Gains from change of fair value (“-“ for loss)		-3,429,128.73
Credit impairment (“-” for loss)	4,732.39	
Investment impairment loss (“-” for loss)		-98,676.88
Investment gains (“-” for loss)		-574.06
2. Operational profit (“-” for loss)	-18,262,235.73	830,406.39
Plus: non-operational income	13,947.68	258,644.66
Less: non-operational expenditure	106,388.64	738.00
3. Gross profit (“-” for loss)	-18,354,676.69	1,088,313.05
Less: Income tax expenses	-4,545,338.46	1,582,341.85
4. Net profit (“-” for net loss)	-13,809,338.23	-494,028.80
(1) Net profit from continuous operation (“-” for net loss)	-13,809,338.23	-494,028.80
(2) Net profit from discontinuous operation (“-” for net loss)		
5. After-tax net amount of other misc. incomes		
(1) Other misc. incomes that cannot be re-classified into gain and loss		
1. Re-measure the change in the defined benefit plan		
2. Other comprehensive income that cannot be transferred to profit or loss under the equity method		
3. Fair value change of investment in other equity tools		

4. Fair value change of the company's credit risk		
5. Others		
(2) Other misc. incomes that will be re-classified into gain and loss		
1. Other comprehensive income that can be transferred to profit or loss under the equity method		
2. Fair value change of other debt investment		
3. Change in the fair value of financial asset for sale		
4. Gains and losses from changes in fair value of available-for-sale financial assets		
5. Held-to-mature investment reclassified as gain and loss in the financial assets for sales		
6. Other credit investment credit impairment provisions		
7. Cash flow hedge reserve		
8. Translation difference of foreign exchange statement		
9. Others		
6. Total of misc. incomes	-13,809,338.23	-494,028.80
7. Earnings per share:		
(1) Basic earnings per share		
(2) Diluted earnings per share		

5. Consolidated Cash Flow Statement

In RMB

Item	H1 2019	H1 2018
1. Net cash flow from business operations:		
Cash received from sales of products and providing of services	1,201,792,721.87	1,344,633,305.24
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		
Cash received as interest, processing fee, and commission		
Net increase of inter-bank fund received		
Net increase of repurchasing business		
Net cash received from trading securities		
Tax refunded	1,495,878.35	876,405.15
Other cash received from business operation	48,007,747.43	243,292,723.31
Sub-total of cash inflow from business operations	1,251,296,347.65	1,588,802,433.70
Cash paid for purchasing products and services	977,060,414.15	956,677,112.92
Net increase of client trade and advance		
Net increase of savings in central bank and brother company		
Cash paid for original contract claim		
Net increase in financial assets held for trading purposes		
Net increase in funds dismantled		
Cash paid for interest, processing fee and commission		
Cash paid for policy dividend		
Cash paid to and for the staff	162,220,114.55	141,086,415.75
Taxes paid	177,525,390.09	208,947,437.06
Other cash paid for business activities	307,215,431.97	313,517,735.61

Sub-total of cash outflow from business operations	1,624,021,350.76	1,620,228,701.34
Cash flow generated by business operations, net	-372,725,003.11	-31,426,267.64
2. Cash flow generated by investment:		
Cash received from investment recovery	2,093,521,250.01	4,675,800,000.00
Cash received as investment profit	21,362,317.22	28,989,224.36
Net cash retrieved from disposal of fixed assets, intangible assets, and other long-term assets	13,165,854.60	9,501,692.00
Net cash received from disposal of subsidiaries or other operational units		
Other investment-related cash received		
Sub-total of cash inflow generated from investment	2,128,049,421.83	4,714,290,916.36
Cash paid for construction of fixed assets, intangible assets and other long-term assets	90,816,069.59	45,443,864.13
Cash paid as investment	2,555,019,000.00	4,712,583,785.00
Net increase of loan against pledge		
Net cash paid for acquiring subsidiaries and other operational units	61,934,830.31	
Other cash paid for investment		
Subtotal of cash outflows	2,707,769,899.90	4,758,027,649.13
Cash flow generated by investment activities, net	-579,720,478.07	-43,736,732.77
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	800,000,000.00	508,000,000.00
Cash received from bond placing		
Other cash received from financing activities	39,406.61	
Subtotal of cash inflow from financing	800,039,406.61	508,000,000.00

activities		
Cash paid to repay debts	108,000,000.00	200,000,000.00
Cash paid as dividend, profit, or interests	275,410,279.99	213,616,393.31
Incl. Dividend and profit paid by subsidiaries to minority shareholders		
Other cash paid for financing activities	40,000,000.00	
Subtotal of cash outflow from financing activities	423,410,279.99	413,616,393.31
Net cash flow generated by financing activities	376,629,126.62	94,383,606.69
4. Influence of exchange rate changes on cash and cash equivalents	-229,009.27	1,005,803.87
5. Net increase in cash and cash equivalents	-576,045,363.83	20,226,410.15
Plus: Balance of cash and cash equivalents at the beginning of term	956,190,890.68	931,285,535.55
6. Balance of cash and cash equivalents at the end of the period	380,145,526.85	951,511,945.70

6. Cash Flow Statement of the Parent Company

In RMB

Item	H1 2019	H1 2018
1. Net cash flow from business operations:		
Cash received from sales of products and providing of services	14,039,967.56	147,110,597.39
Tax refunded		
Other cash received from business operation	1,674,530,421.33	882,838,625.05
Sub-total of cash inflow from business operations	1,688,570,388.89	1,029,949,222.44
Cash paid for purchasing products and services	1,824,577.30	409,933.49
Cash paid to and for the staff	8,465,407.93	7,664,913.27
Taxes paid	1,250,265.96	14,786,626.11
Other cash paid for business activities	2,021,264,885.71	1,276,945,197.63

Sub-total of cash outflow from business operations	2,032,805,136.90	1,299,806,670.50
Cash flow generated by business operations, net	-344,234,748.01	-269,857,448.06
2. Cash flow generated by investment:		
Cash received from investment recovery	710,000,000.00	1,879,880,000.00
Cash received as investment profit	1,155,183.42	9,159,483.22
Net cash retrieved from disposal of fixed assets, intangible assets, and other long-term assets		
Net cash received from disposal of subsidiaries or other operational units		
Other investment-related cash received		10,000,000.00
Sub-total of cash inflow generated from investment	711,155,183.42	1,899,039,483.22
Cash paid for construction of fixed assets, intangible assets and other long-term assets	50,698.00	421,910.00
Cash paid as investment	746,000,001.00	1,917,870,000.00
Net cash paid for acquiring subsidiaries and other operational units		
Other cash paid for investment		
Subtotal of cash outflows	746,050,699.00	1,918,291,910.00
Cash flow generated by investment activities, net	-34,895,515.58	-19,252,426.78
3. Cash flow generated by financing activities:		
Cash received from investment		
Cash received from borrowed loans	400,000,000.00	500,000,000.00
Cash received from bond placing		
Other cash received from financing activities	39,406.61	
Subtotal of cash inflow from financing activities	400,039,406.61	500,000,000.00
Cash paid to repay debts		

Cash paid as dividend, profit, or interests	241,065,709.32	180,947,316.65
Other cash paid for financing activities		
Subtotal of cash outflow from financing activities	241,065,709.32	180,947,316.65
Net cash flow generated by financing activities	158,973,697.29	319,052,683.35
4. Influence of exchange rate changes on cash and cash equivalents	405.76	
5. Net increase in cash and cash equivalents	-220,156,160.54	29,942,808.51
Plus: Balance of cash and cash equivalents at the beginning of term	281,594,621.80	310,049,329.68
6. Balance of cash and cash equivalents at the end of the period	61,438,461.26	339,992,138.19

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

Amount of the Current Term

In RMB

Item	H1 2019														Minor shareholders' equity	Total of owners' equity
	Owners' Equity Attributable to the Parent Company															
	Share capital	Other equity tools			Capital reserves	Less: Shares in stock	Other miscellaneous income	Special reserves	Surplus reserves	Comm on risk provisions	Retained profit	Others	Subtotal			
	Preferred share	Perpetual bond	Others													
1. Balance at the end of last year	1,155,481,686.00				1,454,191.59	10,831,437.66	7,382,087.59		120,475,221.40		3,921,225,872.96		5,195,187,621.88		5,195,187,621.88	
Plus: Changes in accounting policies							-5,166,425.58		524,860.03		16,171,320.58		11,529,755.03		11,529,755.03	
Correction of previous errors																

Consolidation of entities under common control														
Others														
2. Balance at the beginning of current year	1,155,481,686.00				1,454,191.59	10,831,437.66	2,215,662.01		121,000,081.43		3,937,397,193.54		5,206,717,376.91	5,206,717,376.91
3. Change amount in the current period (“-“ for decrease)	-32,097,497.00				-10,831,437.66	1,389,774.33		-66,957,886.36		-96,095,082.78		-182,929,254.15	50,345,533.53	-132,583,720.62
(1) Total of misc. incomes							1,389,774.33				128,581,755.01		129,971,529.34	-17,556.37
(2) Investment or decreasing of capital by owners	-32,097,497.00				-10,831,437.66			-66,957,886.36					-88,223,945.70	50,363,089.90
1. Common shares invested by owners	-32,097,497.00				-10,831,437.66			-66,957,886.36					-88,223,945.70	50,363,089.90
2. Capital contributed by other equity instrument holders														
3. Amount of shares paid and accounted as owners' equity														
4. Others														
(3) Profit allotment											-224,676,837.80		-224,676,837.80	-224,676,837.80
1. Provision of surplus reserves														
2. Common risk provision														

Item	H1 2018													
	Owners' Equity Attributable to the Parent Company												Minor shareholders' equity	Total of owners' equity
	Share capital	Other equity tools			Capital reserves	Less: Shares in stock	Other miscellaneous income	Special reserves	Surplus reserves	Comm on risk provisions	Retained profit	Others		
Preferred share		Perpetual bond	Others											
1. Balance at the end of last year	1,183,642,254.00				72,829,484.96		8,585,847.99		110,690,396.65		1,863,191,218.58		3,238,939,202.18	3,238,939,202.18
Plus: Changes in accounting policies														
Correction of previous errors														
Consolidation of entities under common control														
Others														
2. Balance at the beginning of current year	1,183,642,254.00				72,829,484.96		8,585,847.99		110,690,396.65		1,863,191,218.58		3,238,939,202.18	3,238,939,202.18
3. Change amount in the current period (“-“ for decrease)							-1,879,756.17				52,585,325.09		50,705,568.92	50,705,568.92
(1) Total of misc. incomes							-1,879,756.17				230,131,663.19		228,251,907.02	228,251,907.02
(2) Investment or decreasing of capital by owners														

due to change in set benefit program															
5. Other miscellaneous income															
6. Others															
(5) Special reserves															
1. Provided this year															
2. Used this period															
(6) Others															
4. Balance at the end of this period	1,183,642,254.00				72,829,484.96		6,706,091.82		110,690,396.65		1,915,776.543.67		3,289,644.771.10		3,289,644,771.10

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

Amount of the Current Term

In RMB

Item	H1 2019											Total of owners' equity
	Share capital	Other equity tools			Capital reserves	Less: Shares in stock	Other miscellaneous income	Special reserves	Surplus reserves	Retained profit	Others	
		Preferred share	Perpetual bond	Others								
1. Balance at the end of last year	1,155,481,686.00				360,835.52	10,831,437.66	8,756,553.46		120,475,221.40	504,081,999.00		1,778,324,857.72
Plus: Changes in accounting policies							-5,166,425.58		524,860.03	4,723,740.20		82,174.65
Correction of previous errors												
Others												
2. Balance at the	1,155,4				360,835.	10,831,4	3,590,12		121,000,	508,80		1,778,407,

beginning of current year	81,686.00				52	37.66	7.88		081.43	5,739.20		032.37
3. Change amount in the current period (“-“ for decrease)	-32,097,497.00					-10,831,437.66			-66,957,886.36	-238,486,176.03		-326,710,121.73
(1) Total of misc. incomes										-13,809,338.23		-13,809,338.23
(2) Investment or decreasing of capital by owners	-32,097,497.00					-10,831,437.66			-66,957,886.36			-88,223,945.70
1. Common shares invested by owners	-32,097,497.00					-10,831,437.66			-66,957,886.36			-88,223,945.70
2. Capital contributed by other equity instrument holders												
3. Amount of shares paid and accounted as owners' equity												
4. Others												
(3) Profit allotment										-224,676,837.80		-224,676,837.80
1. Provision of surplus reserves												
2. Distribution to owners (or shareholders)										-224,676,837.80		-224,676,837.80
3. Others												
(4) Internal transferring of owners' equity												
1. Capitalizing of capital												

reserves (or share capital)												
2. Capitalizing of surplus reserves (or share capital)												
3. Surplus reserves used to cover losses												
4. Retained gain transferred due to change in set benefit program												
5. Other miscellaneous income												
6. Others												
(5) Special reserves												
1. Provided this year												
2. Used this period												
(6) Others												
4. Balance at the end of this period	1,123,384,189.00				360,835.52		3,590,127.88		54,042,195.07	270,319,563.17		1,451,696,910.64

Amount of the Previous Term

In RMB

Item	H1 2018											Total of owners' equity
	Share capital	Other equity tools			Capital reserves	Less: Shares in stock	Other miscellaneous income	Special reserves	Surplus reserves	Retained profit	Others	
		Preferred share	Perpetual bond	Others								
1. Balance at the end of last year	1,183,642,254.00				71,736,128.89		8,756,553.46		110,690,396.65	586,376,124.33		1,961,201,457.33
Plus: Changes in												

accounting policies												
Correction of previous errors												
Others												
2. Balance at the beginning of current year	1,183,642,254.00				71,736,128.89		8,756,553.46		110,690,396.65	586,376,124.33		1,961,201,457.33
3. Change amount in the current period (“-“ for decrease)										-178,040,366.90		-178,040,366.90
(1) Total of misc. incomes										-494,028.80		-494,028.80
(2) Investment or decreasing of capital by owners												
1. Common shares invested by owners												
2. Capital contributed by other equity instrument holders												
3. Amount of shares paid and accounted as owners' equity												
4. Others												
(3) Profit allotment										-177,546,338.10		-177,546,338.10
1. Provision of surplus reserves												
2. Distribution to owners (or										-177,546,338.10		-177,546,338.10

shareholders)												
3. Others												
(4) Internal transferring of owners' equity												
1. Capitalizing of capital reserves (or share capital)												
2. Capitalizing of surplus reserves (or share capital)												
3. Surplus reserves used to cover losses												
4. Retained gain transferred due to change in set benefit program												
5. Other miscellaneous income												
6. Others												
(5) Special reserves												
1. Provided this year												
2. Used this period												
(6) Others												
4. Balance at the end of this period	1,183,642.25				71,736,128.89		8,756,553.46		110,690,396.65	408,335,757.43		1,783,161,090.43

III. General Information

China Fangda Group Co., Ltd. (hereinafter referred to as "the Company") was approved in October 1995 by the General Office of the Shenzhen Municipal People's Government with the letter of Shenfu Office (1995) No. 194, in the original "Shenzhen Fangda Building Materials Co., Ltd." on the basis of the establishment of the fundraising method. The unified social credit code is: 91440300192448589C; 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 ds including Fangda Decoration, Fangda Automatic, Fangda New Material, Fangda Property and Fangda New Energy.

The business nature and main business activities of the Company and its subsidiaries (hereinafter referred to as "the Group") include (1) curtain wall division, research and development, design, production, construction and sales of building curtain walls and materials; (2) rail transit segment , research and development, design, production, construction and sales of subway screen doors; (3) real estate division, engaged in real estate development and management, property management on land legally acquired right; (4) new energy division, photovoltaic power station, photovoltaic R&D, design, production, construction, operation and sales of building integration (BIPV).

The financial statements and notes are approved at the 17th meeting of the 8th term of the Board held on August 16, 2019.

The consolidation scope for the consolidated financial statements includes the Company and all subsidiaries. During the period, Fangda Southeast Asia Company Limited was newly established, and the merger of enterprises under the same control increased Shenzhen Zhongrong Litai Investment Co., Ltd., adding 2 subsidiaries in the current consolidated statement. In this period, Shenzhen Kexunda Software Co., Ltd., an indirect controlled subsidiary, was canceled, so the current consolidated statement reduced one subsidiary. For details, please refer to the "Note VIII. Changes in the scope of consolidation" and "Note IX. Interests in other entities".

IV. Basis for the preparation of financial statements

1. Preparation basis

The financial statements are prepared according to the enterprise financial standard and guidelines, interpretation and other related regulations ("the Standard") issued by the Ministry of Finance. In addition, the Group also complies with the "Regulations on the Compilation and Submission of Information Disclosures by Companies That Offer Securities to the Public No. 15 - General Provisions on Financial Reporting" (revised in 2014) and the "Rules for the Compilation and Submission of Information Disclosures to Companies That Publicly Issue Securities" No. 11 - Special Provisions on the Notes to the Financial Statements of Companies Engaged in Real Estate Development Disclosure of Financial Information.

The Group prepares the financial statements based on continuous operation.

The Group's auditing 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.

2. Continuous operation

The Company assessed the continuing operations capability of the Company for the 12 months from the end of the reporting period.

No matters were found that would affect the Company's ability to continue as a going concern. It is reasonable for the Company to prepare financial statements based on continuing operations.

V. Significant Account Policies and Estimates

Specific accounting policy and estimate prompt:

The Group determines the accounting policies and income recognition policies for investment real estate according to the production and business features. For details, see Note V. 15 and Note V. 24.

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 June 30, 2019, and business performance and cash flow situation in year 2019 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 Company, domestic subsidiaries and overseas subsidiary Shihui International Holding Co., Ltd. use RMB as bookkeeping standard money. The overseas subsidiaries of the Company, Fangda Zhichuang Technology (Hong Kong) Co., Ltd., Fangda Australia Pty Ltd, and Fangda Southeast Asia Co., Ltd. respectively determine Hong Kong Dollar, Australian Dollar and Vietnamese Dong in the currency of the main economic environment in which they operate. The Group prepares financial statements in RMB.

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 with the merged parties at the merger day in the consolidated financial statement of the merging party 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.

Enterprise merger under common control through multiple transactions

In separate financial statements, the initial investment cost is the book value of the merged party's net assets that can be shared by the merging party in the consolidate financial statements of the final controlling party according to the shareholding percentage on the merging date; adjust the capital surplus (share premium) according to the difference between the initial investment cost and the book

value of the held investment before merger plus the book value of the consideration paid on the merger date. Where the capital surplus falls short, the retained income should be adjusted.

In consolidated financial statements, assets and liabilities obtained by the merging party from the merged party should be measured at the book value in the final controlling party's consolidated financial statements other than the adjustment made due to differences in accounting policies; adjust the capital surplus (share premium) according to the difference between the initial investment cost and the book value of the held investment before merger plus the book value of the consideration paid on the merger date. Where the capital surplus falls short, the retained income should be adjusted. Changes in recognized related profit and loss, other misc. incomes and other owner's equity between the later one of the date when the original stock equity was obtained and the date when the merged party and merging party become under the common control should respectively write down the retained profit in beginning of the report period or current period's profit or loss.

(2) Consolidation of entities under different control

For merger of entities under different control, the merger cost is the fair value of the asset paid, liability undertaken, and equity securities issued for exchanging of control power over the entities at the day of acquisition. On the acquisition day, the assets and liabilities (if any) acquired by the Group 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.

Where there is new or further evidence on the condition existing on the acquisition date 12 months later and adjustment needs to be made, the good will should be adjusted and merged.

(3) Treatment of related transaction fee in enterprise merger

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

6. Preparation of Consolidated Financial Statements

(1) Consolidation scope

The consolidate scope of consolidated financial statements is determined based on control. Control means the power possessed by the Group on invested entities to share variable returns by participating in related activities of the invested entities and to impact the amount of the returns by using 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.

Subsidiaries and businesses increased because of merger of enterprises under the common control during the report period are deemed consolidated into the consolidate scope from the date of becoming controlled by the final party. The operating result and cash flows of the subsidiaries and businesses from the date of becoming controlled by the final party should be incorporated into the

consolidate income statement and consolidate cash flow statement.

For subsidiaries and businesses increased because of merger of enterprises not under the common control, their incomes, expenses and profits between the date of acquisition and end of the report period should be incorporated into the consolidated income statement, and the cash flows should be incorporated 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.

(3) Acquisition of subsidiary minority interests

The difference between the investment cost of the long-term equity obtained from acquisition of minority interests and the share of net assets in the subsidiary calculated continuously based on the increased shareholding percentage, and the difference between the disposal income obtained from the partial disposal of the subsidiary's equity investment without losing the control power and the share of net assets in the subsidiary calculated continuously based on the increased shareholding percentage should be adjusted and consolidated in the capital surplus in the consolidated balance sheet. Where the capital surplus falls short, the retained income should be adjusted.

(4) Treatment of loss of subsidiaries' control power

For loss of control over subsidiaries due to disposal of partial equity investment or other reasons, the remaining equity should be re-measured at the fair value on the date of loss of the control power; the sum of the consideration obtained from the disposal of stock equity and the fair value of the remaining equity, minus the sum of the share of the net assets' book value calculated continuously from the acquisition date according to the original shareholding percentage and the goodwill should be recorded in the investment gain of the current period of the loss of control power.

Other misc. incomes related to the equity investment in the original subsidiary is transferred to the current period's profit and loss when the control power is losted, except for the other misc. incomes generated by remeasurement and resetting of earning plan or change in the net assets by the invested party.

7. Recognition of cash and cash equivalents

Cash refers to cash on hand and deposits that can be used at any time for payment. Cash equivalent refers to the investments with short term, strong liquidity and small risk of value fluctuation that are held by the Group and easily converted into cash with known amount.

8. Foreign exchange business and foreign exchange statement translation

(1) Foreign currency business

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.

(2) Translation of foreign currency statement

On the balance sheet date, when foreign currency financial statements of overseas subsidiaries are converted, the assets and liabilities items in the balance sheet are converted using the spot exchange rate on the balance sheet date. The shareholders' equity items are calculated as "undistributed profits", except for other items. The spot exchange rate on the date of occurrence is used for conversion.

The income and expense items in the income statement are translated using the exchange rate that is determined by the system's reasonable method and approximate to the spot exchange rate on the transaction date.

All items in the cash flow statement are converted according to the exchange rate that is determined by the system's reasonable method and approximate to the spot exchange rate on the day the cash flow occurs. The impact of changes in exchange rates on cash is used as a reconciliation item, which is separately presented in the cash flow statement "Items Affecting Exchange Rate Movements on Cash and Cash Equivalents".

The difference arising from the translation of the financial statements is reflected in the "Other comprehensive income" item under the shareholders' equity item in the balance sheet.

When foreign operations are disposed of and the control rights are lost, the difference in foreign currency statements related to the overseas operations that are listed in the shareholders' equity items in the balance sheet is transferred to the profit or loss for the current period, either in whole or in proportion to the disposal of the foreign operations.

9. Financial instrument

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

(1) Classification and measurement of financial assets and financial liabilities

Financial assets and financial liabilities are recognized in the balance sheet when the Company becomes a party to the contractual terms of the relevant financial instruments.

Except for accounts receivable that do not have significant financing components, financial assets and financial liabilities are measured at fair value at initial recognition. For financial assets or liabilities measured at fair value with variations accounted into current income account, related transaction expenses are accounted into the current income. For other financial assets or liabilities, the related transaction expenses are accounted into the initial recognized amounts. For accounts receivable that do not have significant financing components, the Company conducts initial measurement at the actual transaction price.

(2) Classification and subsequent measurement of financial assets

(a) Classification of financial assets

At initial recognition, the Company classifies financial assets into the following three categories based on the business model of managing financial assets and the contractual cash flow characteristics of financial assets: financial assets measured at amortized cost are measured at fair value and their changes are included in other Financial assets with comprehensive income and financial assets measured at fair value through profit or loss.

Unless the Company changes the business model for managing financial assets, in this case, all affected financial assets are reclassified on the first day of the first reporting period after the business model changes, otherwise the financial assets may not be initially confirmed.

The financial assets that are measured at fair value through profit or loss are classified as financial assets measured at amortised cost:

- ① The business model of the company's management of the financial assets is based on the collection of contractual cash flows;
- ② The contractual terms of the financial asset stipulate that the cash flow generated on a specific date is only the payment of the principal and the interest based on the outstanding principal amount.

Financial assets that meet the following conditions and are not designated as at fair value through profit or loss are classified as financial assets at fair value through other comprehensive income:

- ① The business model of the company's management of the financial assets is aimed at both the collection of contractual cash flows and the sale of the financial assets;
- ② The contractual terms of the financial asset stipulate that the cash flow generated on a specific date is only the payment of the principal and the interest based on the outstanding principal amount.

For non-trading equity instrument investments, the Company may, at the time of initial recognition, arbitrarily designate it as a financial asset that is measured at fair value and whose changes are included in other comprehensive income. The designation is based on a single investment and the relevant investment is in line with the definition of the equity instrument from the issuer's perspective.

The financial assets are measured at fair value through profit or loss. At the time of initial recognition, if the accounting mismatch can be eliminated or significantly reduced, the Company can arbitrarily designate financial assets that should be measured at amortized cost or measured at fair value through other comprehensive income. Financial assets measured and their changes are included in the current profit and loss.

The business model for managing financial assets refers to how the company manages financial assets to generate cash flows. The business model determines whether the cash flow of financial assets managed by the company is based on contract cash flow, financial assets sold or both. The Company determines the business model for managing financial assets based on objective facts and based on the specific business objectives of financial assets management determined by key management personnel.

(b) Subsequent measurement of financial assets

- ① Financial assets measured at fair value with variations accounted into current income account

After the initial recognition, the financial assets are subsequently measured at fair value, and the gains or losses (including interest and dividend income) are included in the current profit and loss, unless the financial assets are part of the hedging

relationship.

② Equity instrument investment measured at fair value and whose changes are included in other comprehensive income

After initial recognition, the financial assets of this type are subsequently measured at fair value. Dividend income is included in profit or loss, and other gains or losses are included in other comprehensive income. When the confirmation is terminated, the accumulated gains or losses previously included in other comprehensive income are transferred from other comprehensive income and included in retained earnings.

③ Financial assets measured at amortized cost

After initial recognition, such financial assets are measured at amortized cost using the effective interest method. Gains or losses arising from financial assets that are measured at amortised cost and are not a component of any of the hedges are recognized in profit or loss in

(3) Classification and subsequent measurement of financial liabilities

The Group classifies financial liabilities into financial liabilities measured at fair value through profit or loss and financial liabilities measured at amortised cost.

① Financial liabilities measured at fair value with variations accounted into current income account

Such financial liabilities include transactional financial liabilities (including derivatives that are financial liabilities) and financial liabilities designated as at fair value through profit or loss.

After the initial recognition, the financial liabilities are subsequently measured at fair value. Except for the hedge accounting, the gains or losses (including interest expenses) are recognized in profit or loss.

Financial liabilities measured at amortized cost

After initial recognition, other financial liabilities are measured at amortized cost using the effective interest method.

(4) Presentation of financial instruments

Financial assets and financial liabilities are presented separately in the balance sheet and are not offset by each other. However, if the following conditions are met, the net amount offset by each other is listed in the balance sheet:

- ① The company has a statutory right to offset the confirmed amount, and such legal right is currently enforceable;
- ② The company plans to settle the net assets or realize the financial assets and liquidate the financial liabilities at the same

time.

(5) Final recognition of financial instruments

The Company derecognises the financial asset when one of the following conditions is met:

- ① The contractual right to receive the cash flows of the financial assets is terminated;
- ② The financial assets have been transferred, and the company transfers almost all the risks and rewards of ownership of the

financial assets to the transferee;

③ The financial assets have been transferred. Although the company has neither transferred nor retained almost all the risks and rewards of ownership of financial assets, it does not retain control over the financial assets.

If the financial assets transfer as a whole meets the conditions for derecognition, the difference between the carrying amount of the transferred financial assets on the date of derecognition and the consideration received from the transfer of the financial assets is recognized in profit or loss.

If the current obligation of a financial liability (or part of it) has been discharged, the company derecognises the financial liability (or part of the financial liability).

(6) Impairment of financial assets

On the basis of expected credit losses, the Company conducts impairment test on financial assets and contract assets measured

at amortized cost and confirms impairment provision.

Other financial assets held at fair value through the Company are not subject to the expected credit loss model, including equity instrument investments that are measured at fair value through profit or loss, and are designated at fair value through Income from equity instrument investments, as well as derivative financial assets

(6.1) Expected credit loss measurement

The expected credit loss refers to the weighted average of the credit losses of financial instruments that are weighted by the risk of default. Credit loss refers to the difference between all contractual cash flows receivable from the contract and all cash flows expected to be received by the Company at the original actual interest rate, that is, the present value of all cash shortages.

In measuring the expected credit losses, the longest period of consideration for the company is the longest contract period for which the company is exposed to credit risk (including consideration of renewal options).

The expected lifetime credit loss is the expected credit loss due to all possible default events during the entire expected life of the financial instrument.

Expected credit losses in the next 12 months are expected to result from possible defaults in financial instruments within 12 months after the balance sheet date (or estimated duration of financial instruments if the expected duration is less than 12 months) Credit losses are part of the expected lifetime credit loss.

For accounts receivable and contract assets, the Company always measures its loss preparation in accordance with the amount of expected credit losses for the entire life. The Company calculates the expected credit losses of the above financial assets based on historical credit loss experience, industry data information, and usage preparation matrix. The relevant historical experience is based on the specific factors of the receivables on the balance sheet date and the current conditions and future economic conditions. The assessment is adjusted.

Except for accounts receivable and contract assets, the Company measures its loss for financial instruments that meet the following conditions in accordance with the amount of expected credit losses in the next 12 months, and the other financial instruments are equivalent to the entire life expectancy. The amount of credit loss is measured by its loss:

- ① The financial instrument has only a low credit risk on the balance sheet date; or
- ② The credit risk of the financial instrument has not increased significantly since the initial confirmation.

(6.2) Lower credit risk

If the risk of default on financial instruments is low, the borrower's ability to meet its contractual cash flow obligations in the short term is strong, and even if the economic situation and operating environment are adversely changed over a long period of time, it may not necessarily reduce the receivables' performance of their contractual cash. The ability of the flow obligation, the financial instrument is considered to have a lower credit risk.

(3) Substantially increased credit risks

The Company determines the relative risk of default risk of the financial instrument by comparing the risk of default of the financial instrument on the balance sheet date with the risk of default on the initial recognition date to assess the credit risk of the financial instrument from initial recognition.

In determining whether the credit risk has increased significantly since the initial recognition, the Company considers reasonable and evidenced information, including forward-looking information, that can be obtained without unnecessary additional costs or effort. The information considered by the company includes:

1. The debtor's failure to pay the principal and interest on the contractual maturity date;
2. A serious deterioration in the external or internal credit rating (if any) of the financial instrument that has occurred or is expected;
3. A serious deterioration in the operating results of the debtor that has occurred or is expected;
4. Changes in existing or anticipated technical, market, economic or legal circumstances that will have a material adverse effect on the debtor's ability to repay the Group.

Based on the nature of financial instruments, the Group assesses whether credit risk has increased significantly on the basis of a

single financial instrument or combination of financial instruments. When conducting an assessment based on a combination of financial instruments, the Group can classify financial instruments based on common credit risk characteristics, such as overdue information and credit risk ratings.

If the overdue period exceeds 30 days, the company has determined that the credit risk of financial instruments has increased significantly. If the object of the receivable is unlikely to pay its full amount to the company or it is overdue for more than 90 days, it is considered that the default has occurred.

(6.4) Financial assets with credit impairment

On the balance sheet date, the Company assesses whether the financial assets measured at amortized cost have incurred credit impairment. When one or more events that adversely affect the expected future cash flows of a financial asset occur, the financial asset becomes a financial asset that has suffered a credit impairment. Evidence that credit impairment has occurred in financial assets includes the following observable information:

- ① Severe financial difficulties in the issuer or debtor;
- ② The debtor violates the contract or defaults or delays the payment of the interest or principal;
- ③ The Company gives concessions to the debtor in any other circumstances for economic or contractual considerations relating to the financial difficulties of the debtor;
- ④ The debtor may go bankrupt or conduct other financial reorganization;
- ⑤ The financial difficulties of the issuer or the debtor have caused the active market of the financial asset to disappear.

(6.5) Presentation of expected credit loss measurement

In order to reflect the changes in the credit risk of financial instruments since the initial recognition, the Company re-measures the expected credit losses on each balance sheet date, and the increase or reversal of the loss provision resulting therefrom is included as an impairment loss or gain. Current profit and loss. For financial assets measured at amortized cost, the loss is prepared to offset the carrying amount of the financial asset presented in the balance sheet.

(6.6) Write-off

If the Company no longer reasonably expects that the financial asset contract cash flow can be fully or partially recovered, the book balance of the financial asset is directly written down. Such write-off constitute the derecognition of related financial assets. This usually occurs when the company determines that the debtor has no assets or sources of income that generate sufficient cash flow to cover the amount that will be written down. However, according to the company's procedures for recovering the due amount, the financial assets that have been written down may still be affected by the execution activities.

If the financial assets that have been written down are recovered in the future, the reversal of the impairment loss is included in the profit or loss of the current period.

(7) Equity instruments

The consideration received by the Company for the issuance of equity instruments, after deducting transaction costs, is included in shareholders' equity. Repurchase the consideration and transaction fees paid by the Company's equity instruments to reduce shareholders' equity.

10. Notes receivable

For notes receivable, whether or not it contains significant financing components, the company always measures its loss preparation according to the amount of expected credit losses for the entire duration of the period, and the resulting increase or loss of losses is formed as an impairment loss or Gains are included in the current profit and loss.

The Company's evaluation of this category of funds has a lower credit risk. If there is objective evidence that a note receivable has been credit-depreciated, the Company makes provision for bad debts and confirms expected credit losses for the notes receivable.

11. Account receivable

The Company considers all reasonable and evidence-based information, estimates the expected credit losses of receivables in a single or combined manner, and adopts a simplified model of expected credit losses, always measuring the amount of expected credit losses equivalent to the entire duration of the period. Loss preparation.

(1) Account receivable for which bad debt provision is made by item

(1.1) Account receivable 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 RMB10 million (inclusive) as “individual receivable with large amount” while recognizes product receivables over RMB2 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.

(1.2) Account receivable with minor individual amount and bad debt provision provided individually

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

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

Group	Method of bad debt provision
Account age	Aging method
Combination of assets state (receivables within consolidation, receivables of real estate property sold with bank mortgage and accounts between the Company and partners)	Not provided

Receivables adopting the aging method in the group:

Age	Providing rate for receivable account
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	Engineering	Real estate	Others
Within 1 year (inclusive)	1.68%	1.00%	1.23%
1-2 years	5.41%	5.00%	3.85%
2-3 years	15.99%	5.00%	15.95%
3-4 years	30.15%	15.00%	33.98%
4-5 years	53.13%	15.00%	76.41%
Over 5 years	100.00%	15.00%	100.00%

The Company must comply with disclosure requirements of the Shenzhen Stock Exchange Industry Information Disclosure Guideline No.6 – Listed Companies Engaged in Decoration Business.

12. Other receivables

The Company measures its loss for financial instruments that meet the following conditions in accordance with the amount of expected credit losses in the next 12 months, and the other financial instruments are equivalent to the entire life expectancy. The amount of credit loss is measured by its loss:

- ① The amount has only a low credit risk on the balance sheet date; or
- ② The credit risk of the amount has not increased significantly since the initial confirmation.

For details of the specific accounting judgment processing methods, please refer to "V. 9. Financial Instruments (6) Impairment of Financial Assets" in this note.

13. Inventories

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

Yes

Decoration

(1) Classification of inventories

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

(2) Valuation method for issuing inventory

Inventories are measured at cost when procured. Raw materials, products in process, commodity stocks in transit and sel-made semi-finished products 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 costs include land transfer payment, infrastructure and facility costs, installation engineering costs, borrows before completion of the development and other costs during the development process. The actual costs of the development product is priced using the separate pricing method.

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

The realizable net value of inventory is the estimated sales prices of the inventory less costs to be incurred until the completion, estimated sales expense and taxes. The realizable net value of inventory should be recognized based on solid evidence with the purpose of the inventory and after-balance-sheet-date events taken into consideration.

If the inventory cost is higher than the realizable net value on the balance sheet date, the inventory depreciation provision should be made. The Group makes inventory depreciation provision for separate or a type of inventory. If factors affecting the inventory value disappear on the balance sheet date, the depreciation provision made should be reversed to the original value.

(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.

14. Long-term share equity investment

The Group's long-term equity investment includes control on invested entities and significant impacts on equity investment. Invested entities on which the Group has significant impacts are associates of the Group.

(1) Initial investment cost determination

Long-term equity investment generated by enterprise merger: for long-term equity investment obtained by merger of enterprises under common control, the obtained share of book value of the interests of the merged party's owner in the consolidate financial statements on the merger date is the investment costs; for long-term equity investment obtained by merger of enterprises not under common control, the merger cost is the investment cost.

For long-term equity investment obtained by cash, the actually paid consideration is the initial investment cost.

(2) Subsequent measurement and recognition of gain/loss

Investments by the Company in subsidiaries are calculated using the cost method; in joint ventures are calculated using the equity method.

For the long-term equity investment measured on the cost basis, except for the announced cash dividend or profit included in the practical cost or price when the investment was made, the cash dividends or profit distributed by the invested entity are recognized as investment gains in the current gain/loss account.

When the equity method is used to measure long-term equity investment, the investment cost will not be adjusted if the investment cost of the long-term equity investment is larger than the share of fair value of the recognizable assets of the invested entity. When it is smaller than the share of fair value of the recognizable assets of the invested entity, the book value will be adjusted and the difference is included in the current gains of the investment.

When the equity method is used, the current investment gain is the share of the net gain realized in the current year that can be shared or borne, recognized as investment gain and other misc. income. The book value of the long-term equity investment is adjusted accordingly. The book value of the long-term equity investment should be accordingly decreased based on the share of profit or cash dividend announced by the invested entity; according to other changes in the owner's equity except for net profit and loss, other misc income and profit distribution of the invested entity, adjust the book value of the long-term equity investment and record it in the capital surplus (other capital surplus). When the share of the net gains that can be enjoyed is recognized, it is recognized after the net profit of the invested entity is adjusted based on the fair value of the recognizable assets of the invested entity according to the Company's accounting policies and accounting period.

Where substantial influence on invested entities is imposed or joint control is implemented due to increase in investment, the sum of the fair value of the original equity and increased investment on the conversion date is the initial investment cost under the equity method. The difference between the fair value and book value of the original equity on the conversion date and the accumulative change in the fair value originally accounted in other misc. income should be transferred into the profit and loss of the current period using the equity method.

Where joint control or substantial influence on invested entities is lost due to disposal of part of investment, the remaining equity after the disposal should be treated according to the Enterprise Accounting Standard No.22 – Recognition and Measurement of Financial Instruments from the date of losing the joint control or substantial influence. The difference between the fair value and book value should be accounted the profit and loss of the current period. For other misc. incomes of original share equity investment determined using the equity method, when the equity method is no longer used, it should be treated based on the same basis of the treatment of related assets or liability of the invested entities; the other owners' interests related to the original share equity investment should be transferred to gain/loss of the current period.

Where the disposal of part of the equity investment leads to loss of control on the invested entity, and the remaining equity after the disposal can impose common control or significant impacts on the invested entity, use the equity method and make adjustment as if the equity method was used when the remaining equity was acquired. If not, perform accounting treatment according to provisions in the Enterprise Accounting Standard No.22 – Recognition and Measurement of Financial Tools. The difference between the fair value and book value on the date of losing control should be transferred into the profit and loss of this period.

Where the Company's shareholding decreases and the Company loses the control due to increased investment by another investor, but the Company can still impose common control or significant impacts on the invested entity, the share of increased net assets of the invested entity that can be shared by the Company should be calculated based on the new shareholding, the difference between the net assets and original book value of the original long-term equity investment should be recorded in the profit and loss of this period and adjusted as if equity method was used when it was acquired according to the new shareholding proportion.

Internal transaction gain not realized between the Company and affiliates is measured according to the shareholding proportion and the investment gains is recognized after deduction. The unrealized internal transaction loss between the Company and the invested entity is the impairment loss of transferred assets and should not be written off.

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

Major influence refers to the power to participate in decision-making of financial and operation policies of a company, but cannot control or jointly control the making of the policies. When considering whether the Company can impose significant impacts on the invested entity, impacts of conversion of shares with voting rights held directly or indirectly by the investor and voting rights that can be executed in this period held by the investor and other party into shares of the invested entity should be considered.

When Company directly or indirectly holds 20% (inclusive) but less than 50% of the shares with voting rights of the invested entity, it is generally considered that the Company can impose significant impacts unless there is clear evidence proving that the Company shall not participate in the production and business decision making of the company; when the Company holds less than 20% of the shares with voting rights, it is generally not considered that the Company has significant impacts on the invested entity, unless there is clear evidence proving the contrary.

(4) Equity investment held for sale

For the remaining equity investments not classified as assets held for sale, the equity method is adopted for accounting treatment.

Equity investments classified as held for sale to associates that are no longer eligible to hold classified assets for sale are retrospectively adjusted using the equity method starting from the date that they are classified as held for sale.

(5) Impairment examination and providing of impairment provision

See Note V. 20 for the assets impairment provision method for investment in subsidiaries and joint ventures.

IX. Investment real estates**Measuring mode of investment real estate****Measurement at fair value****Basis of choosing the measurement at fair value**

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.

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

For investment real estate under construction (including investment real estate under construction for the first time), if the fair value cannot be reliably determined but the expected fair value of the real estate after completion is continuously and reliably obtained, the investment real estate under construction is measured by cost. When the fair value can be measured reliably or after completion (the earlier one), it is measured at fair value. 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.

Investment real estate that use the cost method for further measurement adopt the straight-line depreciation provision method. See Note V. 20 for the provision method.

16. 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 hen 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%	2%-2.57%
Mechanical equipment	Average age	10	10%	9%
Transportation facilities	Average age	5	10%	18%
Electronics and other devices	Average age	5	10%	18%
PV power plants	Average age	20	5%	4.75%

17. 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. 20 for the provision method for construction in process.

18. 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 Borrowing costs have occurred;
- ③ Purchasing or production activity, which is necessary for the asset to reach the useful status, has already started.

(2) Capitalization period of borrowing expenses

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

Interest expenses generated by special borrowings less the interests income obtained from the deposit of unused borrowings or investment gains from temporary investment is capitalized; the capitalization amount for general borrowing is determined based on the capitalization rate which is the exceeding part of the accumulative assets expense over weighted average of the assets expense of the special borrowing/used general borrowing. The capitalization ratio is the weighted average interest rate of general borrowings.

In the capitalization period, the exchange difference of special borrowings in foreign currencies should be fully capitalized. The exchange difference should be recorded in the profit and loss of this period.

(XIX) Intangible assets

(1) Pricing method, service life and depreciation test

The Group's intangible assets include land using rights, trademarks, patent, special technologies, and software.

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

Intangible assets with limited useful life are amortized as followings:

Type	Useful life	Basis of amortization
Land using right	Beneficial age	Average age
Trademarks and patents	10 years	Average age
Proprietary technology	10 years	Average age
Software	5, 10 years	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 Group, transfer all the intangible assets' book value into the current gain/loss account.

See Note V. 20 for the impairment provision method for intangible assets.

(2) Accounting policies for internal R&D expenses

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.

20. 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 that have not reached the useful condition no matter whether the impairment sign exists.

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

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

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

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

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

21. 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.

22. Staff remuneration

(1) Accounting of operational leasing

The Group pays for the medical insurance, job injury insurance and breeding insurance and housing fund according to employees' wages and bonus and recognizes them as liabilities, which are recorded into the profit and loss or related assets costs in the current period. If the liabilities cannot be fully paid within 12 months upon the end of the report period in which the employees provide service, and the financial impacts are substantial, the liabilities should be measured at the discounted amount.

(2) Accounting of post-employment welfare

The post-employment welfare of the Group is a defined plan, which means that the Company does not need to assume any responsibility after making fixed contribution to an independent fund. The defined plan includes basic pension and unemployment insurance. The contribution of the plan is recognized as liabilities and recorded in the profit and loss of this period or related assets costs.

(3) Accounting of dismiss welfare

Where the Group provides dismiss welfare for employees, the staff remuneration liabilities is recognized on the earlier one of the following two date: when the Group cannot cancel the dismiss welfare provided for termination of employment or layoff; when the Group recognizes the costs or expenses of reorganization related to the payment of dismiss welfare.

23. 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.

Expected liabilities are initially measured at the best estimation on the expenses to exercise the current responsibility. The book value of expected liability is revised at balance sheet day, and adjustment will be made to reflect current best estimation.

24. Revenue

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

Yes

Decoration

The Company must comply with disclosure requirements of the Shenzhen Stock Exchange Industry Information Disclosure Guideline No.6 – Listed Companies Engaged in Decoration Business.

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 methods for revenue recognition

① Construction contracts

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

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

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

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

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

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

② Sales product

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.

③ Real estate sales

Income from real estate sales is recognized when the contract is signed and performed, project is developed and completed with the record for the completion acceptance, the handover procedure is completed or property is deemed accepted by the customer as per the property sales contract, the payment is received or it is believed that the payment can be received, and the cost can be measured reliably.

25. Government subsidy

(1) Judgment basis and accounting treatment of assets-related government subsidy

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. None monetary capital are measured at fair value; if no reliable fair value available, recognized at RMB1.

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.

If the asset-related government subsidy is recognized as deferred gain, should be recorded in gain and loss in the service life.

(2) Judgment basis and accounting treatment of return-related government subsidy

If a government subsidy related to income is used to compensate for related costs or losses that have occurred, it shall be included in the current profit or loss or write-down related costs; if it is used to compensate for the related costs or losses in the subsequent period, it shall be included in the deferred income. During the period in which the related cost, expense or loss is recognized, it is included in the current profit or loss or the relevant cost is written off. Government subsidy measured at the nominal amount is accounted into current income account. The Group adopts a consistent approach to the same or similar government subsidies.

Government subsidy related to routine operations should be recorded in other gains or offset related cost. Government subsidy not related to routine operations should be recorded in non-operating income or expense.

When a confirmed government subsidy needs to be returned, the book value of the asset is adjusted against the book value of the relevant asset at initial recognition. If there is a related deferred income balance, the book balance of the related deferred income is written off and the excess is credited to the current profit or loss; In other cases, it is directly included in the current profit and loss.

The policy-based preferential loan obtained has interest subsidy. If the government allocates the interest-subsidy funds to the lending bank, the loan amount actually received will be used as the entry value of the loan, and the borrowing cost will be calculated based on the loan principal and policy-based preferential interest rate. If the government allocates the interest-bearing funds directly to the Group, discount interest will offset the borrowing costs.

26. Differed income tax assets and 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.

27. Leasing

(1) Accounting of operational leasing

The Group transfers all the risks and rewards attached to the asset at substantially transferred to the lessee, it is recognized as financial leasing, and the others are operational leasing. The Group's lease forms are mainly operating leases.

- (1) The Group is the lessor

Rentals from operational leasing are recognized as current gains on straight basis to the periods of leasing. Initial direct expenses are recorded to current income account.

- (2) The Group is the lessee

Rentals in operational leasing are recorded to relative capital cost or current income account on straight basis to the periods of leasing. Initial direct expenses are recorded to current income account.

28. Other significant accounting policies and estimates

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) Estimation 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 contract

The Group recognizes income based on the completion of individual construction contract. The management determines the completion percentage based on the actual cost in the total budget and forecasts the contract income. The starting and completion dates of construction contracts fall in different account periods. The Group will review and adjust contract income and cost estimation in budgets (if the actual contract income is less than the estimate or actual contract cost, contract estimation loss provision will be made).

(5) Development cost

For property that has been handed over with income recognized, but whose public facilities have not been constructed or not been completed, the management will estimate the development cost for the part that has not been started according to the budget to reflect the operation result of the property sales.

(6) Hedge accounting

When the hedge relationship begins, the Group specifies the hedge relationship in writing to specify the follow: risks management target and hedging strategy; nature of the hedged item and quantity; nature and quantity of hedging instruments, nature and identification of hedged risks; evaluation of the hedging effectiveness, including the economic relationship between the hedged item and hedging instrument, hedging ratio, analysis of the hedging ineffectiveness source; the beginning date of the specified hedging relationship.

Cash flow hedging

During the existence of the hedging relationship, the part of the cumulative gain or loss of the hedging instrument within the change to the current value of the cumulative cash flow of the hedged item is included into other misc. incomes. The part that is lower or larger than the cash flow change is included into the gain or loss of the current period.

When the hedging relationship ends and related inventory is recognized, the hedging instrument gain or loss recognized in “Other misc. income hedging reserve” will be transferred to “Raw materials”.

29. Major changes in accounting policies and estimates

(1) Changes in accounting policies

√ Applicable □ Inapplicable

Account policy changes and reasons	Approval procedure	Remark
<p>In 2017, the Ministry of Finance revised and released the "Accounting Standards for Business Enterprises No. 22 - Recognition and Measurement of Financial Instruments", "Accounting Standards for Business Enterprises No. 23 - Transfer of Financial Assets", "Accounting Standards for Business Enterprises No. 24 - Hedge Accounting", "Accounting Standards for Business Enterprises No. 37 - Financial Instruments Presentation" (hereinafter collectively referred to as the "New Financial Instruments Standards") and requires enterprises listed in China to implement the above accounting standards from January 1, 2019. In accordance with the above requirements, the Company implement the new financial instrument guidelines from January 1 2019.</p>	<p>15th meeting of the 8th Supervisory Committee</p>	
<p>On April 30, 2019, the Ministry of Finance issued the Notice on Amending the Format of the 2019 Annual General Enterprise Financial Statements (Accounting [2019] No. 6). Enterprises requiring the implementation of corporate accounting standards should follow the Accounting Standards for Business Enterprises, requiring for the preparation of the 2019 interim financial statements and annual financial statements and financial statements for subsequent periods.</p> <p>In accordance with the above notification requirements, the Company has adjusted the financial statement items accordingly, starting from the 2019 interim financial statements.</p>	<p>17th meeting of the 8th Board of Directors</p>	<p>It only affects the listing of related items in the financial statements, and does not affect the company's total assets, total liabilities, net assets and net profit.</p>

The specific impact of the implementation of the new financial instruments guidelines on the financial statement items at the beginning of 2019 is as follows:

1. Provision for impairment according to the new financial instrument standard adjustment to reduce the bad debt provision for accounts receivable by RMB 12,690,700, reduce the provision for bad debts of other receivables by RMB 2,145,000, reduce the deferred income tax assets by RMB 3,305,900 and increase the initial surplus reserve by RMB 8,300, and increase the undistributed profit of RMB 11,521,500 at the beginning of the period.

2. The non-trading equity instrument investment is designated as a financial asset measured at fair value and its changes are included in other comprehensive income. The original provision for impairment is adjusted to other comprehensive income and the other comprehensive income at the beginning of the period is reduced by RMB 5,166,400. The initial surplus reserve is increased by RMB 516,600 and the undistributed profit is increased by RMB 4,649,800 at the beginning of the period.

The impact of the implementation of the new financial instrument criteria on the company's current financial statement items and amounts is as follows:

Provision for impairment according to the new financial instrument standard, adjustment and reduction of bad debt provision for accounts receivable of RMB1,215,500, increase of bad debt provision for other receivables of RMB2,084,200, corresponding increase of deferred income tax assets of RMB436,200, increase credit impairment losses of RMB868,800, reduced income tax expenses of RMB436,200, reduced net profit attributable to the parent company of RMB419,300, and reduced undistributed profit of RMB416,600.

(2) Changes in major accounting estimates

Applicable Inapplicable

(3) The first implementation of the new financial instruments guidelines, new income standards, new lease standards, adjustments the first implementation of the financial statements at the beginning of the year

Applicable Inapplicable

Consolidated Balance Sheet

In RMB

Item	December 31, 2018	January 1, 2019	Adjustment
Current asset:			
Monetary capital	1,389,062,083.76	1,389,062,083.76	
Settlement provision			
Outgoing call loan			
Transactional financial assets		0.00	
Financial assets measured at fair value with variations accounted into current income account			
Derivative financial assets		0.00	

Notes receivable	140,139,692.84	140,139,692.84	
Account receivable	1,920,075,031.85	1,932,765,689.04	12,690,657.19
Receivable financing			
Prepayment	46,454,844.74	46,454,844.74	
Insurance receivable			
Reinsurance receivable			
Provisions of Reinsurance contracts receivable			
Other receivables	139,990,188.26	142,135,200.55	2,145,012.29
Including: interest receivable			
Dividend receivable			
Repurchasing of financial assets			
Inventory	651,405,832.29	651,405,832.29	
Contract assets			
Assets held for sales			
Non-current assets due in 1 year			
Other current assets	51,698,111.14	51,698,111.14	
Total current assets	4,338,825,784.88	4,353,661,454.36	14,835,669.48
Non-current assets:			
Loan and advancement provided			
Debt investment			
Sellable financial assets	21,674,008.23		-21,674,008.23
Other debt investment			
Investment held until mature			
Long-term receivable			
Long-term share equity investment	70,105,657.88	70,105,657.88	
Investment in other equity tools		21,674,008.23	21,674,008.23

Other non-current financial assets			
Investment real estate	5,256,442,406.63	5,230,896,067.50	
Fixed assets	455,274,241.83	455,274,241.83	
Construction in process	58,269,452.72	58,269,452.72	
Productive biological assets			
Gas & petrol			
Use right assets			
Intangible assets	80,313,240.67	80,313,240.67	
R&D expense			
Goodwill			
Long-term amortizable expenses	2,114,331.46	2,114,331.46	
Deferred income tax assets	356,474,925.76	356,474,925.76	-3,305,914.45
Other non-current assets	19,360,083.67	19,360,083.67	
Total of non-current assets	6,320,028,348.85	6,316,722,434.40	-3,305,914.45
Total of assets	10,658,854,133.73	10,670,383,888.76	11,529,755.03
Current liabilities			
Short-term loans	208,000,000.00	208,000,000.00	
Loans from Central Bank			
Call loan received			
Transactional financial liabilities			
Financial liabilities measured at fair value with variations accounted into current income account			
Derivative financial liabilities	1,625,725.00	1,625,725.00	
Notes payable	507,864,518.19	507,864,518.19	
Account payable	1,039,630,798.64	1,039,630,798.64	
Prepayment received	278,577,848.54	278,577,848.54	
Selling of repurchased financial assets			

Deposit received and held for others			
Entrusted trading of securities			
Entrusted selling of securities			
Employees' wage payable	44,513,062.17	44,513,062.17	
Taxes payable	107,709,999.19	107,709,999.19	
Other payables	813,118,699.84	813,118,699.84	
Including: interest payable	2,098,971.44	2,098,971.44	
Dividend payable			
Fees and commissions payable			
Reinsurance fee payable			
Contract liabilities			
Liabilities held for sales			
Non-current liabilities due in 1 year	200,000,000.00	200,000,000.00	
Other current liabilities	9,328,682.25	9,328,682.25	
Total current liabilities	3,210,369,333.82	3,210,369,333.82	
Non-current liabilities:			
Insurance contract provision			
Long-term loans	1,193,978,153.39	1,193,978,153.39	
Bond payable			
Including: preferred stock			
Perpetual bond			
Lease liabilities			
Long-term payable			
Long-term employees' wage payable			
Anticipated liabilities	6,831,162.99	6,831,162.99	

Deferred earning	10,401,161.30	10,401,161.30	
Deferred income tax liabilities	1,042,086,700.35	1,042,086,700.35	
Other non-current liabilities			
Total of non-current liabilities	2,253,297,178.03	2,253,297,178.03	
Total liabilities	5,463,666,511.85	5,463,666,511.85	
Owner's equity:			
Share capital	1,155,481,686.00	1,155,481,686.00	
Other equity tools			
Including: preferred stock			
Perpetual bond			
Capital reserves	1,454,191.59	1,454,191.59	
Less: Shares in stock	10,831,437.66	10,831,437.66	
Other miscellaneous income	7,382,087.59	2,215,662.01	-5,166,425.58
Special reserves			
Surplus reserves	120,475,221.40	121,000,081.43	524,860.03
Common risk provisions			
Retained profit	3,921,225,872.96	3,937,397,193.54	16,171,320.58
Total of owner's equity belong to the parent company	5,195,187,621.88	5,206,717,376.91	11,529,755.03
Minor shareholders' equity			
Total of owners' equity	5,195,187,621.88	5,206,717,376.91	11,529,755.03
Total of liabilities and owner's interest	10,658,854,133.73	10,670,383,888.76	11,529,755.03

About the adjustment

In 2017, the Ministry of Finance revised and released the "Accounting Standards for Business Enterprises No. 22 - Recognition and Measurement of Financial Instruments", "Accounting Standards for Business Enterprises No. 23 - Transfer of Financial Assets", "Accounting Standards for Business Enterprises No. 24 - Hedge Accounting" "Accounting Standards for Business Enterprises No. 37 - Financial Instruments Presentation" (hereinafter collectively referred to as the "New Financial Instruments Standards"), and requires enterprises listed in China to implement the above accounting standards from January 1, 2019.

In accordance with the above requirements, the Company will implement the new financial instrument standard from January 1, 2019 and reclassify the original financial assets into transactional financial assets, derivative financial assets, other equity instrument

investments and other non-current financial assets. Non-transaction equity instrument investment is designated as financial assets measured at fair value through other comprehensive income and is presented in “other equity instrument investment” items. At the same time, the loss provision prepared by the original financial instrument standard is adjusted to be in accordance with the new financial instrument. According to the regulations, it is not necessary to repeat the data of the 2018 comparative period when preparing the report for each period of 2019, but it is necessary to make retrospective adjustments to the retained earnings or other comprehensive income at the beginning of 2019.

Balance Sheet of the Parent Company

In RMB

Item	December 31, 2018	January 1, 2019	Adjustment
Current asset:			
Monetary capital	410,118,157.55	410,118,157.55	
Transactional financial assets			
Financial assets measured at fair value with variations accounted into current income account			
Derivative financial assets			
Notes receivable	200,000,000.00	200,000,000.00	
Account receivable	471,039.12	471,039.12	8,595.25
Receivable financing			
Prepayment	6,733,047.16	6,733,047.16	
Other receivables	822,543,653.04	822,543,653.04	100,970.95
Including: interest receivable			
Dividend receivable	100,000,000.00	100,000,000.00	
Inventory			
Contract assets			
Assets held for sales			
Non-current assets due in 1 year			
Other current assets	919,388.18	919,388.18	
Total current assets	1,440,785,285.05	1,440,894,851.25	109,566.20
Non-current assets:			
Debt investment			

Sellable financial assets	21,674,008.23		-21,674,008.23
Other debt investment			
Investment held until mature			
Long-term receivable			
Long-term share equity investment	983,339,494.35	983,339,494.35	
Investment in other equity tools		21,674,008.23	21,674,008.23
Other non-current financial assets			
Investment real estate	309,189,866.37	309,189,866.37	
Fixed assets	53,784,811.23	53,784,811.23	
Construction in process			
Productive biological assets			
Gas & petrol			
Use right assets			
Intangible assets	2,112,301.97	2,112,301.97	
R&D expense			
Goodwill			
Long-term amortizable expenses	917,499.68	917,499.68	
Deferred income tax assets	34,555,598.81	34,528,207.26	-27,391.55
Other non-current assets			
Total of non-current assets	1,405,573,580.64	1,405,546,189.09	-27,391.55
Total of assets	2,846,358,865.69	2,846,441,040.34	82,174.65
Current liabilities			
Short-term loans	200,000,000.00	200,000,000.00	
Transactional financial liabilities			
Financial liabilities measured at fair value with variations accounted into current income account			
Derivative financial			

liabilities			
Notes payable			
Account payable	676,941.85	676,941.85	
Prepayment received	733,274.16	733,274.16	
Contract liabilities			
Employees' wage payable	2,145,763.39	2,145,763.39	
Taxes payable	341,004.65	341,004.65	
Other payables	300,006,406.51	300,006,406.51	
Including: interest payable	740,208.33	740,208.33	
Dividend payable			
Liabilities held for sales			
Non-current liabilities due in 1 year			
Other current liabilities			
Total current liabilities	503,903,390.56	503,903,390.56	
Non-current liabilities:			
Long-term loans	500,000,000.00	500,000,000.00	
Bond payable			
Including: preferred stock			
Perpetual bond			
Lease liabilities			
Long-term payable			
Long-term employees' wage payable			
Anticipated liabilities			
Deferred earning			
Deferred income tax liabilities	64,130,617.41	64,130,617.41	
Other non-current liabilities			
Total of non-current liabilities	564,130,617.41	564,130,617.41	

Total liabilities	1,068,034,007.97	1,068,034,007.97	
Owner's equity:			
Share capital	1,155,481,686.00	1,155,481,686.00	
Other equity tools			
Including: preferred stock			
Perpetual bond			
Capital reserves	360,835.52	360,835.52	
Less: Shares in stock	10,831,437.66	10,831,437.66	
Other miscellaneous income	8,756,553.46	3,590,127.88	-5,166,425.58
Special reserves			
Surplus reserves	120,475,221.40	121,000,081.43	524,860.03
Retained profit	504,081,999.00	508,805,739.20	4,723,740.20
Total of owners' equity	1,778,324,857.72	1,778,407,032.37	82,174.65
Total of liabilities and owner's interest	2,846,358,865.69	2,846,441,040.34	82,174.65

About the adjustment

In 2017, the Ministry of Finance revised and released the "Accounting Standards for Business Enterprises No. 22 - Recognition and Measurement of Financial Instruments", "Accounting Standards for Business Enterprises No. 23 - Transfer of Financial Assets", "Accounting Standards for Business Enterprises No. 24 - Hedge Accounting" "Accounting Standards for Business Enterprises No. 37 - Financial Instruments Presentation" (hereinafter collectively referred to as the "New Financial Instruments Standards"), and requires enterprises listed in China to implement the above accounting standards from January 1, 2019.

In accordance with the above requirements, the Company will implement the new financial instrument standard from January 1, 2019 and reclassify the original financial assets into transactional financial assets, derivative financial assets, other equity instrument investments and other non-current financial assets. Non-transaction equity instrument investment is designated as financial assets measured at fair value through other comprehensive income and is presented in "other equity instrument investment" items. At the same time, the loss provision prepared by the original financial instrument standard is adjusted to be in accordance with the new financial instrument. According to the regulations, it is not necessary to repeat the data of the 2018 comparative period when preparing the report for each period of 2019, but it is necessary to make retrospective adjustments to the retained earnings or other comprehensive income at the beginning of 2019.

(4) Description of the first implementation of the new financial instrument criteria, new lease standard retrospective adjustment of the previous period comparison data

Applicable Inapplicable

VI. Taxation

1. Major taxes and tax rates

Tax	Tax basis	Tax rate
VAT	Taxable income	3%, 5%, 6%, 9%, 10%, 13%, 16%
City maintenance and construction tax	Taxable turnover	1%, 5%, 7%
Enterprise income tax	Taxable turnover	See the following table
Education surtax	Taxable turnover	3%
Local education surtax	Taxable turnover	2%

Tax rates applicable for different tax payers

Tax payer	Income tax rate
The Company	25%
Shenzhen Fangda Jianke Group Co., Ltd.	15%
Fangda Zhichuang Science and Technology Co., Ltd.	15%
Fangda New Materials (Jiangxi) Co., Ltd.	15%
Dongguan Fangda New Material Co., Ltd.	15%
Chengda Fangda Construction Technology Co., Ltd.	15%
Shenzhen Fangda Property Development Co., Ltd.	25%
Shenzhen Fangda New Energy Co., Ltd.	25%
Shenzhen Fangda Property Management Co., Ltd.	25%
Fangda Property (Jiangxi) Co., Ltd.	25%
Pingxiang Fangda Luxin New Energy Co., Ltd.	25%
Pingxiang Xiangdong Fangda New Energy Co., Ltd.	25%
Nanchang Xinjian Fangda New Energy Co., Ltd.	25%
Dongguan Fangda New Energy Co., Ltd.	25%
Shenzhen Qianhai Kechuangyuan Software Co., Ltd.	15%
Fangda Zhichuang Science and Technology (Hong Kong) Co., Ltd.	16.50%
Shihui International Holding Co., Ltd.	16.50%
Shenzhen Hongjun Investment Co., Ltd.	25%
Fangda Australia Pty Ltd	30%
Shanghai Fangda Qingling Technology Co., Ltd.	25%
Shenzhen Fangda Cloud Rail Technology Co., Ltd.	25%
Shenzhen Zhongrong Litai Investment Co., Ltd.	25%

FANGDA SOUTHEAST ASIA COMPANY LIMITED	20%
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2. Tax preference

(1) According to the Certification of High-tech Enterprise issued by Shenzhen Commission of Technological Innovation, Shenzhen Commission of Finance, Shenzhen National Tax Bureau, and Shenzhen Local Tax Bureau, Fangda Jianke was entitled to enjoy a tax preference of enterprise income tax of 15% for three years (2018-2020) since the qualifications were awarded on October 16, 2018.

(2) According to the Certification of High-tech Enterprise issued by Shenzhen Commission of Technological Innovation, Shenzhen Commission of Finance, Shenzhen National Tax Bureau, and Shenzhen Local Tax Bureau, Fangda Zhichuang was entitled to enjoy a tax preference of enterprise income tax of 15% for three years (2018-2020) since the qualifications were awarded on October 16, 2018.

(3) According to the Certification of High-tech Enterprise issued by Jiangxi Ministry of Science and Technology, Jiangxi Ministry of Finance, Jiangxi National Tax Bureau, and Jiangxi Local Tax Bureau, Fangda New Material was entitled to enjoy a tax preference of enterprise income tax of 15% for three years (2018-2020) since the qualifications were awarded on August 13, 2018.

(4) On December 14, 2017, the subsidiary Chengdu Fangda Construction Technology Co., Ltd. obtained the “High-tech Enterprise Certificate” jointly issued by Sichuan Science and Technology Department, Sichuan Provincial Department of Finance, Sichuan Provincial State Taxation Bureau and Sichuan Provincial Local Taxation Bureau, within three years after obtaining the qualification of high-tech enterprises (2017 to 2019), the income tax is levied at 15%.

(5) On November 30, 2016, the subsidiary Dongguan Fangda New Materials Co., Ltd. obtained the “High-tech Enterprise Certificate” jointly issued by Guangdong Science and Technology Department, Guangdong Provincial Department of Finance, Guangdong Provincial State Taxation Bureau and Guangdong Provincial Local Taxation Bureau. The income tax shall be levied at 15% within three years after the qualification of the high-tech enterprise is recognized (2016 to 2018).

(6) On November 2, 2015, the Songshan Lake Taxation Bureau of the State Taxation Bureau of Dongguan City notified the “Songshan Lake National Taxation Pass [2015] No. 3305” that the photovoltaic power generation project undertaken by the subsidiary Dongguan Fangda New Energy Co., Ltd. belongs to public infrastructure projects supported by the state will be exempted from corporate income tax for three years and corporate income tax will be halved for three years. In 2015, the company entered the exemption period.

(7) On March 2, 2016, according to the document issued by Luxi National Tax Bureau, the PV power generation project undertaken by Subsidiary Pingxiang Fangda Luxin New Energy Co., Ltd, became the infrastructure project supported by the central government. the company enjoys a three-year enterprise income tax relief and 50% reduction for another three years. In 2016, the company entered the exemption period.

(8) On June 2, 2016, according to the document issued by Nanchang Xinjian District National Tax Bureau, the PV power generation project undertaken by Subsidiary Nanchang Xinjian Fangda New Energy Co., Ltd, became the infrastructure project supported by the central government. the company enjoys a three-year enterprise income tax relief and 50% reduction for another three years. In 2016, the company entered the exemption period.

(9) According to the registration to Shenzhen National Tax Bureau, subsidiary Kechuangyuan Software became a newly established software and integrated circuit designing company and can enjoy the two-year full exemption and three-year half-exemption of the enterprise income tax from the first year that the company records profit. Kexunda started making profits in 2016 and therefore starts

to enjoy the exemption.

VII. Notes to the consolidated financial statements

1. Monetary capital

In RMB RMB

Item	Closing balance	Opening balance
Inventory cash:	3,448.76	5,167.01
Bank deposits	417,446,721.38	994,706,369.72
Other monetary capital	655,276,556.31	394,350,547.03
Total	1,072,726,726.45	1,389,062,083.76
Including: total amount deposited in overseas	27,209,910.00	25,269,577.35

Other note

Note: 1. The book balance of other monetary funds at the end of the period is RMB655,276,556.31, mainly including money deposits such as money order deposits, stage deposit guarantees guarantee, letters deposits of investment funds and repurchase payments of B shares.

2. The deposit and frozen deposit and time deposit shall not be treated as cash and cash equivalent in the preparation of cash flow statements.

3. At the end of the period, the Group's total amount deposited abroad was RMB27,209,910.00.

2. Transactional financial assets

In RMB RMB

Item	Closing balance	Opening balance
Financial assets measured at fair value with variations accounted into current income account	200,121,506.67	0.00
Including:		
Fund	200,121,506.67	0.00
Financial assets measured at fair value with variations accounted into current income account	0.00	0.00
Including:		
Total	200,121,506.67	0.00

Others:

3. Derivative financial assets

In RMB RMB

Item	Closing balance	Opening balance
Hedging tools	17,375.00	0.00
Total	17,375.00	0.00

Others:

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

In RMB RMB

Item	Closing balance	Opening balance
Bank acceptance	5,220,227.04	6,000,000.00
Commercial acceptance	80,227,865.72	134,139,692.84
Financing credit	207,778.42	
Total	85,655,871.18	140,139,692.84

(2) Pledged notes receivable at the end of period

In RMB RMB

Item	Amount pledged at the end of the period
Commercial acceptance	0.00
Total	0.00

(3) The Group has no endorsed or discounted immature receivable notes at the end of the period.

In RMB RMB

Item	De-recognized amount	Not de-recognized amount
Bank acceptance	136,630,211.35	0.00
Commercial acceptance	8,862,482.58	0.00
Total	145,492,693.93	0.00

Others:

There is no objective evidence that the Group's bills receivable are impaired and no provision for impairment of bills receivable has been accrued.

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

In RMB 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 group	127,021,059.76	5.11%	127,021,059.76	100.00%	0.00	127,037,156.92	5.56%	127,037,156.92	100.00%	0.00
Including:										
Account receivable with major individual amount and bad debt provision provided individually	115,324,894.46	4.64%	115,324,894.46	100.00%	0.00	115,340,991.62	5.04%	115,340,991.62	100.00%	0.00
Account receivable with minor individual amount and bad debt provision provided individually	11,696,165.30	0.47%	11,696,165.30	100.00%	0.00	11,696,165.30	0.51%	11,696,165.30	100.00%	0.00
Account receivable for which bad debt provision is made by group	2,357,100,687.64	94.89%	238,196,191.85	10.11%	2,118,904,495.79	2,159,461,958.27	94.44%	226,696,269.23	10.50%	1,932,765,689.04
Including:										
Account age	2,349,960,687.64	94.60%	238,196,191.85	10.14%	2,111,764,495.79	2,159,461,958.27	94.44%	226,696,269.23	10.50%	1,932,765,689.04
Asset status group - amount of real estate services sold by bank mortgage payment	7,140,000.00	0.29%	0.00	0.00%	7,140,000.00	0.00	0.00%	0.00	0.00%	0.00

Total	2,484,121,747.40	100.00%	365,217,251.61	14.70%	2,118,904,495.79	2,286,499,115.19	100.00%	353,733,426.15	15.47%	1,932,765,689.04
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Separate bad debt provision:

In RMB RMB

Name	Closing balance			
	Remaining book value	Bad debt provision	Provision rate	Reason
Customer 1	54,488,612.90	54,488,612.90	100.00%	Customer credit status deteriorates and is not expected to be recovered
Customer 2	23,857,146.77	23,857,146.77	100.00%	Customer credit status deteriorates and is not expected to be recovered
Customer 3	21,739,381.96	21,739,381.96	100.00%	Customer credit status deteriorates and is not expected to be recovered
Customer 4	15,239,752.83	15,239,752.83	100.00%	Customer credit status deteriorates and is not expected to be recovered
Customer 5	9,071,535.95	9,071,535.95	100.00%	Customer credit status deteriorates and is not expected to be recovered
Customer 6	2,624,629.35	2,624,629.35	100.00%	Customer credit status deteriorates and is not expected to be recovered
				--
Total	127,021,059.76	127,021,059.76	--	--

Provision for bad debts by combination: ageing combination

In RMB RMB

Name	Closing balance		
	Remaining book value	Bad debt provision	Provision rate
Account age	2,349,960,687.64	238,196,191.85	10.14%
Including: Less than 1 year	1,316,400,399.53	21,347,072.62	1.62%
1-2 years	315,436,939.74	16,696,752.05	5.29%
2-3 years	479,388,387.38	58,947,402.12	12.30%
3-4 years			30.15%

	97,847,041.36	29,501,993.23	
4-5 years	62,534,358.77	33,349,410.98	53.33%
Over 5 years	78,353,560.86	78,353,560.86	100.00%
Total	2,349,960,687.64	238,196,191.85	--

Provision for bad debts by combination: assets state combination

Name	Closing balance		
	Remaining book value	Bad debt provision	Provision rate
Asset status group - amount of real estate services sold by bank mortgage payment	7,140,000.00	0.00	0.00%
Total	7,140,000.00	0.00	--

If the provision for bad debts of accounts receivable is made in accordance with the general model of expected credit losses, please refer to the disclosure of other receivables to disclose information about bad debts:

Applicable Inapplicable

Account age

In RMB RMB

Age	Closing balance
Within 1 year (inclusive)	1,323,540,399.53
1-2 years	315,436,939.74
2-3 years	479,388,387.38
Over 3 years	365,756,020.75
3-4 years	97,847,041.36
4-5 years	62,534,358.77
Over 5 years	205,374,620.62
Total	2,484,121,747.40

The Company must comply with disclosure requirements of the Shenzhen Stock Exchange Industry Information Disclosure Guideline No.6 – Listed Companies Engaged in Decoration Business.

Account receivables for that have a single major amount over three years:

Customer	Balance of accounts receivable of over 3 years	Bad debt provision corresponding to accounts receivable	Reason of the age	Whether there is a risk of recovery
Customer 1	12,304,991.24	12,304,991.24	Not settled	No
Customer 2	16,720,646.17	8,257,370.58	Not settled	No

Customer 3	11,252,441.38	11,252,441.38	Not settled	No
Customer 4	25,419,437.23	9,992,772.71	Not settled	No
Customer 5	17,236,181.15	13,248,481.17	Not settled	No
Customer 6	15,239,752.83	15,239,752.83	Customer credit status deteriorates	Yes
Customer 7	52,147,883.25	52,147,883.25	Customer credit status deteriorates	Yes
Customer 8	23,845,280.56	23,845,280.56	Customer credit status deteriorates	Yes
Total	174,166,613.80	146,288,973.71		

(2) Bad debt provision made, returned or recovered in the period

Bad debt provision made in the period:

In RMB RMB

Type	Opening balance	Change in the period			Closing balance
		Provision	Written-back or recovered	Canceled	
Account age	226,696,269.23	11,592,327.74	92,405.12		238,196,191.85
Separate provision	127,037,156.92		16,097.16		127,021,059.76
Total	353,733,426.15	11,592,327.74	108,502.28		365,217,251.61

(3) Balance of top 5 accounts receivable at the end of the period

The total balance of top-five accounts receivable at the end of the period is RMB432,760,086.90, accounting for 17.42% of the total remaining balance of all accounts receivable. The bad debt provision made at the end of the period is RMB24,198,556.99.

(4) Receivables derecognized due to transfer of financial assets

The amount of accounts receivable that were terminated due to the handling of accounts receivable factoring was RMB23,199,471.52, and the related losses were RMB1,483,903.77.

6. Prepayment

(1) Account age of prepayments

In RMB RMB

Age	Closing balance		Opening balance	
	Amount	Proportion	Amount	Proportion
Less than 1 year	69,451,482.64	94.44%	43,589,102.44	93.82%

1-2 years	2,437,763.23	3.31%	1,521,693.56	3.28%
2-3 years	569,443.33	0.77%	444,183.24	0.96%
Over 3 years	1,081,617.88	1.47%	899,865.50	1.94%
Total	73,540,307.08	--	46,454,844.74	--

(2) Balance of top 5 prepayments at the end of the period

The total of top5 prepayments in terms of the prepaid entities in the period is RMB47,237,577.13, accounting for 64.23 % of the total prepayments at the end of the period.

7. Other receivables

In RMB RMB

Item	Closing balance	Opening balance
Interest receivable	366,666.66	
Other receivables	162,169,869.87	142,135,200.55
Total	162,536,536.53	142,135,200.55

(1) Receivable interest

1) Receivable interest

In RMB RMB

Item	Closing balance	Opening balance
Short-term loans	366,666.66	
Total	366,666.66	

2) Method of bad debt provision

Applicable Inapplicable

(2) Other receivables

1) Other receivables are disclosed by nature

In RMB RMB

By nature	Closing balance of book value	Opening balance of book value
Deposit	119,215,299.78	113,697,386.43
Construction borrowing and advanced payment	33,188,517.83	32,493,474.69
Staff borrowing and petty cash	2,825,341.40	2,717,122.22
Receivable refund of VAT	1,602,636.19	1,334,691.51

Luo Huichi	13,030,000.00	13,030,000.00
Others	23,435,807.57	17,602,550.86
Total	193,297,602.77	180,875,225.71

2) Method of bad debt provision

In RMB RMB

Bad debt provision	First stage	Second stage	Third stage	Total
	Expected credit losses in the next 12 months	Expected credit loss for the entire duration (no credit impairment)	Expected credit loss for the entire duration (credit impairment has occurred)	
Balance on January 1, 2019	2,515,904.25	12,151.99	36,211,968.92	38,740,025.16
Balance on January 1, 2019 in the current period				-
-- transferred to the third stage	-89.40	-360.00	449.40	-
Provision	510,666.88	-	1,957,198.21	2,467,865.09
Transferred back in the current period	204,996.16	5,207.82	9,371,670.75	9,581,874.73
Canceled in the current period	-	-	498,282.61	498,282.61
Balance on June 30, 2019	2,821,485.56	6,584.17	28,299,663.17	31,127,732.90

Changes in book balances with significant changes in the current period

 Applicable Inapplicable

Account age

In RMB RMB

Age	Closing balance
Within 1 year (inclusive)	130,546,068.15
Less than 1 year	130,546,068.15
1-2 years	26,363,457.85
2-3 years	3,236,784.03
Over 3 years	33,151,292.74
3-4 years	5,298,345.47
4-5 years	10,527,048.10
Over 5 years	17,325,899.17

Total	193,297,602.77
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3) Bad debt provision made, returned or recovered in the period

Bad debt provision made in the period:

In RMB RMB

Type	Opening balance	Change in the period			Closing balance
		Provision	Written-back or recovered	Canceled	
Other receivables and bad debt provision	38,740,025.16	2,467,865.09	9,581,874.73	498,282.61	31,127,732.90
Total	38,740,025.16	2,467,865.09	9,581,874.73	498,282.61	31,127,732.90

4) Other receivable written off in the current period

In RMB RMB

Item	Amount
Other receivable written off	498,282.61

5) Balance of top 5 other receivables at the end of the period

In RMB RMB

Entity	By nature	Closing balance	Age	Percentage (%)	Balance of bad debt provision at the end of the period
Shenzhen Yikang Real Estate Co. Ltd.	Deposit and advancement	70,000,000.00	Less than 1 year	36.21%	1,043,000.00
Bangshen Electronics (Shenzhen) Co., Ltd.	Deposit	20,000,000.00	1-2 years	10.35%	298,000.00
Shenzhen Tianyi Xinglong Industrial Co. Ltd.	Short-term loans	15,000,000.00	Less than 1 year	7.76%	223,500.00
Luo Huichi	Advancement	13,030,000.00	Over 5 years	6.74%	13,030,000.00
Lanzhou Railway Transport Co., Ltd.	Deposit	6,931,316.60	4-5 years	3.59%	103,276.62
Total	--	124,961,316.60	--	64.65%	14,697,776.62

8. Inventories

Whether the new revenue guidelines are implemented

 Yes No

(1) Classification of inventories

In RMB RMB

Item	Closing balance			Opening balance		
	Remaining book value	Depreciation provision	Book value	Remaining book value	Depreciation provision	Book value
Raw materials	65,254,311.96	608,404.99	64,645,906.97	61,897,942.32	608,404.99	61,289,537.33
Product in process	14,322,898.95		14,322,898.95	24,655,294.74		24,655,294.74
Finished goods in stock	11,776,275.15		11,776,275.15	5,611,267.61		5,611,267.61
Turnover materials	45,080.77		45,080.77	25,215.87		25,215.87
Assets unsettled for finished construction contracts	141,287,728.84	1,603,589.59	139,684,139.25	153,610,458.94	1,603,589.59	152,006,869.35
Development cost	382,164,950.93		382,164,950.93	232,622,862.96		232,622,862.96
Development products	195,773,702.31	62,777,961.10	132,995,741.21	235,332,474.86	62,777,961.10	172,554,513.76
OEM materials	4,760,546.83		4,760,546.83	2,640,270.67		2,640,270.67
Total	815,385,495.74	64,989,955.68	750,395,540.06	716,395,787.97	64,989,955.68	651,405,832.29

Whether Company needs to comply with disclosure requirements of the Shenzhen Stock Exchange Industry Information Disclosure Guideline No.4 – Listed Companies Engaged in Seed and Plantation Business

No

(2) Inventory depreciation provision

In RMB RMB

Item	Opening balance	Increase in this period		Decrease in this period		Closing balance
		Provision	Others	Recover or write-off	Others	
Raw materials	608,404.99					608,404.99
Assets unsettled for finished construction contracts	1,603,589.59					1,603,589.59
Development products	62,777,961.10					62,777,961.10

Total	64,989,955.68					64,989,955.68
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(3) Balance at the end of the period includes capitalization of borrowing expense

The balance at the end of the period includes capitalization of borrowing expense of Fangda Town project of RMB8,556,289.84. The capitalization amount of cumulative borrowing expenses is RMB162,497,489.70, of which RMB0.00 occurred in this year.

(4) Assets unsettled for finished construction contracts at the end of the period

In RMB RMB

Item	Amount
Accumulative occurred costs	7,692,637,956.84
Accumulative recognized gross margin	1,144,425,387.77
Less: estimated loss	1,603,589.59
Settled amount	8,695,775,615.77
Assets unsettled for finished construction contracts	139,684,139.25

Others:

9. Other current assets

Whether the new revenue guidelines are implemented

Yes No

In RMB RMB

Item	Closing balance	Opening balance
Overpaid or prepaid VAT	12,005,792.40	264,337.68
Input tax to be deducted	14,865,684.27	38,782,071.20
Tax to be input	53,171,279.10	12,498,193.14
Bank financial products	9,900,000.00	
Prepaid income tax	4,134,958.16	3,469.12
Other prepaid taxes		
Trusted loans	20,000,000.00	
Others	216,674.88	150,040.00
Total	114,294,388.81	51,698,111.14

Others:

10. Long-term share equity investment

In RMB RMB

Invested entity	Opening balance	Change (+,-)								Closing balance	Balance of impairment provision at the end of the period
		Increased investment	Decreased investment	Investment gain and loss recognized using the equity method	Other miscellaneous income adjustment	Other equity change	Cash dividend or profit announced	Impairment provision	Others		
1. Joint venture											
2. Associate											
Shenzhen Ganshang Joint Investment Co., Ltd.	8,351,180.78			9,293.57						8,360,474.35	
Shenzhen Huihai Yirong Internet Service Co., Ltd.	6,071,585.28			390.12						6,071,975.40	
Jiangxi Business Innovative Property Joint Stock Co., Ltd.	55,682,891.82			-335,417.24						55,347,474.58	
Subtotal	70,105,657.88			-325,733.55						69,779,924.33	
Total	70,105,657.88			-325,733.55						69,779,924.33	

11. Investment in other equity tools

In RMB RMB

Item	Closing balance	Opening balance
Financial assets measured at fair value	21,674,008.23	21,674,008.23

with variations accounted into current income account		
Total	21,674,008.23	21,674,008.23

Sub-disclosure of non-tradable equity instrument investment in the current period

In RMB RMB

Project	Dividend recognized in the period	Total gain	Total loss	Amount of other comprehensive income transferred to retained earnings	Reason for measurement at fair value with variations accounted into current income account	Reason for transfer of other miscellaneous into income
Investment in Shenyang Fangda			6,888,567.44		The investment is a non-trading equity instrument investment	

Others:

12. Investment real estates

(1) Investment real estate measured at costs

√ Applicable □ Inapplicable

In RMB RMB

Item	Houses & buildings	Land using right	Construction in process	Total
I. Book value				
1. Opening balance	33,376,276.41			33,376,276.41
2. Increase in this period				
(1) External purchase				
(2) Transfer-in from inventory\fixed assets\construction in progress				
(3) Increase due to enterprise merger				
3. Decrease in this period				
(1) Disposal				
(2) Other transfer-out				

4. Closing balance	33,376,276.41			33,376,276.41
II. Accumulative depreciation and amortization				
1. Opening balance	7,829,937.28			7,829,937.28
2. Increase in this period	431,100.48			431,100.48
(1) Provision or amortization	431,100.48			431,100.48
3. Decrease in this period				
(1) Disposal				
(2) Other transfer-out				
4. Closing balance	8,261,037.76			8,261,037.76
III. Impairment provision				
1. Opening balance				
2. Increase in this period				
(1) Provision				
3. Decrease in this period				
(1) Disposal				
(2) Other transfer-out				
4. Closing balance				
IV. Book value				
1. Closing book value	25,115,238.65			25,115,238.65
2. Opening book value	25,546,339.13			25,546,339.13

(2) Investment real estate measured at fair value

√ Applicable □ Inapplicable

In RMB RMB

Item	Houses & buildings	Land using right	Construction in process	Total
I. Opening balance	5,230,896,067.50			5,230,896,067.50
II. Change in this period	29,292,017.43			29,292,017.43

Add: external purchase	29,292,017.43			29,292,017.43
Transfer-in from inventory\fixed assets\construction in progress				
Increase due to enterprise merger				
Less: disposal				
Other transfer-out				
Change in fair value				
III. Closing balance	5,260,188,084.93			5,260,188,084.93

(3) Investment real estate without ownership certificate

In RMB RMB

Item	Book value	Reason
Fangda Square phase 2 (building 1#)	3,693,096,836.44	Conditions for applying for property right are not met

Other note

13. Fixed assets

In RMB RMB

Item	Closing balance	Opening balance
Fixed assets	431,948,450.66	455,274,241.83
Total	431,948,450.66	455,274,241.83

(1) Fixed assets

In RMB RMB

Item	Houses & buildings	PV power plants	Mechanical equipment	Transportation facilities	Electronics and other devices	Total
I. Original book value:						
1. Opening balance	358,968,236.21	129,598,135.58	121,456,045.88	20,192,421.26	50,661,366.23	680,876,205.16
2. Increase in	11,551.72		396,551.70	1,155,627.85	404,586.24	1,968,317.51

this period						
(1) Purchase	11,551.72		396,551.70	599,593.36	404,586.24	1,412,283.02
(2) Transfer-in of construction in progress				556,034.49		556,034.49
(3) Increase due to enterprise merger						
3. Decrease in this period	17,407,839.09				409,874.13	17,817,713.22
(1) Disposal or retirement	17,407,839.09				409,874.13	17,817,713.22
4. Closing balance	341,571,948.84	129,598,135.58	121,852,597.58	21,348,049.11	50,656,078.34	665,026,809.45
II. Accumulative depreciation						
1. Opening balance	64,933,358.20	16,053,677.73	97,725,735.85	14,703,576.75	27,741,708.68	221,158,057.21
2. Increase in this period	4,689,117.20	3,077,696.52	1,985,326.22	649,658.42	1,050,166.12	11,451,964.48
(1) Provision	4,689,117.20	3,077,696.52	1,985,326.22	649,658.42	1,050,166.12	11,451,964.48
3. Decrease in this period	522,267.50				363,784.90	886,052.40
(1) Disposal or retirement	522,267.50				363,784.90	886,052.40
4. Closing balance	69,100,207.90	19,131,374.25	99,711,062.07	15,353,235.17	28,428,089.90	231,723,969.29
III. Impairment provision						
1. Opening balance	3,089,516.62		1,354,389.50			4,443,906.12
2. Increase in this period						

(1) Provision						
3. Decrease in this period	3,089,516.62					3,089,516.62
(1) Disposal or retirement	3,089,516.62					3,089,516.62
4. Closing balance			1,354,389.50			1,354,389.50
IV. Book value						
1. Closing book value	272,471,740.95	110,466,761.33	20,787,146.01	5,994,813.94	22,227,988.44	431,948,450.67
2. Opening book value	290,945,361.39	113,544,457.85	22,375,920.53	5,488,844.51	22,919,657.55	455,274,241.83

(2) Fixed assets without ownership certificate

In RMB RMB

Item	Book value	Reason
Houses in Urumuqi for offsetting debt	518,320.35	Historical reasons
Yuehai Office Building C 502	133,669.53	Historical reasons

14. Construction in process

In RMB RMB

Item	Closing balance	Opening balance
Construction in process	90,993,650.25	58,269,452.72
Total	90,993,650.25	58,269,452.72

(1) Construction in progress

In RMB RMB

Item	Closing balance			Opening balance		
	Remaining book value	Impairment provision	Book value	Remaining book value	Impairment provision	Book value
Chengda Fangda's Xinjin energy-saving green curtain wall	20,258,659.98		20,258,659.98	14,150,785.10		14,150,785.10

project						
4th and 39th floors of Building 1 of Fangda Town	44,573,553.71		44,573,553.71	42,648,816.23		42,648,816.23
Fangda Group East China Construction Base Project	26,059,712.42		26,059,712.42	1,368,127.25		1,368,127.25
Pingxiang Xuanfeng Chayuan Photovoltaic Power Plant Network Security Protection and Increased Dispatching Data Network Technical Transformation Project	101,724.14		101,724.14	101,724.14		101,724.14
Total	90,993,650.25		90,993,650.25	58,269,452.72		58,269,452.72

(2) Changes in major construction in process in this period

In RMB RMB

Project	Budget	Opening balance	Increase in this period	+Amount transfer-in to fixed assets in this period	Other decrease in this period	Closing balance	Proportion of accumulative engineering investment in the budget	Project progress	Accumulative capitalized interest	Including: capitalized interest for the current period	Interest capitalization rate	Capital source
Chengda Fangda's Xinjin energy-saving green curtain	32,317,700.00	14,150,785.10	6,663,909.37	556,034.49		20,258,659.98	64.41%	64.41%				Others

wall project												
4th and 39th floors of Building 1 of Fangda Town	78,713,272.01	42,648,816.23	1,924,737.48			44,573,553.71	56.63%	56.63%	3,253,136.04			Loans from financial institutions
Fangda Group East China Construction Base Project	92,537,767.36	1,368,127.25	24,691,585.17			26,059,712.42	28.16%	28.16%				Others
Total	203,568,739.37	58,167,728.58	33,280,232.02	556,034.49		90,891,926.11	--	--	3,253,136.04			--

15. Intangible assets

(1) Intangible assets

In RMB RMB

Item	Land using right	Patent	Unpatented technologies	Computer software	Total
I. Book value					
1. Opening balance	78,910,915.74	10,658,429.57	7,820,118.89	7,776,751.03	105,166,215.23
2. Increase in this period		874,996.41		15,517.24	890,513.65
(1) Purchase		874,996.41		15,517.24	890,513.65
3. Decrease in this period					
(1) Disposal					
4. Closing balance	78,910,915.74	11,533,425.98	7,820,118.89	7,792,268.27	106,056,728.88
II. Accumulative					

amortization					
1. Opening balance	10,699,400.13	4,136,325.64	4,860,551.51	5,156,697.28	24,852,974.56
2. Increase in this period	1,131,134.80	116,100.05	196,352.52	318,539.77	1,762,127.14
(1) Provision	1,131,134.80	116,100.05	196,352.52	318,539.77	1,762,127.14
3. Decrease in this period					
(1) Disposal					
4. Closing balance	11,830,534.93	4,252,425.69	5,056,904.03	5,475,237.05	26,615,101.70
III. Impairment provision					
1. Opening balance					
2. Increase in this period					
(1) Provision					
3. Decrease in this period					
(1) Disposal					
4. Closing balance					
IV. Book value					
1. Closing book value	67,080,380.81	7,281,000.29	2,763,214.86	2,317,031.22	79,441,627.18
2. Opening book value	68,211,515.61	6,522,103.93	2,959,567.38	2,620,053.75	80,313,240.67

Intangible asset formed by internal R&D of the period takes up 3.35% in the closing total book value of intangible assets.

(2) Failure to obtain the land use right certificates

In RMB RMB

Item	Book value	Reason

None		
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16. Long-term amortizable expenses

In RMB RMB

Item	Opening balance	Increase in this period	Amortized amount in this period	Other decrease	Closing balance
Xuanfeng Chayuan village and Zhuyuan village land transfer compensation	1,196,831.78		28,050.78		1,168,781.00
Dongguan separation project		578,568.18	48,214.00		530,354.18
Membership fee	917,499.68		140,000.04		777,499.64
Total	2,114,331.46	578,568.18	216,264.82		2,476,634.82

Other note

17. Differed income tax assets and differed income tax liabilities

(1) Non-deducted deferred income tax assets

In RMB RMB

Item	Closing balance		Opening balance	
	Deductible temporary difference	Deferred income tax assets	Deductible temporary difference	Deferred income tax assets
Assets impairment provision	555,303,413.82	100,709,002.53	548,921,196.79	99,738,006.66
Deductible loss	145,912,366.83	36,140,607.46	116,934,707.17	28,982,381.41
Donation	700,000.00	175,000.00	700,000.00	175,000.00
Unrealizable gross profit	127,495,913.33	31,873,978.34	171,832,174.62	42,958,043.66
Reserved expense	172,926,596.90	43,001,199.49	172,319,511.23	42,910,136.64
Deferred earning	768,110.52	110,691.46	2,588,555.38	383,758.20
Anticipated liabilities	6,672,052.01	1,000,807.80	6,831,162.99	1,024,674.45
Arbitrage gain and loss			1,625,725.00	243,858.75
Provided unpaid taxes	576,157,148.36	144,039,287.08	547,012,606.17	136,753,151.54
Total	1,585,935,601.77	357,050,574.16	1,568,765,639.35	353,169,011.31

(2) Non-deducted deferred income tax liabilities

In RMB RMB

Item	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	4,059,173,007.74	1,014,793,251.92	4,059,575,421.10	1,014,893,855.26
Estimated gross margin when Fangda Town records income, but does not reach the taxable income level	116,989,503.25	29,247,375.80	108,771,380.35	27,192,845.09
Arbitrage gain and loss	17,375.00	2,606.25		
Total	4,176,179,885.99	1,044,043,233.97	4,168,346,801.45	1,042,086,700.35

(3) Net deferred income tax assets or liabilities listed

In RMB RMB

Item	Deferred income tax assets and liabilities at the end of the period	Offset balance of deferred income tax assets or liabilities after offsetting	Deferred income tax assets and liabilities at the beginning of the period	Offset balance of deferred income tax assets or liabilities after offsetting
Deferred income tax assets		357,050,574.16		356,474,925.76
Deferred income tax liabilities		1,044,043,233.97		1,042,086,700.35

(4) Details of unrecognized deferred income tax assets

In RMB RMB

Item	Closing balance	Opening balance
Deductible temporary difference	411,124.79	144,013.55
Deductible loss	4,687,234.98	3,432,612.47
Total	5,098,359.77	3,576,626.02

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

In RMB RMB

Year	Closing amount	Opening amount	Remark
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2022	1,093,587.53	1,093,587.53	
2023	2,309,302.94	2,339,024.94	
2024	1,284,344.51		
Total	4,687,234.98	3,432,612.47	--

Others:

18. Other non-current assets

Whether the new revenue guidelines are implemented

Yes No

In RMB RMB

Item	Closing balance	Opening balance
Prepaid house and equipment amount	23,877,762.00	19,296,006.00
Prepayment of intangible assets	64,077.67	64,077.67
Total	23,941,839.67	19,360,083.67

Others:

19. Short-term borrowings

(1) Classification of short-term borrowings

In RMB RMB

Item	Closing balance	Opening balance
Guarantee loan	400,000,000.00	
Credit borrow		8,000,000.00
Discount borrowing of acceptance bills	500,000,000.00	200,000,000.00
Total	900,000,000.00	208,000,000.00

(2) Mature but not repaid short-term borrowings

None

20. Derivative financial liabilities

In RMB RMB

Item	Closing balance	Opening balance
Futures contracts	0.00	1,625,725.00
Total	0.00	1,625,725.00

Others:

21. Notes payable

In RMB RMB

Type	Closing balance	Opening balance
Commercial acceptance	62,482,744.62	89,593,075.92
Bank acceptance	471,074,585.78	418,271,442.27
Total	533,557,330.40	507,864,518.19

The total amount of payable bills that have matured but not been paid at the end of the period is RMB140,671.59.

22. Account payable**(1) Account payable**

In RMB RMB

Item	Closing balance	Opening balance
Account repayable and engineering repayables	697,113,970.77	735,661,625.17
Construction payable	8,303,482.25	17,976,531.41
Payable installation and implementation fees	241,243,003.99	280,338,258.89
Others	6,637,939.57	5,654,383.17
Total	953,298,396.58	1,039,630,798.64

(2) Significant payables aging more than 1 year

In RMB RMB

Item	Closing balance	Reason
Supplier 1	54,662,151.82	Not mature
Supplier 2	4,952,636.16	Not mature
Supplier 3	4,787,063.43	Not mature
Supplier 4	4,685,268.91	Not mature
Supplier 5	2,656,994.38	Not mature
Total	71,744,114.70	--

23. Prepayment received

Whether the new revenue guidelines are implemented

Yes No

(1) Prepayment received

In RMB RMB

Item	Closing balance	Opening balance
Curtain wall and screen door engineering payment	123,111,480.41	223,438,696.72
Material loan	6,269,201.91	3,988,573.19
Real estate sales payment	1,500,000.00	49,542,377.00
Others	1,550,380.93	1,608,201.63
Total	132,431,063.25	278,577,848.54

(2) Significant prepayment aged more than 1 year

In RMB RMB

Item	Closing balance	Reason
None		

(3) Assets settled for unfinished construction contracts at the end of the period

In RMB RMB

Item	Amount
Accumulative occurred costs	7,692,637,956.84
Accumulative recognized gross margin	1,144,425,387.77
Less: estimated loss	1,603,589.59
Settled amount	8,695,775,615.77
Assets settled for unfinished construction contracts at the end of the period	139,684,139.25

24. Employees' wage payable**(1) Employees' wage payable**

In RMB RMB

Item	Opening balance	Increase	Decrease	Closing balance
1. Short-term remuneration	44,497,660.77	136,339,637.60	156,927,275.35	23,910,023.02
2. Retirement pension program-defined	15,401.40	5,043,692.50	5,043,692.50	15,401.40

contribution plan				
3. Dismiss compensation		822,691.64	822,691.64	
Total	44,513,062.17	142,206,021.74	162,793,659.49	23,925,424.42

(2) Short-term remuneration

In RMB RMB

Item	Opening balance	Increase	Decrease	Closing balance
1. Wage, bonus, allowance and subsidies	42,874,045.67	128,937,448.36	149,544,326.01	22,267,168.02
2. Employee welfare	36,000.00	3,062,035.64	3,059,611.64	38,424.00
3. Social insurance		1,978,422.20	1,978,422.20	
Including: medical insurance		1,649,105.46	1,649,105.46	
Labor injury insurance		113,820.62	113,820.62	
Breeding insurance		215,496.12	215,496.12	
4. Housing fund	70,162.00	2,091,365.79	2,046,747.79	114,780.00
5. Labor union budget and staff education fund	1,517,453.10	270,365.61	298,167.71	1,489,651.00
Total	44,497,660.77	136,339,637.60	156,927,275.35	23,910,023.02

(3) Defined contribution plan

In RMB RMB

Item	Opening balance	Increase	Decrease	Closing balance
1. Basic pension	15,401.40	4,884,912.46	4,884,912.46	15,401.40
2. Unemployment insurance		158,780.04	158,780.04	
Total	15,401.40	5,043,692.50	5,043,692.50	15,401.40

Others:

25. Taxes payable

In RMB RMB

Item	Closing balance	Opening balance
VAT	6,787,755.62	7,964,966.19

Enterprise income tax	9,802,627.08	96,212,929.73
Personal income tax	889,027.16	793,577.50
City maintenance and construction tax	1,113,929.01	1,234,675.98
Land using tax	394,688.91	242,021.60
Property tax	1,607,524.83	248,910.70
Education surtax	560,717.76	609,781.62
Local education surtax	235,466.39	278,944.66
Others	41,062.14	124,191.21
Total	21,432,798.90	107,709,999.19

Others:

26. Other payables

In RMB RMB

Item	Closing balance	Opening balance
Interest payable	2,423,014.69	2,098,971.44
Other payables	833,927,274.12	811,019,728.40
Total	836,350,288.81	813,118,699.84

(1) Interest payable

In RMB RMB

Item	Closing balance	Opening balance
Long-term borrowing with interest installment and repayment of principal upon maturity	1,994,724.40	2,087,371.44
Short-term borrowing interests payable	428,290.29	11,600.00
Total	2,423,014.69	2,098,971.44

Significant interest overdue but not paid

In RMB RMB

Borrower	Overdue amount	Reason
None		

Others:

(2) Other payables

1) Other payables presented by nature

In RMB RMB

Item	Closing balance	Opening balance
Performance and quality deposit	51,980,294.06	47,901,945.63
Reserved expense	178,642,606.76	182,260,114.71
Tax withheld	576,157,148.36	547,012,606.17
Fangda Town pledge	100,000.00	22,236,150.00
Others	27,047,224.94	11,608,911.89
Total	833,927,274.12	811,019,728.40

(2) Significant payables aging more than 1 year

In RMB RMB

Item	Closing balance	Reason
Tax withheld	505,714,806.86	See Note
Total	505,714,806.86	--

Other note

1. The tax withheld is the land VAT that needs to be settled and paid for the property delivered of the Fangda Town developed by Fangda Property.
2. The major other payables aged over 1 year at the end of the year are mainly the land value-added tax of RMB505,714,806.86, which is not yet settled.

27. Non-current liabilities due within 1 year

In RMB RMB

Item	Closing balance	Opening balance
Long-term loans due within 1 year	800,000,000.00	200,000,000.00
Total	800,000,000.00	200,000,000.00

28. Other current liabilities

Whether the new revenue guidelines are implemented

 Yes No

In RMB RMB

Item	Closing balance	Opening balance
Substituted money on VAT	10,023,641.11	9,328,682.25
Total	10,023,641.11	9,328,682.25

29. Long-term borrowings

(1) Classification of long-term borrowings

In RMB RMB

Item	Closing balance	Opening balance
Loan by pledge	493,978,153.39	693,978,153.39
Guarantee loan	100,000,000.00	
Credit borrow		500,000,000.00
Total	593,978,153.39	1,193,978,153.39

Notes to classification of long-term borrowings:

The above-mentioned borrowing is the 100% stock pledging of Fangda Property Development held by the Company.

Other note, including interest rate range:

The interest rate of long-term borrowings ranges between 4.9875%-5.88%.

30. Anticipated liabilities

Whether the new revenue guidelines are implemented

Yes No

In RMB RMB

Item	Closing balance	Opening balance	Reason
Maintenance fee	6,672,052.01	6,831,162.99	Estimated expense in the product quality warranty period
Total	6,672,052.01	6,831,162.99	--

31. Deferred earning

In RMB RMB

Item	Opening balance	Increase	Decrease	Closing balance	Reason
Government subsidy	10,401,161.30	800,000.00	244,419.98	10,956,741.32	See Note
Total	10,401,161.30	800,000.00	244,419.98	10,956,741.32	--

Items involving government subsidies:

In RMB RMB

Liabilities	Opening balance	Amount of new subsidy	Amount included in non-operating revenue	Other misc. gains recorded in this period	Costs offset in the period	Other change	Closing balance	Related to assets/earning

Major investment project prize from Industry and Trade Development Division of Dongguan Finance Bureau	1,680,952.70			28,571.40			1,652,381.30	Assets-related
Massive production project of air-breathing double-layer hollow glass energy-saving curtain call	7,393,855.79			61,993.62			7,331,862.17	Assets-related
Railway transport screen door controlling system and information transmission technology	96,558.17			9,452.16			87,106.01	Assets-related
Distributed PV power generation project subsidy sponsored by Dongguan Reform and Development Commission	418,750.13			12,499.98			406,250.15	Assets-related
Luxi county Xuanfeng town government business introduction subsidy	181,004.51			1,862.82			179,141.69	Assets-related

Shenzhen SME Service Bureau enterprise IT construction subsidy	500,000.00						500,000.00	Assets-related
Shenzhen Science and Technology Innovation Committee Technology Innovation Subsidy	130,040.00			130,040.00			0.00	Earning-related
East China base fixed assets renovation project		800,000.00					800,000.00	Assets-related
Total	10,401,161.30	800,000.00		244,419.98			10,956,741.32	

Others:

1. The Dongguan Finance Bureau Industry and Trade Development Division major subsidy project is a subsidized project not stipulated in Dongguan Financial Circular [2013] No.779. As the project has formed into long-term assets, the Company treats it as an assets-related government subsidy.
2. The massive production project of air-breathing double-layer hollow glass energy-saving curtain wall is a subsidized project stipulated in Guangdong Financial Doc [2013] No.183. As the project has formed into long-term assets, the Company treats it as an assets-related government subsidy.
3. The railway transport screen door controlling system and information transmission technology is a subsidized project stipulated in Shenzhen Tech Innovation [2013] No.242. RMB300,000 is used to purchase equipment. Since the project will form long-term assets, the company will use RMB300,000 as a government subsidy related to Assets.
4. The Dongguan Municipal Development and Reform Commission on the organization of the Dongguan City distributed photovoltaic power generation subsidy program is based on the "Dongguan Municipal Development and Reform Commission's Circular on Organizing the Application of Dongguan Distributed PV Generation Capital Subsidy Project" for various types of buildings and structures using distributed photovoltaic power generation projects. Owners, according to the installed capacity of 250,000 yuan / MW for a one-time grant, the maximum subsidy for a single project does not exceed 2 million yuan, because the project is related to assets, the company will use it as a government subsidy related to assets.
5. The Xuanfeng Town Government Investment Promotion Subsidy Project of Luxi County promoted the development of the local economy. Xuanfeng Town Government of Luxi County introduced Luxin New Energy Company's solar photovoltaic power generation project and gave Luxin New Energy Corporation subsidies for obtaining state-owned construction land use rights. As this project is related to assets, the Company regards it as a government grant related to the assets.
6. The subsidy project of the Shenzhen Municipal Bureau of Small and Medium-sized Enterprises Service Enterprise Informatization

Project is based on the relevant provisions of the Interim Measures for the Management of Special Funds for the Development of Private and Small and Medium-sized Enterprises in Shenzhen (SCC (2012) No. 177) issued by the Shenzhen Municipal Bureau of Small and Medium Business Administration. In 2017, the special fund enterprise informationization project subsidies, because the project is related to assets, the company will use it as a government grant related to assets.

7. The subsidy project for the renovation and reconstruction of fixed assets of Huadong Base is funded by the Shanghai Economic and Information Commission according to the relevant provisions of the “Administrative Measures for Special Funds for Industrial Transformation and Upgrading in Shanghai” (Shanghai Economic and Trade Regulations [2015] No. 101). The project is related to assets and the company uses it as a government grant related to assets.

32. Capital share

In RMB

	Opening balance	Change (+,-)					Closing balance
		Issued new shares	Bonus shares	Transferred from reserves	Others	Subtotal	
Total of capital shares	1,155,481,68 6.00				-32,097,497.0 0	-32,097,497.0 0	1,123,384,18 9.00

Others:

1. The decrease in share capital was due to the repurchase and cancellation of B shares by the company during the reporting period.
2. As of June 30, 2019, there were 1,431,568 shares subject to sale restrictions at the end of the period, of which 1,431,568 were held by natural persons.

33. Capital reserve

In RMB RMB

Item	Opening balance	Increase	Decrease	Closing balance
Capital premium (share capital premium)	94.24			94.24
Other capital reserves	1,454,097.35			1,454,097.35
Total	1,454,191.59			1,454,191.59

34. Shares in stock

In RMB RMB

Item	Opening balance	Increase	Decrease	Closing balance
B share	10,831,437.66	88,223,945.70	99,055,383.36	0.00
Total	10,831,437.66	88,223,945.70	99,055,383.36	0.00

Other note, including explanation about the reason of the change:

In the current period, the relevant proposals of the previous year continued to repurchase and cancel the treasury shares.

35. Other miscellaneous income

In RMB RMB

Item	Opening balance	Amount occurred in the current period						Closing balance
		Amount before income tax	Less: amount written into other gains and transferred into gain/loss in previous terms	Less: amount written into other gains and transferred into gain/loss in previous terms	Less: Income tax expenses	After-tax amount attributed to the parent	After-tax amount attributed to minority shareholders	
1. Other misc. incomes that cannot be re-classified into gain and loss	-5,166,425.58							-5,166,425.58
Fair value change of investment in other equity tools	-5,166,425.58							-5,166,425.58
2. Other misc. incomes that will be re-classified into gain and loss	7,382,087.59	1,636,239.33			246,465.00	1,389,774.33		8,771,861.92
Cash flow hedge reserve	-1,290,746.25	1,643,100.00			246,465.00	1,396,635.00		105,888.75
Translation difference of foreign exchange statement	-83,719.62	-6,860.67				-6,860.67		-90,580.29
Investment real estate measured at fair value	8,756,553.46							8,756,553.46
Other miscellaneous income	2,215,662.01	1,636,239.33			246,465.00	1,389,774.33		3,605,436.34

36. Surplus reserves

In RMB RMB

Item	Opening balance	Increase	Decrease	Closing balance
Statutory surplus reserves	121,000,081.43		66,957,886.36	54,042,195.07
Total	121,000,081.43		66,957,886.36	54,042,195.07

Note, including explanation about the reason of the change:

In the current period, according to the relevant resolutions of the previous year, the repurchase and cancellation of treasury shares

continued. The cost of canceled shares in stock was higher than the corresponding cost of equity, which offset the surplus reserve by RMB66,957,886.36.

37. Retained profit

In RMB RMB

Item	Current period	Last period
Adjustment on retained profit of previous period	3,921,225,872.96	1,863,191,218.58
Total of retained profit at beginning of year adjusted (+ for increase, - for decrease)	16,171,320.58	
Retained profit adjusted at beginning of year	3,937,397,193.54	1,863,191,218.58
Plus: Net profit attributable to owners of the parent	128,581,755.01	230,131,663.19
Common share dividend payable	224,676,837.79	177,546,338.10
Closing retained profit	3,841,302,110.76	1,915,776,543.67

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 RMB16,171,320.58.
- 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 RMB

Item	Amount occurred in the current period		Occurred in previous period	
	Income	Cost	Income	Cost
Main business	1,385,429,784.95	1,055,781,224.98	1,426,207,018.36	925,306,886.60
Other businesses	40,461,162.04	10,284,745.58	15,843,878.17	10,179,289.13
Total	1,425,890,946.99	1,066,065,970.56	1,442,050,896.53	935,486,175.73

Whether the new revenue guidelines are implemented

Yes No

39. Taxes and surcharges

In RMB RMB

Item	Amount occurred in the current period	Occurred in previous period
------	---------------------------------------	-----------------------------

City maintenance and construction tax	3,306,190.50	3,980,442.45
Education surtax	2,197,616.65	2,866,384.67
Property tax	2,367,178.99	2,556,126.19
Land using tax	772,262.35	808,834.13
Vehicle usage tax	15,960.00	15,240.00
Stamp tax	945,391.73	849,673.18
Land VAT	31,689,811.56	89,995,084.20
Others	186,588.29	132,410.21
Total	41,481,000.07	101,204,195.03

Others:

40. Sales expense

In RMB RMB

Item	Amount occurred in the current period	Occurred in previous period
Labor costs	13,756,507.19	9,512,746.08
Freight and miscellaneous charges	2,552,065.93	2,569,313.15
Travel expense	684,332.50	1,011,110.84
Entertainment expense	979,949.90	727,599.36
Material consumption	135,028.48	252,088.61
Office costs	48,247.56	79,998.75
Rental	952,964.78	388,001.26
Advertisement and promotion fee	865,854.97	932,974.88
Sales agency fee	5,943,528.83	8,390,339.52
Others	1,257,158.36	3,195,968.79
Total	27,175,638.50	27,060,141.24

41. Management expenses

In RMB RMB

Item	Amount occurred in the current period	Occurred in previous period
Labor costs	47,235,320.97	36,024,438.72
Depreciation and amortization	4,810,846.91	5,262,351.65
Agencies	4,403,164.17	2,730,309.05
Maintenance costs	7,845,937.09	6,232,422.69

Water and electricity	351,795.21	412,734.95
Office expense	1,263,021.34	990,189.00
Travel expense	993,288.82	1,085,683.50
Entertainment expense	1,676,576.80	1,480,838.65
Rental	752,831.06	1,304,120.83
Lawsuit	337,101.22	249,102.52
Material consumption	145,197.52	226,800.03
Property management fee	666,254.99	573,368.00
Others	12,197,441.46	9,966,826.30
Total	82,678,777.56	66,539,185.89

42. R&D cost

In RMB RMB

Item	Amount occurred in the current period	Occurred in previous period
Labor costs	9,107,318.28	6,410,404.69
Material costs	1,605,931.43	387,693.59
Rental	938,339.52	509,554.85
Depreciation costs	304,783.16	204,554.41
Amortization of intangible assets	41,402.02	45,617.91
Travel expense	43,113.02	46,575.55
Maintenance costs	44,792.26	43,032.86
Test and experiment costs	2,141,801.56	122,712.91
Patent maintenance costs	299,269.18	123,047.92
Others	175,922.69	102,205.22
Total	14,702,673.12	7,995,399.91

43. Financial expenses

In RMB RMB

Item	Amount occurred in the current period	Occurred in previous period
Interest expense	41,338,886.48	39,431,773.93
Less: interest capitalization	0.00	7,292,522.11
Less: discount government subsidies	862,000.00	0.00

Less: Interest income	2,439,090.91	3,715,935.93
Acceptant discount	8,563,237.66	5,151,856.26
Exchange gain/loss	99,040.10	-328,681.30
Commission charges and others	2,781,267.03	525,830.83
Total	49,481,340.36	33,772,321.68

44. Other gains

In RMB RMB

Source	Amount occurred in the current period	Occurred in previous period
Integration sponsorship	200,000.00	100,000.00
Nanshan District independent innovation industry development special fund	500,000.00	0
R&D subsidy	696,000.00	1,113,000.00
VAT rebated	1,359,044.12	945,948.64
Enterprise innovation ability cultivation and support	508,000.00	0
VAT income tax refund	95,000.00	0
2018 Shenzhen standard allowance	102,000.00	0
Significant industrial and trade development investment project award	28,571.40	28,571.40
Self-breathing dual-layer hollow grass energy-saving curtain wall development project	61,993.62	61,993.62
Innovation award	36,500.00	0
Hi-tech enterprise award	100,000.00	0
Science and Technology Commission innovation coupon	130,040.00	0
Patent and intellectual property right subsidy	0	61,500.00
Childbearing subsidy	112,877.76	34,353.92
Industrial growth prize	0.00	300,000.00
Others	71,423.61	53,824.00
Total	4,001,450.51	2,699,191.58

45. Investment income

In RMB RMB

Item	Amount occurred in the current period	Occurred in previous period
Gains from long-term equity investment	-325,733.55	-1,071,000.77

measured by equity		
Investment income of trading financial assets during the holding period	17,359,985.03	9,187,877.90
Investment income from disposal of trading financial assets	-16,598,749.99	
Investment gain of financial products	4,003,332.19	18,127,885.28
Others	-382,436.52	
Total	4,056,397.16	26,244,762.41

Others:

46. Income from fair value fluctuation

In RMB RMB

Source of income from fluctuation of fair value	Amount occurred in the current period	Occurred in previous period
Transactional financial assets	121,506.67	-8,572,843.25
Investment real estate measured at fair value		-323,794.00
Total	121,506.67	-8,896,637.25

Others:

Credit impairment loss

In RMB RMB

Item	Amount occurred in the current period	Occurred in previous period
Bad debt loss of other receivables	7,114,165.08	
Bad debt of account receivable	-11,483,825.46	
Total	-4,369,660.38	

48. Assets impairment loss

Whether the new revenue guidelines are implemented

Yes No

In RMB RMB

Item	Amount occurred in the current period	Occurred in previous period
1. Bad debt loss		-1,854,963.05
Total		-1,854,963.05

49. Assets disposal gains

In RMB RMB

Source	Amount occurred in the current period	Occurred in previous period
Gain and loss from disposal of fixed assets ("-" for loss)	-27,108.78	-1,551,291.52
Total	-27,108.78	-1,551,291.52

50. Non-business income

In RMB RMB

Item	Amount occurred in the current period	Occurred in previous period	Amount accounted into the current accidental gain/loss
Government subsidy		303,119.83	
Penalty income	401,931.00	213,905.88	401,931.00
Compensation received	4,378,501.74	1,500,000.00	4,378,501.74
Penalty received		18,200.00	
VAT rebated into revenue			
Payable account not able to be paid	1,350.91	0.20	1,350.91
Others	92,108.50	5,030,812.50	92,108.50
Total	4,873,892.15	7,066,038.41	4,873,892.15

51. Non-business expenses

In RMB RMB

Item	Amount occurred in the current period	Occurred in previous period	Amount accounted into the current accidental gain/loss
Donation	122,000.00		122,000.00
Loss of non-current assets disposal	30,871.84	14,020.21	30,871.84
Penalty and overdue fine	81,936.95	225,047.87	81,936.95
Lawsuit indemnity	143,641.00	0.00	143,641.00
Others	116.01	283,092.35	116.01
Total	378,565.80	522,160.43	378,565.80

52. Income tax expenses

(1) Details about income tax expense

In RMB RMB

Item	Amount occurred in the current period	Occurred in previous period
Income tax expenses in this period	26,190,753.94	48,132,940.61
Deferred income tax expenses	-2,171,494.23	14,913,239.34
Total	24,019,259.71	63,046,179.95

(2) Adjustment process of accounting profit and income tax expense

In RMB RMB

Item	Amount occurred in the current period
Total profit	152,583,458.35
Income tax expenses calculated based on the legal (or applicable) tax rates	38,145,864.59
Impacts of different tax rates applicable for some subsidiaries	-11,360,493.17
Impacts of income tax before adjustment	1,081,367.08
Impact of non-taxable income	-4,339,996.26
Impacts of non-deductible cost, expense and loss	456,659.18
Deductible temporary difference and deductible loss of unrecognized deferred income tax assets	380,433.44
Profit and loss of associates and joint ventures calculated using the equity method	81,433.39
Taxation impact of R&D expense and (presented with "-")	-1,039,008.70
Others	613,000.16
Income tax expenses	24,019,259.71

Other note

53. Other miscellaneous income

See Note VII 35.

54. Notes to the cash flow statement

(1) Other cash inflow related to operation

In RMB RMB

Item	Amount occurred in the current period	Occurred in previous period
Interest income	901,193.29	2,872,253.69
Subsidy income	3,590,774.08	2,028,279.98
Retrieving of deposits for exchange bills		7,101,000.00
Retrieving of bidding deposits	37,655,725.50	224,435,277.86
Other operating accounts	5,860,054.56	6,855,911.78
Total	48,007,747.43	243,292,723.31

(2) Other cash paid related to operation

In RMB RMB

Item	Amount occurred in the current period	Occurred in previous period
Administrative expense	20,255,645.25	12,475,066.93
Sales expense	11,139,215.49	3,036,411.56
Bidding deposit paid	109,314,906.03	282,540,434.70
Net draft deposit net paid	161,663,318.36	
Other trades	4,842,346.84	15,465,822.42
Total	307,215,431.97	313,517,735.61

(3) Other cash received related to financing

In RMB RMB

Item	Amount occurred in the current period	Occurred in previous period
B shares repurchased excess fund recovery	39,406.61	
Total	39,406.61	

(4) Other cash paid related to financing

In RMB RMB

Item	Amount occurred in the current period	Occurred in previous period
Payment note discounted loan guarantee	40,000,000.00	
Total	40,000,000.00	

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

In RMB RMB

Supplementary information	Amount of the Current Term	Amount of the Previous Term
1. Net profit adjusted to cash flow related to business operations:	--	--
Net profit	128,564,198.64	230,131,663.19
Plus: Asset impairment provision	-4,369,660.38	1,854,963.05
Fixed asset depreciation, gas and petrol depreciation, production goods depreciation	11,883,064.96	10,105,993.76
Amortization of intangible assets	1,762,127.14	986,452.62
Amortization of long-term amortizable expenses	216,264.82	348,502.82
Loss from disposal of fixed assets, intangible assets, and other long-term assets (“-“ for gains)	27,108.78	-1,551,865.58
Loss from fixed asset discard (“-“ for gains)	30,871.84	743.00
Loss from fair value fluctuation (“-“ for gains)	-121,506.67	8,896,637.25
Financial expenses (“-“ for gains)	49,040,124.14	31,237,594.20
Investment losses (“-“ for gains)	-4,056,397.16	-26,244,762.41
Decrease of deferred income tax asset (“-“ for increase)	-3,881,562.85	-15,384,604.80
Increase of deferred income tax asset (“-“ for increase)	1,956,533.62	30,132,027.71
Decrease of inventory (“-“ for increase)	33,483,787.38	93,221,757.37
Decrease of operational receivable items (“-“ for increase)	-164,044,489.43	-225,446,791.23
Increase of operational receivable items (“-“ for decrease)	-351,001,350.74	-119,226,407.78
Others	-72,214,117.20	-50,488,170.81
Cash flow generated by business operations, net	-372,725,003.11	-31,426,267.64
2. Major investment and financing activities with no cash involved:	--	--
3. Net change in cash and cash equivalents:	--	--
Balance of cash at period end	380,145,526.85	951,511,945.70
Less: Initial balance of cash	956,190,890.68	931,285,535.55
Net increase in cash and cash equivalents	-576,045,363.83	20,226,410.15

(2) Net cash paid to subsidiaries acquired in the current period

In RMB RMB

	Amount
Cash or cash equivalents paid by the business combination in the current period	61,937,324.17
Including:	--
Purchase 55% equity of Zhongrong Litai Co., Ltd.	61,937,324.17
Less: cash and cash equivalent held by subsidiaries on the date of purchase	2,493.86
Including:	--
Zhongrong Litai	2,493.86
Including:	--
Net cash paid for acquiring subsidiaries	61,934,830.31

Others:

(3) Composition of cash and cash equivalents

In RMB RMB

Item	Closing balance	Opening balance
I. Cash	380,145,526.85	956,190,890.68
Including: Cash in stock	3,448.76	5,167.01
Bank savings can be used at any time	377,446,721.38	953,231,178.60
Other monetary capital can be used at any time	2,695,356.71	2,954,545.07
III. Balance of cash and cash equivalents at end of term	380,145,526.85	956,190,890.68
Including: restricted cash and cash equivalent used by parent company or subsidiaries in the Group	692,581,199.60	432,871,193.08

56. Ownership- or use-right-restricted assets

In RMB RMB

Item	Closing book value	Reason
Monetary capital	692,581,199.60	Deposit and time deposit
Fixed assets	50,528,321.98	Credit guarantee
Investment real estate	309,189,866.37	Credit guarantee

100% stake in Fangda Property Development held by the Company	200,000,000.00	Loan by pledge
Total	1,252,299,387.95	--

57. Foreign currency monetary items

(1) Foreign currency monetary items

In RMB RMB

Item	Closing foreign currency balance	Exchange rate	Closing RMB balance
Monetary capital	--	--	35,947,395.48
Including: USD	620,366.03	6.8747	4,264,830.35
HK Dollar	30,378,071.73	0.87966	26,722,374.58
SGD	222,026.22	5.0805	1,128,004.21
AUD	126,866.42	4.8156	610,937.93
VND	10,107,530,370.00	0.000294862	2,980,323.36
INR	2,420,027.00	0.0995547	240,925.06
Account receivable	--	--	55,682,997.22
Including: USD	6,812,046.22	6.8747	46,830,774.15
HK Dollar	2,155,386.72	0.87966	1,896,007.49
SGD	69,721.50	5.0805	354,220.08
AUD	1,370,960.11	4.8156	6,601,995.51
Prepayment			872,234.44
Including: USD	126,876.00	6.8747	872,234.44
Other receivables			122,372.69
Including: USD	13,682.31	6.8747	94,061.78
AUD	5,879.00	4.8156	28,310.91
Account payable			128,070.88
Including: AUD	26,595.00	4.8156	128,070.88
Account receivable			19,122,617.36
Including: USD	686,545.42	6.8747	4,719,793.79
HK Dollar	16,373,170.97	0.87966	14,402,823.57
Other payables			1,284,717.08
Including: USD	16,049.00	6.8747	110,332.06
HK Dollar	1,332,637.50	0.87966	1,172,267.91

VND	7,180,000.00	0.000294862	2,117.11
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Others:

(2) The note of overseas operating entities should include the main operation places, book keeping currencies and selection basis. Where the book keeping currency is changed, the reason should also be explained.

Applicable Inapplicable

58. Hedging

Hedging items and related tools, qualitative and quantitative information about hedging risks:

Hedging category	Hedged item	Hedging tool	Hedged risk
Cash flow hedging	Aluminum plate futures transaction	Aluminum futures contract	Rise on raw material prices, causing purchase cost increase

59. Government subsidy

(1) Government subsidy profiles

In RMB RMB

Type	Amount	Item	Amount accounted into the current gain/loss
Integration sponsorship	200,000.00	Other gains	200,000.00
2017 special fund enterprise information project fund	480,000.00	Deferred earning	
2018 Shenzhen standard allowance	102,000.00	Other gains	102,000.00
Nanshan District independent innovation industry development special fund	500,000.00	Other gains	500,000.00
VAT rebated	1,359,044.12	Other gains	1,359,044.12
Science and Technology Commission innovation coupon	130,040.00	Other gains	130,040.00
Hi-tech enterprise award	100,000.00	Other gains	100,000.00
Enterprise innovation ability cultivation and support subsidy	508,000.00	Other gains	508,000.00
Distributed PV power generation project subsidy sponsored by Dongguan	500,000.00	Deferred earning	12,499.98

Reform and Development Commission			
Luxi county Xuanfeng town government business introduction subsidy	186,282.50	Deferred earning	1,862.82
Self-breathing dual-layer hallow grass energy-saving curtain wall development project	8,020,000.00	Deferred earning	61,993.62
Significant industrial and trade development investment project award	2,000,000.00	Deferred earning	28,571.40
Fixed assets renovation project allowance	800,000.00	Deferred earning	
R&D subsidy	696,000.00	Other gains	696,000.00
Others	501,029.66	Other gains/deferred gains	301,438.57
Total	16,082,396.28		4,001,450.51

(2) Government subsidy refund

Applicable Inapplicable

Others:

VIII. Change to Consolidation Scope

1. Consolidation of entities not under common control

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

In RMB RMB

Purchased party name	When the equity is acquired	Equity acquisition cost	Shareholding ratio	Equity acquisition method	Purchase date	Basis for determining the purchase date	Revenue from the purchaser to the end of the period	Net profit of the purchaser from the date of purchase to the end of the period
Shenzhen Zhongrong Litai Investment Co., Ltd.	August 9, 2018	61,937,324.17	55.00%	Cash	June 12, 2019	Date of obtaining the actual control right of the acquired	0.00	-39,014.15

						party		
--	--	--	--	--	--	-------	--	--

Others:

(2) Combination costs and goodwill

In RMB RMB

Combination costs	
--Cash	61,937,324.17
--Others	-382,436.51
Total combination costs	61,554,887.66
Less: fair share of identifiable net assets acquired	61,554,887.66
Goodwill/consolidation cost is less than the amount of fair value of the identifiable net assets acquired	0.00

(3) Identifiable assets and liabilities of the purchased party on the purchase date

In RMB RMB

	Fair value on the day of acquisition	Book value on the day of acquisition
Assets:	171,756,378.70	171,756,378.70
Monetary capital	2,493.86	2,493.86
Receivables	8,647,214.00	8,647,214.00
Inventory	132,393,495.15	132,393,495.15
Prepayment	28,500,000.01	28,500,000.01
Other current assets	116,504.85	116,504.85
Deferred income tax assets	2,096,670.83	2,096,670.83
Liabilities:	59,838,401.14	59,838,401.14
Payable	59,838,401.14	59,838,401.14
Net assets	111,917,977.56	111,917,977.56
Less: minor shareholders' equity	50,363,089.90	50,363,089.90
Acquired net assets	61,554,887.66	61,554,887.66

Method for determining the fair value of identifiable assets and liabilities:

The value approved by the evaluation agency shall prevail.

Contingent liabilities of the purchased party assumed in the business combination:

None

Others:

None

(4) Gains or losses arising from the re-measurement of equity held before the date of purchase at fair value

Disposal of a subsidiary in multiple steps that lead to loss of control in the report period

Yes No

(5) Explanation of the merger consideration or the fair value of the identifiable assets and liabilities of the acquiree cannot be reasonably determined at the end of the purchase date or the end of the current period.

None

(6) Others

None

2. Change to the consolidation scope for other reasons

Change in the consolidation scope due to other reasons (such as new subsidiaries and liquidation of subsidiaries) and the situations:

1 , During the period, Fangda Southeast Asia Company Limited was newly established, and the merger of enterprises under the same control increased Shenzhen Zhongrong Litai Investment Co., Ltd., adding 2 subsidiaries in the current consolidated statement.

In this period, Shenzhen Kexunda Software Co., Ltd., an indirect controlled subsidiary, was canceled, so the current consolidated statement reduced one subsidiary.

IX. Equity in Other Entities**1. Interests in subsidiaries****(1) Group Composition**

Company	Place of business	Registered address	Business	Shareholding percentage		Obtaining method
				Direct	Indirect	
Fangda Jianke	Shenzhen	Shenzhen	Designing, manufacturing, and installation of curtain walls	98.39%	1.61%	Incorporation
Fangda Zhichuang	Shenzhen	Shenzhen	Production, processing and installation of subway screen doors	14.00%	86.00%	Incorporation
Fangda New Material	Nanchang	Nanchang	Production and sales of new-type materials composite	75.00%	25.00%	Incorporation

			materials and production of curtain walls			
Kexunda	Shenzhen	Shenzhen	Computer software development		100.00%	Incorporation
Fangda Property	Shenzhen	Shenzhen	Real estate development and operation	100.00%		Incorporation
Fangda New Energy	Shenzhen	Shenzhen	Design and construction 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 Fangda New Material	Dongguan	Dongguan	Production and sales of building curtain walls		100.00%	Incorporation
Fangda Property Management	Shenzhen	Shenzhen	Property management		100.00%	Incorporation
Jiangxi Property	Nanchang	Nanchang	Real estate development and operation		100.00%	Incorporation
Pingxiang Fangda Luxin New Energy Co., Ltd.	Pingxiang	Pingxiang	Design and construction of PV power plants		100.00%	Incorporation
Pingxiang Xiangdong Fangda New Energy Co., Ltd.	Pingxiang	Pingxiang	Design and construction of PV power plants		100.00%	Incorporation
Nanchang Xinjian Fangda New Energy Co., Ltd.	Nanchang	Nanchang	Design and construction of PV power plants		100.00%	Incorporation
Dongguan Fangda New Energy Co., Ltd.	Dongguan	Dongguan	Design and construction of PV power plants		100.00%	Incorporation
Kechuangyuan	Shenzhen	Shenzhen	Software		100.00%	Incorporation

Software			development			
Zhichuang Hong Kong	Hong Kong	Hong Kong	Metro screen door		100.00%	Incorporation
Hongjun Investment Company	Shenzhen	Shenzhen	Investment	98.00%	2.00%	Incorporation
Jianke Australia	Australia	Australia	Designing, manufacturing, and installation of curtain walls		100.00%	Incorporation
Fangda Cloud Rail	Shenzhen	Shenzhen	Design, development and sales of cloud rail transport equipment		100.00%	Incorporation
Fangda Qingling	Shanghai	Shanghai	Production and sales of building curtain walls		100.00%	Incorporation
Zhongrong Litai	Shenzhen	Shenzhen	Real estate development and operation		55.00%	Purchase
Fangda Southeast Asia	Vietnam	Vietnam	Designing, manufacturing, and installation of curtain walls		100.00%	Incorporation

2. Interests in joint ventures or associates

(1) Financial summary of insignificant joint ventures and associates

In RMB RMB

	Closing balance/amount occurred in this period	Opening balance/amount occurred in previous period
Joint venture:	--	--
Total shareholding	--	--
Associate:	--	--
Total book value of investment	69,779,924.33	70,105,657.88
Total shareholding	--	--
Net profit	-325,733.55	-836,397.74
--Total of misc. incomes	-325,733.55	-836,397.74

X. Risks of Financial Tools

Major financial tools of the Group include monetary fund, accounts receivable, receivable bills, other receivables, other current assets, financial assets measured at fair value and whose change recorded in the profit and loss of this period, accounts payable, interest payable, payable bills, other payables, short-term borrowings, other current liabilities, non-current liabilities due within one year and long-term borrowings. 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 credit risk, liquidity risk and market risk (including interest, exchange rate and product price/equity tool price risks).

(1) Credit risks

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 has adopted a policy of cooperating only with creditworthy counterparties and obtaining sufficient collateral when necessary to mitigate the risk of financial losses arising from the failure of the counterparty to perform its contractual obligations. 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 debtors of the Group's accounts receivable are customers distributed in different industries and regions. The Group continues to perform credit assessments on the financial status of the receivables and when appropriate purchases credit guarantee insurance.

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

Among the Group's receivables, accounts receivable from top 5 customers account for 17.39% of the total accounts receivable (2018: 18.60%); among other receivables, other receivables from top 5 customers account for 64.65% of the total other receivables (2018: 66.83%).

(2) 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. As of June 30, 2019, the Group's unused bank borrowings amounted to RMB200,102,800 (December 31, 2018: RMB264,974,000).

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

Item	Closing amount			
	Less than 1 year	Within 1-3 years	Over 3 years	Total
Financial liabilities:				
Short-term loans	90,000.00	0.00	0.00	90,000.00
Payable notes and accounts	139,661.83	8,436.82	586.92	148,685.57
Employees' wage payable	2,392.54	0.00	0.00	2,392.54
Other payables	30,791.61	52,312.56	530.86	83,635.03
Non-current liabilities due in 1 year	80,000.00	0.00	0.00	80,000.00
Other current liabilities	1,002.36	0.00	0.00	1,002.36
Long-term loans	0.00	59,397.82	0.00	59,397.82
Total liabilities	343,848.35	120,147.20	1,117.78	465,113.32

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

Item	Opening amount			
	Less than 1 year	Within 1-3 years	Over 3 years	Total
Financial liabilities:				
Short-term loans	20,800.00			20,800.00
Payable notes and accounts	139,987.76	14,588.41	173.36	154,749.53
Employees' wage payable	4,451.31			4,451.31
Other payables	25,200.85	55,107.77	1,003.25	81,311.87
Non-current liabilities due in 1 year	20,000.00			20,000.00
Other current liabilities	932.87			932.87
Long-term loans		119,397.82		119,397.82
Total liabilities	211,372.79	189,094.00	1,176.61	401,643.40

The amount of financial liabilities disclosed in the above table is undiscounted contractual cash flow and may therefore differ from the carrying amount in the balance sheet.

(3) Market risks

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.

Exchange 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 mainly arises from long-term interest-bearing debts such as long-term bank loans. Financial liabilities with floating interest rate cause cash flow interest rate risk for the Group. Financial liabilities with fixed interest rate cause fair value interest rate risk for the Group. The Group decides the proportion between fixed interest rate and floating interest rate according to the market environment and regularly reviews and monitors the combination of fixed and floating interest rate instruments.

The Group pays close attention to the risks of changing interest rates. The Group adopts no hedging policies currently. However management is responsible for monitoring interest rate risk and will consider hedging significant interest rate risk should the need arise. As fixed deposits are short-term borrowing, the interest rate risk of the fair value of bank deposit is minor.

There is no floating rate borrowing in this period. If the benchmark interest rate rises or falls by 50 basis points, while other factors remain unchanged, the Group's net profit and shareholders' equity will remain unchanged. (December 31, 2018: RMB90,800)

For the financial instruments held on the balance sheet date that expose the Group to fair value interest rate risk, the impact of the net profit and shareholders' equity in the above sensitivity analysis is measured based on the assumption that the interest rate changes on the balance sheet date according to the new interest rate. For floating interest rate non-derivatives held on the balance sheet date that expose the Group to cash flow interest rate risk, the effect of net profit and shareholder equity in the above sensitivity analysis is the interest income or income estimated by the above interest rate changes. The previous year's analysis was based on the same assumptions and methods.

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.

Exchange rate risk is mainly attributable to the Group's financial position and cash flows affected by fluctuations in foreign exchange rates. Except for the subsidiaries established in Hong Kong holding assets in Hong Kong dollars as the settlement currency, there is only a small amount of investment in the Hong Kong market. The proportion of assets and liabilities held by the Group in foreign currency assets and liabilities is not significant. Therefore the Group believes that the exchange rate risk is not significant.

The Group pays close attention to the risks of changing exchange rate. The Group takes no measure to prevent other exchange risks currently. However management is responsible for monitoring exchange rate risk and will consider hedging significant exchange rate risk should the need arise.

See Note V. 57 Foreign Currency Item Note for the Group's financial assets and liabilities priced in foreign currencies.

Other price risks

Other price risks refer to risks of fluctuations caused by changes to market prices, regardless of whether the changes are caused by factors related to a single financial tool or issuer, or factors related to all similar financial tools traded in the market. Other price risks come from changes in product prices or equity tool prices.

The Group's investment in financial assets classified as fair value through changes in fair value through profit or loss, and investment properties measured in fair value are measured at fair value on the balance sheet date. Therefore, the Group bears risks of changes in the securities market and real estate market prices.

The Group closely follows impacts of price changes to the Company's securities investment price and real estate price risks. The Group takes no measure to prevent other price risks currently. The management is responsible for monitoring the other price risks.

2. Capital management

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

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

The Group monitors the capital structure based on the assets/liability ratio. As of June 30, 2019, the Group's asset-liability ratio was 53.62% (December 31, 2018: 51.26%).

XI. Fair Value

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

In RMB RMB

Item	Closing fair value			
	First level fair value	Second level fair value	Third level fair value	Total
1. Continuous fair value measurement	--	--	--	--
(1) Transactional financial assets	17,375.00			17,375.00
1. Financial assets measured at fair value with variations accounted into current income account	17,375.00			17,375.00
3. Derivative financial assets	17,375.00			17,375.00
(3) Investment in other equity tools			21,674,008.23	21,674,008.23
(4) Investment real estate		5,260,188,084.93		5,260,188,084.93
2. Leased building		5,260,188,084.93		5,260,188,084.93
Total assets measured at fair value continuously	17,375.00	5,260,188,084.93	21,674,008.23	5,281,879,468.16
2. Discontinuous fair value measurement	--	--	--	--

2. Recognition basis of market value of continuous and discontinuous items measured at first level fair value

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

3. Valuation technique and qualitative and quantitative information for key parameters of continuous and discontinuous second level fair value items

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

4. Valuation technique and qualitative and quantitative information for key parameters of continuous and discontinuous third level fair value items

For other equity instrument investments, for non-trading equity instrument investments, unmatched transactions are available for reference. The Group uses valuation techniques to determine its fair value. The valuation technique used is based on the valuation value of the relevant assets provided by the assessment agency and is calculated and confirmed based on its own data.

5. Switch between different levels, switch reason and switching time policy

In the period, there is no switch in the financial assets measured at fair value between the first and second level. The additional investment in other equity instruments measured at the third level is a non-trading equity instrument investment. According to the new financial instrument standard, it is designated as fair value from January 1, 2019 and its changes are included in other comprehensive income.

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

Financial assets and liabilities measured at amortized cost include: monetary capital, bills receivable, accounts receivable, other receivables, short-term borrowings, notes payable, accounts payables, other payables, and long-term payables.

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

XII. Related Parties and Transactions

1. Parent of the Company

Parent	Registered address	Business	Registered capital	Share of the parent co. in the Company	Voting power of the parent company
Shenzhen Banglin Technologies Development Co., Ltd.	Shenzhen	Industrial investment	30,000,000.00	10.08%	10.08%

Particulars about the parent of the Company

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

15% of the shares.

The final controller of the Company is Xiong Jianming.

Other Note:

As of June 30, 2019, Mr. Xiong Jianming directly held 0.17% of the company's shares and 10.08% and 8.52% of the shares indirectly through Shenzhen Banglin Technology and Shengjiu Investment, totally 18.77%. Mr. Xiong Jianming is the actual controller of the Company.

2. Subsidiaries of the Company

See Note IX. 1.

3. Joint ventures and associates

See Note IX. 2 for details of significant joint ventures and associates of the Company.

Information about other joint ventures or associates with related transactions in this period or with balance generated by related transactions in previous period:

Joint venture or associate	Relationship with the Company
Shenzhen Ganshang Joint Investment Co., Ltd.	Associate
Shenzhen Huihai Yirong Internet Service Co., Ltd.	Associate
Jiangxi Business Innovative Property Joint Stock Co., Ltd.	Associate

4. Other associates

Other related parties	Relationship with the Company
Shenzhen Qijian Technology Co., Ltd. (Qijian Technology)	Common actual controller
Gong Qing Cheng Shi Li He Investment Management Partnership Enterprise (limited partner)	Executive partners are the Company's senior management personnel
Shenyang Fangda Semi-conductor Lighting Co., Ltd. (hereinafter Shenyang Fangda)	Subsidiary in liquidation
Shenzhen Woke Semi-conductor Lighting Co., Ltd. (hereinafter Shenzhen Woke)	Subsidiary in liquidation

5. Related transactions

(1) Related transactions for purchase and sale of goods, provision and acceptance of services

Sales of goods and services

In RMB RMB

Affiliated party	Related transaction	Amount occurred in the	Occurred in previous period
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		current period	
Shenzhen Qijian Technology Co., Ltd.	Property service and sales of goods	22,610.18	15,209.97
Shenzhen Ganshang Joint Investment Co., Ltd.	Property service and sales of goods	5,060.89	5,060.89

Notes about related transactions for purchase and sale of goods, provision and acceptance of services

(2) Related leasing

The Company is the lessor:

In RMB RMB

Name of the leasee	Category of asset for lease	Rental recognized in the period	Rental recognized in the period
Shenzhen Ganshang Joint Investment Co., Ltd.	Houses & buildings	66,475.80	65,040.67
Shenzhen Qijian Technology Co., Ltd.	Houses & buildings	207,366.00	134,808.00

(3) Related guarantees

The Company is the guarantor:

In RMB RMB

Beneficiary party	Amount guaranteed	Start date	Due date	Completed or not
Fangda Jianke	300,000,000.00	August 18, 2018	July 31, 2020	No
Fangda Jianke	100,000,000.00	June 21, 2019	June 20, 2020	No
Fangda Jianke	400,000,000.00	March 26, 2019	March 26, 2020	No
Fangda Jianke	400,000,000.00	April 17, 2019	April 16, 2020	No
Fangda Zhichuang	216,000,000.00	August 6, 2018	July 12, 2020	No
Fangda Zhichuang	120,000,000.00	March 26, 2019	March 26, 2020	No
Fangda Zhichuang	150,000,000.00	May 27, 2019	May 26, 2020	No
Fangda New Material	65,000,000.00	June 26, 2019	June 25, 2020	No
Fangda New Material	80,000,000.00	April 24, 2019	April 23, 2020	No
Fangda Property	1,300,000,000.00	February 3, 2015	February 2, 2023	No

The Company is the guaranteed party:

In RMB RMB

Gurantor	Amount guaranteed	Start date	Due date	Completed or not
Fangda Jianke	600,000,000.00	March 26, 2019	March 26, 2020	No
Fangda Jianke	250,000,000.00	September 29, 2018	September 29, 2019	No

Note to related guarantees

- The above-mentioned guarantees are all associated guarantees within interested entities of the Group.
- HSBC has a total credit of RMB 90 million to the Company, Fangda Jianke and Fangda Zhichuang and has not yet agreed on the credit expiration date. HSBC regularly evaluates the credit status. The restriction on the use of the credit is as follows:

The company can use non-financial bank guarantees of up to 90 million yuan to grant credit.

Fangda Jianke has non-committed combined revolving credits of not more than RMB90 million including revolving loans of up to RMB90 million, non-financial bank guarantees of up to RMB90 million and bank acceptances of up to RMB90 million.

Fangda Jianke has non-committed combined revolving credits of not more than RMB90 million including revolving loans of up to RMB90 million, non-financial bank guarantees of up to RMB90 million and bank acceptances of up to RMB90 million.

(4) Remuneration of key management

In RMB RMB

Item	Amount occurred in the current period	Occurred in previous period
Wage, remuneration and subsidy	4,251,796.50	3,899,726.00

6. Receivable and payables due with related parties

(1) Receivable interest

In RMB RMB

Project	Affiliated party	Closing balance		Opening balance	
		Remaining book value	Bad debt provision	Remaining book value	Bad debt provision
Account receivable	Qijian Technology	984.45	9.84	957.79	28.73
Other receivables	Shenyang Fangda	42,877.00	42,877.00	42,877.00	42,877.00
Other receivables	Shenzhen Woke	865,802.94	865,802.94	865,802.94	865,802.94
Other receivables	Zhongrong Litai	0.00	0.00	8,580,127.08	257,403.81

XIII. Contingent events

1. Major commitments

Major commitments that exist on the balance sheet day

On November 6, 2017, Fangda Real Estate Co., Ltd., a subsidiary of the Company, and Bangshen Electronics (Shenzhen) Co., Ltd. signed the “Joint Development Agreement on Fangda Bangshen Industrial Park (Temporary Name) Urban Renewal Project”, and the two parties agreed to develop cooperatively. In order to develop urban renewing projects such as a “renovation project”, Fangda Real Estate provided Party A with property compensation through renovating and renovating the property allocation terms agreed upon by both parties, and obtained independent development rights of the project. As of June 30, 2019, Fangda Real Estate Co., Ltd. had paid a security deposit of RMB 20 million.

(2) In July 2018, the company's subsidiary Fangda Real Estate Co. Ltd. (Party A) signed a contract with Shenzhen Yikang Real Estate Co. Ltd. (Party B1) and Shenzhen Qianhai Zhongzheng Dingfeng No. 6 Investment Enterprise (Limited Partnership) (Party B2),

"Shenzhen Henggang Dakang Village Project Cooperation Agreement". Party B agrees to transfer the entire equity of the project company it holds and the entire development interest of the project to Party A. Party A shall pay Party B a total of RMB600 million for the cooperation price. As of June 30, 2019, Fangda Real Estate had paid a guarantee deposit of RMB50 million to Party B, paid a service fee of RMB20 million, and paid a transfer of RMB61,937,300.

(3) The sales contract of Fangda Plaza developed by Fangda Real Estate Co. Ltd., a subsidiary of the Company, stipulates that if the buyer cannot obtain the "Property Certificate" according to the agreed time limit calculated from the date of the delivery of the house due to the seller's reasons, the seller shall bear the liability for breach of contract as of 2018. The number of sets that have not been issued for delivery on June 30, 2019 is 459 sets.

As of June 30, 2019, the Group did not have other commitments that should be disclosed.

2. Contingencies

(1) Significant contingencies on the balance sheet date

① Contingent liabilities formed by material lawsuit or arbitration, and their influences on the financial position

In June 2015, Fangda Jianke filed a lawsuit against Wang Weihong, requiring an indemnity of RMB23 million and defreezing of the amount RMB23 million by the bank. On June 21 2018, the First Intermediate People's Court of Chongqing Municipality made the first-instance judgment and (2008) Juyi Zhongfa Minzi No. 01205 civil judgment verdict Wang Weihong paid to Fangda Jianke Company within 10 days from the effective date of the judgment. The material amount of RMB 6,611,425.54 the paid project department and construction team salary is 1,292,336.08 yuan the tax paid is 227,909.13 yuan the deduction of his case is executed the execution amount is 1,150,000.00 yuan and the overdue interest is 4,688,191.35 yuan totaling 13,969,862.10 yuan. Fangda Jianke Company refused to accept the compensation amount for the first-instance judgment and filed an appeal. At the same time, Wang Weihong also filed an appeal. As of the date of this report, the second instance has been decided. Fangda Jianke applied for enforcement and has recovered RMB 13,286,430.88.

On November 27, 2018, Fangda Jianke, a subsidiary of the Group, filed a lawsuit against Quanzhou Hengan Generation Venture Capital Co., Ltd. for Quanzhou Hengan Generation Venture Capital Co., Ltd. for the payment of RMB10,394,232.91 and overdue interest payment of RMB1,911,122.36, totaling RMB12,305,355.27. On January 21, 2019, the case was officially filed. As of the date of this report, the two sides have reached a settlement; in July 2019, the settlement amount of 6 million yuan has been recovered and is currently being closed.

In November 2018, Fangda Jianke a subsidiary of the Group sued Fujian Huapu Real Estate Development Co. Ltd. for a payment of RMB 13810243.67 and its overdue interest of RMB 3044545.82 totaling RMB 16854789.49 to the Taijiang District People's Court of Fuzhou City. The case has not been decided.

② Pending lawsuits

On September 6, 2017, Chenghua District People's Court of Chengdu Municipality sentenced Sichuan Chuta Hengyuan Industrial Co., Ltd. to pay construction money to Fangda Jianke within 10 days from the date of the verdict 川0108民初1828号 RMB10,242,182.99. As of the date of this report, Fangda Jianke has applied for execution and has not received the relevant payment.

On September 10, 2018, the People's Court of Lixia District of Jinan City sentenced Shandong Zhonghong Real Estate Co. Ltd. to the

Company for payment of RMB5960429.45 within 10 days from the date of the effective date of the (2018) Lu 0102 Minchu 5367 civil judgment. As of the date of this report, the company has applied for enforcement and received an execution fee of RMB62,315.10. Since no other property is available for execution, the court has terminated the execution and will resume the application if other property is found later.

(3) Contingent liabilities formed by providing of guarantee to other companies' debts and their influences on financial situation

As of June 30, 2019, the Company provided guarantees for the following unit loans:

Name of guaranteed entity	Guarantee	Amount (in RMB10,000)	Start date	End date
Fangda Property	Pledge guarantee	39.56	2015-12-28	2023-2-11
Fangda Property	Pledge guarantee	4241.27	2016-1-26	2023-2-11
Fangda Property	Pledge guarantee	4,260.74	2016-1-29	2023-2-11
Fangda Property	Pledge guarantee	343.47	2016-3-28	2023-2-11
Fangda Property	Pledge guarantee	3,615.06	2016-4-27	2023-2-11
Fangda Property	Pledge guarantee	1,157.69	2016-5-22	2023-2-11
Fangda Property	Pledge guarantee	414.66	2016-5-30	2023-2-11
Fangda Property	Pledge guarantee	3,113.99	2016-6-13	2023-2-11
Fangda Property	Pledge guarantee	1,465.99	2016-6-24	2023-2-11
Fangda Property	Pledge guarantee	4415.64	2016-7-26	2023-2-11
Fangda Property	Pledge guarantee	4,813.23	2016-8-15	2023-2-11
Fangda Property	Pledge guarantee	5,519.40	2016-9-7	2023-2-11
Fangda Property	Pledge guarantee	15,048.01	2016-10-8	2023-2-11
Fangda Property	Pledge guarantee	7,628.15	2016-11-7	2023-2-11
Fangda Property	Pledge guarantee	6,140.11	2016-11-30	2023-2-11
Fangda Property	Pledge guarantee	9,889.21	2017-1-19	2023-2-11
Fangda Property	Pledge	1,830.24	2017-5-31	2023-2-11

	guarantee			
Fangda Property	Pledge guarantee	2,581.45	2017-6-28	2023-2-11
Fangda Property	Pledge guarantee	2,879.95	2017-8-30	2023-2-11
Total		79,397.82		

④ Providing guarantee for property purchasers

The Group's property business provides periodic mortgage guarantee for property purchasers. The term of the periodic guarantee lasts from the effectiveness of guarantee contracts to the completion of mortgage registration and transfer of housing ownership certificates to banks. As of June 30, 2019, the Company assumed the above-mentioned phased guarantee amount of RMB 846 million.

As of June 30, 2019, the Group did not have other commitments that should be disclosed.

(2) Significant contingent events that do not need to be disclosed should be explained

No such significant contingent event

(XIV) Other material events

1. Suspension of operations

In RMB RMB

Item	Income	Expense	Total profit	Income tax expenses	Net profit	Suspended operation profit attributable to the owners of parent company
Suspension of operations	0.00	-339.85	-6,517.75		-6,517.75	-6,517.75

Other note

(1) Kexunda completed the industrial and commercial cancellation in January 2019.

(2) The net profit of termination of operations in 2019 includes: Ke Xunda's net profit for the period is RMB -6,517.75.

2. Segment information

(1) Recognition basis and accounting policy for segment report

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: R&D, design, production, construction and sales of building curtain wall and materials;
 - ② Rail Transit segment: R&D, design, production, construction and sales of subway 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, design, production, construction, operation and sales of photovoltaic power plants and photovoltaic building integration (BIPV).
- (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

In RMB RMB

Item	Curtain wall	Rail transport	Real estate	New energy	Others	Offset between segments	Total
Turnover	1,006,855,257.95	197,936,254.56	206,299,986.06	7,798,771.34	17,158,094.00	10,157,416.91	1,425,890,946.99
Including: external transaction income	1,005,451,498.66	197,936,254.56	204,754,339.12	7,546,757.83	10,202,096.83		1,425,890,946.99
Including: major business turnover	995,621,587.45	196,536,683.63	186,500,042.57	7,798,771.34	0.00	1,797,660.45	1,384,659,424.54
Operation cost	859,418,207.71	143,919,488.13	63,231,815.43	3,729,417.42	3,496,588.06	7,729,546.19	1,066,065,970.56
Including: external transaction cost	859,166,194.20	142,515,728.84	57,493,641.50	3,729,417.42	3,160,988.59		1,066,065,970.56
Including: major business cost	854,411,800.49	143,678,672.73	61,355,281.06	3,729,417.42	0.00	7,393,946.71	1,055,781,224.98
Total assets	3,433,406,092.35	571,914,096.26	6,900,853,490.01	176,422,676.02	3,200,752,186.15	3,342,545,760.34	10,940,802,780.45
Total liabilities	2,325,505,651.68	319,505,664.36	3,449,398,034.28	96,894,880.85	1,759,776,694.65	2,084,411,801.66	5,866,669,124.16

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

In RMB 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 group	14,747.06	100.00%	181.39	1.23%	14,565.67	485,607.34	100.00%	14,568.22	3.00%	471,039.12
Including:										
Account age	14,747.06	100.00%	181.39	1.23%	14,565.67	485,607.34	100.00%	14,568.22	3.00%	471,039.12
Total	14,747.06	100.00%	181.39	1.23%	14,565.67	485,607.34	100.00%	14,568.22	3.00%	471,039.12

Provision for bad debts by combination:

In RMB RMB

Name	Closing balance		
	Remaining book value	Bad debt provision	Provision rate
Account age	14,747.06	181.39	1.23%
Less than 1 year	14,747.06	181.39	1.23%
Total	14,747.06	181.39	--

If the provision for bad debts of accounts receivable is made in accordance with the general model of expected credit losses, please refer to the disclosure of other receivables to disclose information about bad debts:

Applicable Inapplicable

Account age

In RMB RMB

Age	Closing balance
Within 1 year (inclusive)	14,747.06
Less than 1 year	14,747.06

Total	14,747.06
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(2) Bad debt provision made, returned or recovered in the period

Bad debt provision made in the period:

In RMB RMB

Type	Opening balance	Change in the period			Closing balance
		Provision	Written-back or recovered	Canceled	
Account age	14,568.22	181.39	14,568.22		181.39
Total	14,568.22	181.39	14,568.22		181.39

(3) Balance of top 5 accounts receivable at the end of the period

The total balance of top-five accounts receivable at the end of the period is RMB432,760,086.90, accounting for 100.00% of the total remaining balance of all accounts receivable. The bad debt provision made at the end of the period is RMB24,198,556.99.

2. Other receivables

In RMB RMB

Item	Closing balance	Opening balance
Dividend receivable	100,000,000.00	100,000,000.00
Other receivables	1,220,828,678.84	722,543,653.04
Total	1,320,828,678.84	822,543,653.04

(1) Receivable dividend

1) Receivable dividend

In RMB RMB

Item (or invested entity)	Closing balance	Opening balance
Shenzhen Fangda Property Development Co., Ltd.	100,000,000.00	100,000,000.00
Total	100,000,000.00	100,000,000.00

2) Method of bad debt provision

Applicable Inapplicable

(2) Other receivables

1) Other receivables are disclosed by nature

In RMB RMB

By nature	Closing balance of book value	Opening balance of book value
Construction borrowing and advanced payment	136,403.35	165,316.85
Staff borrowing and petty cash	152,722.64	52,722.64
Luo Huichi	13,030,000.00	13,030,000.00
Others	908,679.94	908,679.94
Associate accounts	1,220,543,860.83	722,429,833.29
Total	1,234,771,666.76	736,586,552.72

2) Method of bad debt provision

In RMB RMB

Bad debt provision	First stage	Second stage	Third stage	Total
	Expected credit losses in the next 12 months	Expected credit loss for the entire duration (no credit impairment)	Expected credit loss for the entire duration (credit impairment has occurred)	
Balance on January 1, 2019	3,248.79		13,938,679.94	13,941,928.73
Balance on January 1, 2019 in the current period	—	—	—	—
Provision	1,059.19			1,059.19
Balance on June 30, 2019	4,307.98	-	13,938,679.94	13,942,987.92

Changes in book balances with significant changes in the current period

 Applicable Inapplicable

Account age

In RMB RMB

Age	Closing balance
Within 1 year (inclusive)	1,220,762,287.28
Less than 1 year	1,220,762,287.28
Over 3 years	14,009,379.48
Over 5 years	14,009,379.48
Total	1,234,771,666.76

3) Bad debt provision made, returned or recovered in the period

Bad debt provision made in the period:

In RMB RMB

Type	Opening balance	Change in the period		Closing balance
		Provision	Written-back or recovered	
Other receivables and bad debt provision	13,941,928.73	1,059.19		13,942,987.92
Total	13,941,928.73	1,059.19		13,942,987.92

4) Balance of top 5 other receivables at the end of the period

In RMB RMB

Entity	By nature	Closing balance	Age	Percentage (%)	Balance of bad debt provision at the end of the period
Fangda Jianke	Associate accounts	723,727,258.00	Less than 1 year	58.61%	0.00
Fangda Property	Associate accounts	199,164,356.46	Less than 1 year	16.13%	0.00
Jiangxi Property	Associate accounts	157,378,198.75	Less than 1 year	12.75%	0.00
Fangda New Resource	Associate accounts	90,734,377.09	Less than 1 year	7.35%	0.00
Shihui International	Associate accounts	30,459,793.09	Less than 1 year	2.47%	0.00
Total	--	1,201,463,983.39	--	97.30%	

3. Long-term share equity investment

In RMB RMB

Item	Closing balance			Opening balance		
	Remaining book value	Impairment provision	Book value	Remaining book value	Impairment provision	Book value
Investment in subsidiaries	1,013,339,495.35		1,013,339,495.35	983,339,494.35		983,339,494.35
Total	1,013,339,495.35		1,013,339,495.35	983,339,494.35		983,339,494.35

(1) Investment in subsidiaries

In RMB RMB

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

Qingling Technology		30,000,001.00		30,000,001.00		
Fangda Zhichuang	18,831,241.35			18,831,241.35		
Fangda New Material	74,496,600.00			74,496,600.00		
Fangda Property	200,000,000.00			200,000,000.00		
Shihui International	61,653.00			61,653.00		
Hongjun Investment Company	98,000,000.00			98,000,000.00		
Fangda New Energy	100,000,000.00			100,000,000.00		
Total	983,339,494.35	30,000,001.00		1,013,339,495.35		

4. Operational revenue and costs

In RMB RMB

Item	Amount occurred in the current period		Occurred in previous period	
	Income	Cost	Income	Cost
Other businesses	17,142,022.88	3,496,588.06	15,112,290.20	673,578.25
Total	17,142,022.88	3,496,588.06	15,112,290.20	673,578.25

Whether the new revenue guidelines are implemented

 Yes No

5. Investment income

In RMB RMB

Item	Amount occurred in the current period	Occurred in previous period
Investment income from disposal of trading financial assets		3,674,941.97
Investment gain of financial products	1,155,183.42	4,463,541.25
Total	1,155,183.42	8,138,483.22

(XVI) Supplementary Materials

1. Detailed accidental gain/loss

 Applicable Inapplicable

In RMB RMB

Item	Amount	Notes
Gain/loss of non-current assets	-27,108.78	
Subsidies accounted into the current income account (except the government subsidy closely related to the enterprise's business and based on unified national standard quota)	3,504,406.39	
Capital using expense charged to non-financial enterprises and accounted into the current income account	355,987.05	
Gain from entrusted investment or assets management	4,003,332.19	
Gain/loss from change of fair value of transactional financial asset and liabilities, and investment gains from disposal of transactional and derivative financial assets and liabilities and sellable financial assets, other than valid period value instruments related to the Company's common businesses	882,741.74	
Write-back of impairment provision of receivables and contract assets for which impairment test is performed individually	16,097.16	
Gain/loss from commissioned loans	21,351.12	
Other non-business income and expenditures other than the above	4,495,326.37	
Less: Influenced amount of income tax	-1,952,557.71	
Influenced amount of minority shareholders' equity	0.00	
Total	15,204,690.95	--

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	2.55%	0.11	0.11
Net profit attributable to the common owners of the PLC after deducting of non-recurring gains/losses	2.25%	0.10	0.10

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

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

Applicable Inapplicable

Chapter 11 Documents for Reference

1. The Interim Report 2019 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.