China Fangda Group Co., Ltd.

2019 Annual Report

April 2020

Chapter 1 Important Statement, Table of Contents and Definitions

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

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 needs to comply with disclosure requirements of the Shenzhen Stock Exchange Industry Information Disclosure Guideline No.6 – Listed Companies Engaged in Decoration Business and disclosure requirements of the Shenzhen Stock Exchange Industry Information Disclosure Guideline No.3 – Listed Companies Engaged in Property Development.

The Company has specified market, management and production and operation risks in this report. Please review the potential risks and measures

mentioned in the discussion and analysis of future development in IV. Operation Discussion and Analysis.

Based on the total share capital after the market close on the stock registration day when the profit distribution plan is implemented, a cash dividend of RMB 0.50 (tax included) will be distributed to all shareholders for every 10 shares, and no bonus shares will be sent or capital reserves will be transferred to increase capital.

The Company is currently implementing the Company's plan to repurchase B shares in 2019. As of the date of the meeting of the board of directors to review the 2019 profit distribution proposal, it has repurchased 2,705,700 shares of the Company's shares through a centralized auction transaction through a special account for share repurchase securities At the end of 2019, the Company's total share capital of 1,123,384,189 shares was deducted. The current share capital after repurchasing shares was 1,120,678,489 shares as the base. The estimated total amount of cash dividends is RMB56,033,924.45 (including tax) (the actual total amount of dividends is registered as equity when the profit distribution plan is implemented. (The total share capital after the market closes on the day is the total dividend calculated based on the base).

After the Company's profit distribution plan is announced and implemented, if the total share capital changes, the total share capital after the market close on the share registration date when the profit distribution plan is implemented is used as the base. According to the "distributable cash dividend

of RMB 0.50 per 10 shares (including tax), no The principle of "change", in the announcement of the Company’s profit distribution implementation, disclose the total amount of dividends calculated based on the total share capital after the market close on the stock registration day when the Company’s profit distribution plan is implemented (total stock capital after the market close on the stock registration day = the Company’s total share capital at the end of 2019 -The number of shares repurchased by the Company's plan to repurchase B shares in 2019).

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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 Technology	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.
Chengdu Fangda Jianke	Refers to	Chengda Fangda Construction Technology Co., Ltd.
Dongguan Fangda New Material	Refers to	Dongguan Fangda New Material Co., Ltd.

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
Automatic Hong Kong	Refers to	Fangda Automation (Hong Kong) Co., Ltd.
Shihui International	Refers to	Shihui International Holding Co., Ltd.
Fangda Southeast Asia	Refers to	Fangda Southeast Asia 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 profiles

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

2. Contacts and liaisons

	Secretary of the Board	Representative of Stock Affairs
PRINTED 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.
Telephone	86(755) 26788571 ext. 6622	86(755) 26788571 ext. 6622
Fax	86(755)26788353	86(755)26788353
Email	zqb@fangda.com	zqb@fangda.com

3. Information disclosure and inquiring

Press medias of information disclosure	China Securities Journal, Security Times, Shanghai Securities Daily, Hong Kong Commercial Daily

Website assigned by CSRC to release the online reports	http://www.cninfo.com.cn
Place for information inquiry	Secretarial Office of the Board

4. Registration changes

Organization code	None
Changes in main businesses since the listing of the Company	None
Changes in the controlling shareholders (if any)	None

5. Other information

Public accountants employed by the Company

Public accountants	RSM Thornton (limited liability partnership)
Address	901-22 to 901-26, Foreign Trade Building, No.22, Fuchengmenwai Street, Xicheng District, Beijing, China
Signing accountant names	Chen Zhaoxin, Zeng Hui

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

□ Applicable √ Inapplicable

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

□ Applicable √ Inapplicable

6. Financial Highlight

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

□ Yes √ No

	2019	2018	Increase/decrease	2017
Turnover (yuan)	3,005,749,558.66	3,048,680,152.06	-1.41%	2,947,470,813.58
Net profit attributable to shareholders of the listed company (yuan)	347,771,182.73	2,246,164,571.68	-84.52%	1,144,404,441.03
Net profit attributable to the shareholders of the listed company and after deducting of non-recurring gain/loss (RMB)	291,449,314.27	21,171,063.10	1,276.64%	366,212,412.32
Net cash flow generated by business operation (RMB)	-5,284,830.77	387,102,719.57	-101.37%	557,833,145.73

Basic earnings per share (yuan/share)	0.310	1.91	-83.77%	0.97
Diluted Earnings per share (yuan/share)	0.310	1.91	-83.77%	0.97
Weighted average net income/asset ratio	6.82%	53.17%	-46.35%	41.53%
	End of 2019	End of 2018	Increase/decrease from the end of last year	End of 2017
Total asset (RMB)	11,369,964,580.11	10,658,854,133.73	6.67%	7,625,422,688.63
Net profit attributable to the shareholders of the listed company (RMB)	5,182,795,079.67	5,195,187,621.88	-0.24%	3,238,939,202.18

7. 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.

8. Financial highlights by quarters

In RMB

	Q1	Q2	Q3	Q4
Turnover	670,452,093.70	755,438,853.29	699,243,342.82	880,615,268.85
Net profit attributable to the shareholders of the listed company	69,998,533.09	58,583,221.92	27,468,258.38	191,721,169.34
Net profit attributable to the shareholders of the listed company and after deducting of non-recurring gain/loss	64,930,951.19	48,446,112.87	15,661,279.22	162,410,970.99

Cash flow generated by business operations, net	-296,237,735.96	-76,487,267.15	-35,730,387.83	403,170,560.17

Where there is difference between the above-mentioned financial data or sum and related financial data in quarter report and interim report disclosed by the Company

□ Yes √ No

9. Accidental gain/loss item and amount

√ Applicable □ Inapplicable

In RMB

Item	2019	2018	2017	Notes
Non-current asset disposal gain/loss (including the write-off part for which assets impairment provision is made)	-101,676.86	-5,080,792.02	89,483,320.53	
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)	5,411,736.29	5,931,937.15	5,637,910.24	
Capital using expense charged to non-financial enterprises and accounted into the current income account	585,760.51	922,330.10		
Gain from entrusted investment or assets management		27,065,331.33	20,455,865.70	
Gain/loss from debt reorganization			-3,674,141.05	
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	9,236,658.20	-1,192,774.07	2,013,922.62	
Write-back of impairment provision of receivables and contract assets for which impairment test is performed individually	100,023.62			
Gain/loss from commissioned loans	442,060.24			
Gain/loss from change of fair value of investment property measured at fair value in follow-up measurement	42,608,311.58	2,916,598,485.48	889,708,083.34	

Other non-business income and expenditures other than the above	-1,108,687.74	1,675,521.71	4,054,553.86	
Other gain/loss items satisfying the definition of non-recurring gain/loss account	-936,467.20			
Less: Influenced amount of income tax	164,700.18	720,926,531.10	220,906,068.58	
Influenced amount of minority shareholders' equity (after-tax)	-248,850.00		8,581,417.95	
Total	56,321,868.46	2,224,993,508.58	778,192,028.71	--

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

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 large modern production bases in Shenzhen, Shanghai, Chengdu, Nanchang, Dongguan and Foshan. The Company was engaged in the following businesses in the report period.

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

(1) Main products and purpose

The Company's main products include energy-saving curtain walls, photo-electricity curtain walls, LED color-display curtain walls, PVDF aluminum plate and graphene 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) and buildings with external retaining and decoration functions.

(2) Macroeconomic situation of the industry, the impact of changes in the industrial policy environment on the Company, and the countermeasures taken by the Company

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. With the continuous advancement of the national urbanization process, the economic development of first- and second-tier cities, governments at all levels in infrastructure such as municipalities, and investment in public buildings such as medical, education, sports, etc. have released a sustained demand for building curtain walls. Therefore, the curtain wall system and material industry have a larger market capacity. In 2019, 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. On February 18, 2019, the Central Committee of the Communist Party of China and the State Council issued the Outline of the Guangdong-Hong Kong-Macao Greater Bay Area Development Plan, which proposed optimizing and enhancing the central city, with Hong Kong, Macau, Guangzhou, and Shenzhen as the core engines of regional development. Comparative advantages make better and stronger, and enhance the role of radiation in the development of surrounding areas. On August 18, 2019, the Central Committee of the Communist Party of China and the State Council issued the Opinions on Supporting Shenzhen to Build a Pioneering Socialist Demonstration Zone with Chinese Characteristics and cultural exchange activities, building a national team training base, undertaking major home diplomatic activities, etc. As an important curtain wall market for the Company, Shenzhen, the above-mentioned planning outline and opinions will bring further development space to the Company. Recently, governments at all levels have issued plans to increase investment projects to hedge against the economic impact of the new coronary pneumonia epidemic. The Company will seize the opportunity to further consolidate and increase market share.

In 2019, the Company will continue to steadily hit the traditional high-quality markets such as the Guangdong-Hong Kong-Macao Greater Bay Area, the Yangtze River Delta, Beijing-Tianjin-Hebei and Chengdu-Chongqing regions, continue to increase the expansion of overseas markets, establish a long-term development mechanism for teams, continue to enhance the brand image, and focus on key customers , Enriching high-quality resources, establishing strategic alliances with outstanding enterprises, and increasing investment in hardware and software. The construction of the intelligent chemical plant in Dongguan Songshan Lake base has achieved results. Intelligent glue application and intelligent electric welding have begun to be used in production, improving efficiency and quality. "Towards intelligent manufacturing", the Chengdu Xinjin production base was put into operation, and the construction of the Shanghai Songjiang production base was completed by 70%, creating conditions for the Company to increase production, increase income, and continue rapid development.

(3) 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. Different contract orders have different requirements, imposing high requirements on technology and production management. The main business model of the Company's curtain wall engineering is the entire industry chain, from design, process, material procurement, production and processing, to construction and after-sales service. The operation mode remained unchanged in the report period.

(4) Market competition pattern, cyclical characteristics of the Company's industry and the Company's market position

In recent years, with the increasing pressure of market competition, the industry has become more refined and standardized. Small businesses with fragmented operations, unqualified and weak competitive ability have been eliminated by the market, and market concentration has increased. The competition in the high-end market is dominated by the brand and strength of the curtain wall enterprises, and requires the participating enterprises to have complete qualifications, large scale, advanced technology, standardized management and deep talent reserve, and gradually form a certain competition threshold. At the same time, the total number of employees in the curtain wall industry is declining, and the contradictions in human resources are more prominent. It also puts forward more urgent needs for intelligent manufacturing and management tool applications. 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 457 patents, including 38 intention patents and 11 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.

(5) Industry qualification types and validity period

During the reporting period, the Company's relevant qualifications have not changed significantly, and the validity period has not expired. For the detailed information about the qualifications obtained, please refer to the Chapter V, XIX, Explanation of Other Major Matters of this report.

(6) Quality control system, implementation standards, control measures and overall evaluation

Quality control system: The Company implements a comprehensive quality management system and has established a quality management system in accordance with ISO9001 from the aspects of design, procurement, storage, production, testing, delivery, installation, and after-sales service, and conduct regular reviews.

Implementation of the standard: In the process of building curtain wall business, the Company strictly complies with GB/T21086-2007 "Building Curtain Wall", JG/T231-2007 "Building Glass Lighting Roof" and other national and industrial standards.

Control measures: The Company has established complete and effective quality control measures and quality management bodies, and strictly implements various quality management and control measures.

Overall evaluation: The Company's products and project quality are in full compliance with the relevant requirements of the relevant national standards and standards, and maintain proper operation, providing customers with stable and reliable quality products and engineering.

(7) Major project quality problem during the reporting period

None.

2. Rail transport equipment business:

The Company's main products in this sector are rail transport screen door systems and technical maintenance services, 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 business model is to order-based production, obtain contract orders through bidding (divided into open bidding and bid invitation), design, process, purchase raw materials, factory production, construction and installation, and technical maintenance services according to the orders. The Company has built a complete industry chain that integrates designing, production, engineering and after-sales services. The operation mode remained unchanged in the report period. The Company has established a quality management system from design, procurement, production, installation and after-sales service in accordance with ISO9001, and has passed ISO9001, ISO14000 and international railway IRIS system certification. 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. The Fangda screen door system with technical standards at the international advanced level has been used in rail transit in 42 cities around the world. More than 10 million people use the Fangda screen door screen system every day, and the coverage rate in domestic metro operating cities exceeds 80%. The market share ranks first in the world for many years.

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. In 2019, the grid-connected Jiangxi Pingxiang Xuanfeng Town Solar Photovoltaic Power Station, Nanchang Jiangxi Isuzu Automobile Co., Ltd. Parking Shade Photovoltaic Power Station and Dongguan Songshan Lake Photovoltaic Power Station all operated smoothly, and the power generation efficiency was in line with the design. In 2019, it achieved sales revenue of RMB20.94 million, an increase of 2.27% over the previous year, and an operating profit of RMB11.6568 million, an increase of 5.88% over the previous year. It will continue to bring long-term and stable income and profits to the Company in the future.

4. Real estate

The Company currently has one completed project: Fang Dacheng ("Fang Dacheng", the same below) project in Nanshan District, Shenzhen; one project under development: the Nanchang Phoenix Island Fangda Center project; Two: Fangda Bangshen Industrial Park project in Baoan District, Shenzhen, and urban renewal project in the area along the Dakang 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	The construction in progress increased by 123.08% year-on-year, mainly due to the increased investment in the construction of the Shanghai East China Base project.

Investment real estate	None

2. Major foreign assets

□ Applicable √ Inapplicable

3 Core Competitiveness Analysis

(1) Curtain wall system and material

1. Expertise and brand competitiveness

As the world's top five high-end curtain wall system suppliers and service providers, the Company has rich industry experience, professional technical team and excellent construction team. It is an outstanding domestic curtain wall enterprise and has built thousands of high-quality projects at home and abroad, winning widespread praise from all walks of life. 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 457 patents (including 38 invention patents) and 11 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. So far, four subsidiaries including Shenzhen Fangda Jianke Group Co., Ltd., Fangda New Material (Jiangxi) Co., Ltd., Dongguan Fangda New Material Co., Ltd., Chengdu Fangda Construction Technology Co., Ltd. have been recognized as hi-tech companies. 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

Thanks to continued investment in facilities, the Company has established a national business landscape with Shenzhen as the headquarters, Dongguan Songshanhu as the base in the south, Beijing in the north, Chengdu in the southwest and Shanghai and Nanchang in the east. The Dongguan Songshanhu and Nanchang bases are the largest and most advanced curtain wall system and material production bases in China and across the world, fueling the Company to increase its market share and competitiveness.

4. General solutions

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

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

In September 2019, the "Outline for the Construction of a Powerful Transportation Country" issued by the Central Committee of the Communist Party of China and the State Council proposed that by 2035, a transportation powerhouse will be basically completed, and a "national 123 travel transportation circle" will be basically formed (one hour commuting in urban areas, two hours in urban areas, 3 hours coverage in major cities nationwide). With the implementation of major national strategies such as the Guangdong, Hong Kong, and Macao Bay 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 screen door systems, the Company will also take full advantage of technologies, brands, services, etc. to further consolidate and improve the domestic market share, and vigorously expand overseas markets, especially the "Belt and Road" national market, to maintain overseas orders. Continuity and stability will allow the domestic and foreign markets to develop in a balanced manner and continue to “lead” in 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 and enabled the Company a dominant lead in the industry. In 2019, following the editor-in-chief of the Urban Rail Transit Platform Screen Door, the Company once again participated in the preparation of the Urban Rail Transit Energy Consumption and Emission Index Evaluation Method (GB / T 37420-2019) and officially implemented it on December 1, 2019, highlighting the Company's technical strength and long-term leader status in the field of urban rail transit. At present, the Company has 235 patents on subway shield doors, including 48 invention patents and 7 PCT patents. The total number of patents accounts for more than half of the industry in China. At the same time, it has 7 computer software copyrights. Fangda Zhichuang Technology Co., Ltd. is engaged in the subway transportation shield door system industry as a state-level high-tech enterprise.

3. Brand competitiveness

So far, the Company has undertaken railway screen door projects in more than 40 cities including Hong Kong, Singapore, Kuala Lumpur of Malaysia, Noida of India and Bangkok of Thailand. 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. FANGDA is a nationwide well-known trademark in China. The Company has become a leading railway screen door supplier in the world.

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 80% 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 intelligent property right in the designing, production and integration of solar energy PV curtain wall systems and is a pioneer in the application of PV curtain wall technology.

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. Benefiting from the continued positive economic growth of Shenzhen and the rapid economic development, it is expected that the Company's real estate sales and property leasing will continue to contribute profits to the Company.

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

With the global economic growth rate at its lowest level in the past decade, the impact of Sino-US trade war has increased, and the domestic economy has continued to decline, the Company has overcome many unfavorable factors and basically completed the goals set at the beginning of the year. During the reporting period, the Company achieved operating income of RMB2,998,505,100, a decrease of 1.65% over the same period of the previous year; the net profit attributable to the parent Company's owner was RMB346,415,300, a decrease of 84.58% over the same period of the previous year. Net profit after recurring gains and losses was RMB291,954,600, an increase of 1,279.03% over the same period of the previous year. The Company's net profit after deducting non-recurring gains and losses increased significantly, reflecting the Company's main business has a strong profitability. As of the end of the reporting period, the Company's order reserve was RMB4,537,130,700 (excluding real estate sales), an increase of 7.71% compared with the beginning of the year, which was 1.51 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.

During the reporting period, the main reason for the decline in the Company's operating income and net profit was the high gross profit, and the sales area of the Shenzhen Fangda City project, which contributed much to the profit in the same period of the previous year, was nearing completion. The year-on-year decrease was RMB392,124,500, a decrease of 56.09%, and the net profit was RMB199,990,200, a decrease of RMB200,752,500, a decrease of 90.94% over the same period of the previous year. During the reporting period, except for the Fangda Town project with a larger profit contribution, the Company's operating income and net profit increased significantly compared with the same period of last year, of which: operating income was RMB2,692,235,500, an increase of RMB341,073,400, up 14.51%; net profit of RMB146,512,400, an increase of RMB107,775,800 over the same period last year, up 278.21%.

1. High-end curtain wall system and material business

On February 18, 2019, the Central Committee of the Communist Party of China and the State Council issued the Outline of the Guangdong-Hong Kong-Macao Greater Bay Area Development Plan, which proposed optimizing and enhancing the central city, with Hong Kong, Macau, Guangzhou, and Shenzhen as the core engines of regional development. Comparative advantages make better and stronger, and enhance the role of radiation in the development of surrounding areas. On August 18, 2019, the Central Committee of the Communist Party of China and the State Council issued the Opinions on Supporting Shenzhen to Build a Pioneering Socialist Demonstration Zone with Chinese Characteristics and cultural exchange activities, building a national team training base, undertaking major home diplomatic activities, etc. The Company is located in Shenzhen, the core area of the Guangdong-Hong Kong-Macao Greater Bay Area. The Guangdong-Hong Kong-Macao Greater Bay Area is an important curtain wall market for the Company. The above-mentioned planning outline and opinions bring further development space for the Company. The Company takes full advantage of Shenzhen, which is located in the core area of the Guangdong-Hong Kong-Macao Greater Bay Area, to further increase the market share of the Guangdong-Hong Kong-Macao Greater Bay Area. 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. At the same time, the influence of Fangda's brand in overseas markets continues to expand, and overseas markets such as Australia, Southeast Asia, and the Middle East have achieved good results. During the reporting period, the Company successively won contracts with Shenzhen Qianhai East Asia Kerry, Shenzhen Shangzhi Technology Park, Shenzhen Jinxiu Science Park Phase III, Shenzhen University of Technology, Guangzhou Jianhua Center, Zhuhai Renhe Hengqin International Traditional Chinese Medicine Innovation Center, Shanghai Xuhui 188S-C-4, 188S-D-1, WS5 Unit, Huangpu Jiangnan Extension of the District, Shanghai Qibao Vanke Ecological Business District Commercial

Office Project, Nanjing Vanke Shangdu Hui Project, Chengdu Tianfu Vanke Cloud City, Chengdu Tianfu International Conference Center, Chongqing Longhu Shapingba Hub Project, Beijing Huoshen Temple Business Center, Changsha Ning'er Maternity Hospital Phase II Complex Building, Marriott Docklands Marriott Hotel Melbourne, Melbourne, Victoria Square, Melbourne, Australia, 89 Victoria Street, Brisbane, Australia A large number of high-end curtain wall systems and materials projects, such as stations and the Shanta Forum Tower project in Bangladesh, have a total amount of more than RMB2 billion. In the reporting period, the curtain wall system and materials industry realized operating income of RMB2,189,637,800, an increase of 8.9% over the same period of the previous year; the net profit was RMB104,111,900, an increase of 7.25%, the gross margin was 15.16%, up 0.75 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 RMB2,713,325,800 which was 1.24 times of the operating income of the curtain wall system and materials industry in 2019.

In order to meet the growing demand for orders, the Company has established new production bases in Chengdu Xinjin and Shanghai Songjiang. This year the Fangda Western Headquarters Base of Chengdu Xinjin has been completed and put into operation. The base covers an area of 45,000 square meters and has a total construction area of about 21,000 square meters. In the first half of 2019, the East China production base in Songjiang, Shanghai started construction and is planned to be completed and put into use in 2020. The base covers an area of 23,800 square meters and the total construction area is about 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.

The Chinese economy is transitioning to high-quality development, and the Company continues to increase R & D efforts, starting with technological innovation, and actively promoting the introduction and application of advanced technologies such as intelligent manufacturing, robotics, Internet of Things, AI, VR + AR, and big data. Preliminary success. The construction of the intelligent chemical plant at the Songshan Lake base in Dongguan has achieved initial results. Intelligent glue application and intelligent electric welding have begun to be used in production, improving efficiency and quality, and gradually moving from "manufacturing" to "intelligent manufacturing".

In 2019, three projects including the Chinese University of Hong Kong (Shenzhen) Teaching Building, Guangzhou Baosteel Building, and Chengdu Territory Global Financial Center, which were constructed by the Company, won the highest honor in the Chinese construction industry-Luban Award, Fang Dacheng (Phase I) and Shenzhen Energy Five projects including the building won the China Construction Engineering Decoration Award and the 2019 Excellent Engineering Award; 11 curtain wall projects won provincial and municipal honorary awards respectively. The application of the Company's BIM technology in design was promoted in the industry by the China Construction Industry Association as a model. The Company was rated as an excellent partner by customers such as Vanke, R & F, Qianhai Life and other customers. Increased the Company's brand influence.

2. Rail transport screen door business

With the continuous advancement of domestic urban subway construction and the continuous implementation of the “Belt and Road” initiative, in 2019, the leading advantages of the Company's subway screen door industry continue to emerge, and the Company's rail traffic screen door equipment industry is expanding at home and abroad. During the reporting period, the Company has successively obtained Mumbai Metro Line 3, Nanjing Metro Line 7, Zhengzhou Line 4, Ningbo Metro Line 1, Guiyang Metro Line 2 Phase 2, Jinan Rail Transit Line 2 Phase 1, Nanchang 3 Line (Part B), Taiyuan Metro Line 2, Wuhan Metro Line 5, Line 6 Phase 2, Line 11 (Phase 2, Phase 3, Gedian Section), Xi'an Metro Line 5, Line 6 A large number of orders for shielded door systems such as railway lines, and also received orders for professional maintenance services for shielded doors of Wuhan Railway Bureau, Shenzhen Metro Line 9 and other projects, shielding of Shenzhen Metro Lines 1, 2, 3, 5, 7, 9, 11 For door installation projects, the total amount of newly signed orders was RMB874,811,600, a year-on-year increase of 20.52%. 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. Rapid development opportunities of the Indian subway construction. Speed up the overseas market layout and further expand the Company's business landscape. In addition, with the development of a new generation of information technology, the domestic subway has also entered the era of fully automated driving, and the technical requirements for screen doors have also increased the threshold. With solid technical strength, the Company won 4 of the 5 subway autonomous driving projects that have been tendered in China (Nanjing Metro Line 7, Jinan Rail Transit R2 Phase 1, Taiyuan Metro Line 2, Wuhan City) Metro Line 5) orders for automatic driving screen doors have won opportunities for the continuous development of the intelligent screen door market.

报告期内，公司轨道交通屏蔽门设备产业实现营业收入46,090.67万元，同比增长54.83%，实现净利润6,270.64万元，同比增长32.07%，毛利率25.4%，公司轨道交通屏蔽门设备产业具有持续较强的盈利能力。 As of the end of 2019, the Company's rail transit screen door equipment industry order reserve reached RMB182,380,490, which was 3.96 times the operating revenue of the rail transit screen door equipment industry during the reporting period. 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, Wuhan Metro Line 2 South Extension Line, Line 8 Phase 3, Zhengzhou Metro Line 5 Phase 1, Lanzhou Metro Line 1 Phase I, Nanchang Metro Line 2 Houtong Section Line 1 of the Hohhot Metro Line has been opened for operation. At present, the Fangda screen door system has been applied to rail transit in 42 cities around the world. More than 80 subway lines and more than 10 million people use the Fangda rail transit screen door system every day, and the coverage rate in domestic metro operating cities exceeds 80 %, The market share ranks first in the world for many years.

With the end of the free maintenance period for more and more rail transit screen doors, the demand for specialized technical maintenance services continues to grow. In 2019, the Company achieved technical maintenance service income of RMB24.8462 million yuan, an increase of 3.90% over the same period last year. The Company is a leading company that can provide the entire industry chain technology and product services for subway screen doors. The added value of technical services is high. In the future, this business will become an important performance growth point for the Company. The Company will also strive to become a metro screen door technology maintenance service expert.

As the world's leading supplier of screen doors, the Company has completely independent intellectual property rights of rail transit platform screen doors system, patents and copyrights account for more than half of the same industry in the world, and has strong technical strength in the field of screen doors. China's first railway platform shield door industry standard was edited by the Company. Since its promulgation and implementation on March 1, 2007, it has played a good role in regulating and guiding the technological innovation and development of China's rail transit platform shield door industry. In recent years, with the increasing technological level of the industry, new materials, new technologies, and new technologies have continuously emerged in the practical application of rail transit screen doors. The Ministry of Housing and Urban-Rural Development has initiated the revision of the industry standard for the City Rail Platform Screen Doors, the Company continues to undertake the main editing tasks. In October 2019, the revised version of the standard was submitted for review, and was determined as the final version. 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), which was published in 2019 and formally implemented on December 1, 2019. The Company's participation in the preparation of the 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

During the reporting period, the Company's three solar photovoltaic power stations that have been connected to the grid have maintained efficient, stable and safe operation. The annual sales revenue was RMB20.94 million, an increase of 2.27% over the previous year, and the operating profit was RMB11.6568 million, an increase of 5.88% over the previous year, exceeding expectations.

4. Real estate

(1) Changes in the macroeconomic situation and industry policy environment, the status of industry development and policy

situation in the city where the Company's main projects

In 2019, the main theme of the national real estate market is still to maintain stability, not to speculate on housing, and to govern the city. The national real estate market continued to cool down, transaction volume decreased significantly, real estate inventories were high, and the pressure to de-market the market was high.

The main project locations of the Company are Shenzhen and Nanchang. Shenzhen is located in the core area of Guangdong, Hong Kong and Macau Bay, and the economy continues growing. The Company focuses on the development of urban renewal projects in Shenzhen. With the rapid development of Shenzhen's economy, it is expected that there will still be some room for development in the real estate industry in Shenzhen and surrounding cities.

Under the control policy of Nanchang Real Estate, the overall residential transactions have been stable, the prices and volume of commercial and office buildings have fallen, and the pressure to remove inventory is high.

Affected by macroeconomic and real estate industry regulation, the sales volume and business gross profit margin of the Company's real estate sector will decrease, but it is expected that the Company's real estate sales and property leasing will still be an important source of cash flow for the Company and will continue to contribute profits to the Company.

(2) The Company's main business model, business project format, real estate sales in the city where the main project is located, market position and competitive advantages of listed companies, main risks and countermeasures

The Company's real estate business mainly adopts a self-developed, partly sold and partly self-sustained business model, moving closer to holding commercial properties and asset-light operating models. At present, the products developed and sold are mainly offices, supporting businesses and apartments. The Company has established a professional team to operate and manage the Company's businesses and properties.

The Fangda Town project developed by the Company is located in Nanshan District, Shenzhen. As of the end of the reporting period, the project sales rate was 91.83%. For specific sales, see “(V) Main Project Sales” in this section; It is a small and medium-sized commercial complex integrating office, apartment, shopping, leisure and entertainment. The project focuses on sales and rental. The pre-sale began on December 28, 2019. No sales were realized during the reporting period.

Although the Company is a late comer in the real estate industry, the Fangda Town project developed by the Company has been quickly recognized by the market and the sales rate has been fast. At the same time, the Company has been rated as "Shenzhen Real Estate Development Industry Development Potential Enterprise" by the Shenzhen Real Estate Industry Association for three consecutive years. In two consecutive years, it was named "Shenzhen Real Estate Development Industry Brand Value Enterprise". With the influence of Fangda Brand and its strong professional level, the Company has gained a firm foothold in the market competition and its market position has gradually increased.

Nanchang's commercial office buildings have a large inventory, and the volume and price are showing a downward trend. However, the location of the Company's Fangda Center project has obvious location advantages, and the products have good market expectations.

(3) New land reserve projects

Land No. and project name	Land location	Purpose	Land area (m^2)	Building area (m^2)	Obtaining method	Interests percentage	Total land price (ten thousand yuan)	Equity consideration (ten thousand yuan)
None								

Total land reserve

Project/region name	Floor area (10,000 m^2)	Total building area (10,000 m^2)	Remaining building area (10,000 m^2)
Fangda Town	3.53	21.24	0

Nanchang Fangda Center	1.66	6.64	0
Total	5.19	27.88	0

(4) Main production development status

City/region	Project	Land location	Project form	Interests percentage	Starting time	Development progress	Completion rate	Land area (m^2)	Planning construction area (m^2)	Area completed in this phase (m^2)	Total area completed in this phase (m^2)	Estimated total investment (in RMB10,000)	Accumulated total investment (in RMB10,000)
Shenzhen Nanshan District	Fangda Town	No.2 Longzhu 4th Road	Office commercial complex	100.00%	May 1, 2014	100%	100.00%	35,397.60	212,400.00	0	217,763.69	258,500	265,000
Honggutan New District, Nanchang	Fangda Center	No.1516 Ganjiang North Avenue Fangda Center	Commercial	100.00%	May 1, 2018	49%	49.00%	16,608.55	66,432.61	0	0	67,000	32,800

(5) Main production sales status

City/region	Project	Land location	Project form	Interests percentage	Building area	Sellable area (m^2)	Cumulative pre-sale (sales) area (m^2)	Pre-sale (sales) area in this period (m^2)	Amount of pre-sale (sales) in the current period (RMB10,000)	Cumulative settlement area (m^2)	Settlement area in the current period (m^2)	Settlement amount in this period (RMB10,000)
Shenzhen Nanshan District	Fangda Town	No.2 Longzhu 4th Road	Office commercial complex	100.00%	212,400	93,086.25	85,479.42	3,068.92	18,622.63	85,479.42	3,068.92	18,622.63
Honggutan New District, Nanchang	Fangda Center	No.1516 Ganjiang North Avenue Fangda Center	Commercial	100.00%	65,388.42	32,460.11	0	0	0	0	0	0

(5) Main production lease status

Project	Land location	Project form	Interests percentage	Leasable area (m^2)	Cumulative leased area (m^2)	Average lease ratio
Shenzhen Fangda Town	Shenzhen Nanshan District	Office commercial complex	100.00%	72,517.71	23,661.88	32.63%
Shenzhen Fangda Town	Shenzhen Nanshan District	Commercial shop	100.00%	22,775.52	22,455.31	98.59%
Jiangxi Nanchang Science and Technology Park	Nanchang, Jiangxi Province	Plant and office building	100.00%	33,362.20	33,362.20	100.00%
Fangda Building	Shenzhen Nanshan District	Office building	100.00%	17,792.47	15029.30	84.47%

(7) First-level development of land

□ Applicable √ Inapplicable

(8) Financing source

Financing source	Ending financing balance	Financing cost range / average financing cost	Term structure			
			Within 1 year	1-2 years	2-3 years	Over 3 years
Bank loan	84,397.82	During the same period, the benchmark interest rate of the loan was adjusted at the agreed rate of -6.175%	40,000.00	29,397.82		15,000.00
Total	84,397.82		40,000.00	29,397.82		15,000.00

(9) Development strategy and operation plan in the next year

In 2020, China will still be in an important period of strategic opportunities and a period of conversion of old and new kinetic energy. Urbanization is still the driving force for real estate development. Under continuous control, industry fluctuations are market behaviors. The Company continues to be optimistic about the future development of core urban real estate. In the future, the Company will continue to expand the brand effect, deepen the product types, deepen the local market, and effectively improve the Company's operating performance.

The sales and leasing of Shenzhen Fangda City and Nanchang Fangda Center are the top priorities of the Company's real estate work in 2020. It is necessary to fully realize the sales and leasing of office buildings in Fangda City and Nanchang Fangda Center.

In August 2019, the Company's Fangda Bangshen project has completed its updated project plan. In 2020, the Company will actively promote the special planning application of the Fangda Bangshen project, and strive to obtain the project's land use planning license by the end of the year. In 2019, the Shenzhen Henggang Dakang project has completed the solicitation of the renewal will, and started the demarcation of the update unit. In 2020, the Company will promote the application of the Henggang Dakang project. It is expected that the real estate sales and property leasing will continue to contribute profits to the Company in the future. In order to achieve its business objectives, the Company will adhere to its strategic commitment, maintain a reasonable pace of development, continue to increase sales efforts, strengthen sales receivables, rationally arrange financing, ensure the Company is safe and sound, and strive to achieve the Company's 2020 goals.

(10) Bank mortgage loan guarantee provided for commercial housing purchasers

√ Applicable □ Inapplicable

As of December 31, 2019, the balance of the Company's guarantee for commercial housing offenders due to bank mortgage loans was RMB849,195,100.

(11) Co-investment by directors, senior management and supervisors and listed company

□ Applicable √ Inapplicable

5. Innovation

The Company is committed to the research and development of independent intellectual property products and enhances its core competitiveness. In 2019, the Company independently developed 25 new products, including "BIM digital process design, feeding system", "assembled roof curtain wall system", "graphene powder sprayed aluminum veneer research and development", "platform door unmanned control system research and development". Intelligent production processes such as intelligent welding and intelligent glue application have begun to be used in production to promote product quality improvement, reduce labor intensity, reduce labor costs, improve work efficiency, and increase economic benefits.

As of the end of December 2019, the Company has obtained 826 patents, including 112 invention patents, 10 international PCT patents, and 12 software copyrights. 44 patents applied for in 2019, 26 newly authorized patents (including 1 invention patent) The wholly-owned subsidiary Fangda Jianke's invention patent "a building curtain wall structure" won the "Shenzhen Patent Award".

6. Awards

During the reporting period, the Company won the "National Advanced Enterprise of Wan Peng Helping Wan Cun" Targeted Poverty Alleviation Action, "May Day Labor Certificate of Guangdong Province", "2018 Shenzhen Quality and Integrity Demonstration Unit", and "Outstanding Enterprise Performing Social Responsibilities" , "Shenzhen Top 100 Industry Leaders", "2019 Shenzhen Top 500 Enterprises", "The 3rd Shenzhen Top 100 Quality Enterprises", "Shenzhen Quality Quality City Key Enterprises", "2019 Shenzhen Private Leaders Key Enterprise" , Won the "Innovative China • Top 100 Listed Companies" award, "2019 Guangdong-Hong Kong-Macao Greater Bay Area listed company social responsibility" five-star enterprises, "market responsibility" five-star enterprises two awards. For the fourth consecutive year, he was listed on the "Top 500 Guangdong Enterprises" list, and ranked 12th in the "A-share Listed Companies Growth List in the Past Five Years" and "2018 China Listed Company Innovation Index 500". Chairman Xiong Jianming was named "2019 Annual Person of the Listed Companies in the Guangdong-Hong Kong-Macao Greater Bay Area".

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 three curtain wall projects of the Chinese University of Hong Kong (Shenzhen) Teaching Building, Guangzhou Baosteel Building and Chengdu Territory's Global Financial Center undertaken by the Company won the 2018-2019 China Construction Engineering Luban Award (National Quality Project). The four curtain wall projects including Fangda Town (Phase I), Shenye 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, Leading Company in Standardization, and the title of "Excellent Brand" of aluminum veneer in China's metal composite industry.

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

1. Summary

For details see Management Discussion and Analysis – 1. Profile

2. Income and costs

(1) Turnover composition

In RMB

	2019		2018 年		YOY change (%)
	Amount	Proportion in operating costs (%)	Amount	Proportion in operating costs (%)	
Total turnover	3,005,749,558.66	100%	3,048,680,152.06	100%	-1.41%
Industry					
Metal production	2,196,425,708.75	73.07%	2,010,704,004.96	65.95%	9.24%
Railroad industry	460,906,724.26	15.33%	297,686,976.09	9.76%	54.83%
New energy industry	20,103,218.63	0.67%	19,625,478.18	0.64%	2.43%
Real estate	307,563,025.40	10.23%	697,518,090.10	22.88%	-55.91%
Others	20,750,881.62	0.69%	23,145,602.73	0.76%	-10.35%
Product					
Curtain wall system and materials	2,196,425,708.75	73.07%	2,010,704,004.96	65.95%	9.24%
Subway screen door and service	460,906,724.26	15.33%	297,686,976.09	9.76%	54.83%
PV power generation products	20,103,218.63	0.67%	19,625,478.18	0.64%	2.43%
Real estate sales	307,563,025.40	10.23%	697,518,090.10	22.88%	-55.91%
Others	20,750,881.62	0.69%	23,145,602.73	0.76%	-10.35%
District					
In China	2,824,371,016.83	93.97%	2,969,200,798.04	97.39%	-4.88%
Out of China	181,378,541.83	6.03%	79,479,354.02	2.61%	128.21%

(2) Industries, products or districts that take more than 10% of the Company's business turnover or profit

In RMB

	Turnover	Operation cost	Gross margin	Year-on-year change in operating revenue	Year-on-year change in operating costs	Year-on-year change in gross margin
Industry						
Metal production	2,196,425,708.75	1,863,604,889.99	15.15%	9.24%	8.29%	0.74%
Real estate	307,563,025.40	-46,495,278.64	115.12%	-55.91%	-111.94%	70.96%
Railroad industry	460,906,724.26	343,840,705.71	25.40%	54.83%	56.44%	-0.77%
Product						
Curtain wall system and materials	2,196,425,708.75	1,863,604,889.99	15.15%	9.24%	8.29%	0.74%
Real estate sales	307,563,025.40	-46,495,278.64	115.12%	-55.91%	-111.94%	70.96%
Metro screen door	460,906,724.26	343,840,705.71	25.40%	54.83%	56.44%	-0.77%
District						
In China	2,824,371,016.83	2,035,986,340.56	27.91%	-4.88%	-10.15%	4.22%

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

□ Applicable √ Inapplicable

Different business types of the Company

In RMB

Business type	Turnover	Operation cost	Gross margin
Curtain wall system and materials	2,196,425,708.75	1,863,604,889.99	15.15%

Whether the Company runs business through the Internet

□ Yes √ No

Whether the Company runs overseas projects

□ Yes √ No

(3) The physical sales revenue is high the labor service revenue

□ Yes √ No

(4) Performance of signed major sales contracts in the report period

√ Applicable □ Inapplicable

The Company must comply with disclosure requirements of the Shenzhen Stock Exchange Industry Information Disclosure

Guideline No.6 – Listed Companies Engaged in Decoration Business.

In RMB

	Project amount	Cumulative recognized output value	Amount of unfinished part
Unfinished project	4,750,451,208.87	2,153,095,289.73	2,597,355,919.14

Major unfinished project

√ Applicable □ Inapplicable

In RMB

Project	Project amount	Construction period	Completion percentage	Income recognized in this period	Cumulative recognized income	Payment collection	Balance of accounts receivable
Tencent Digital Building curtain wall project	314,399,189.26	2018.9.4-2019.11.20 (The construction period agreed in the construction contract is different from the actual construction situation. The customer has made corresponding adjustments to the construction period according to the actual situation. The current project is progressing smoothly).	16.37%	51,468,571.91	51,468,571.91	72,735,871.71	0.00

Other note

□ Applicable √ Inapplicable

In RMB

	Accumulative occurred costs	Accumulative recognized gross margin	Estimated loss	Settled amount	Balance of unpaid amount of finished project

Finished but not settled project	7,392,748,379.74	1,043,964,750.79	1,430,361.92	8,340,112,030.03	95,170,738.58

Any major outstanding unsettled projects during the reporting perio.

□ Applicable √ Inapplicable

Other note

□ Applicable √ Inapplicable

(5) Operation cost composition

In RMB

Industry	Item	2019		2018 年		YOY change (%)
		Amount	Proportion in operating costs (%)	Amount	Proportion in operating costs (%)	
Metal production	Raw materials	1,233,265,964.58	66.18%	1,236,717,752.50	71.86%	-5.68%
Metal production	Installation and engineering costs	422,121,605.36	22.65%	357,806,657.79	20.79%	1.86%
Metal production	Labor cost	106,412,147.98	5.71%	80,488,503.77	4.68%	1.03%
Real estate	Construction and installation cost	37,414,096.74	-80.47%	100,803,413.00	25.88%	-106.35%
Real estate	Land cost	-164,158,729.89	353.07%	222,947,137.10	57.24%	295.83%
Real estate	Loan interest	3,308,860.53	-7.12%	8,022,581.23	2.06%	-9.18%
Real estate	Labor cost	14,043,313.15	-30.20%	10,943,065.48	2.81%	-33.01%

Notes

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

Main business cost

In RMB

Cost composition	Business type	2019		2018		YOY change (%)
		Amount	Proportion in operating costs (%)	Amount	Proportion in operating costs (%)	
Raw materials	Curtain wall system and materials	1,233,265,964.58	66.18%	1,236,717,752.50	71.86%	-5.68%
Installation and engineering costs	Curtain wall system and materials	422,121,605.36	22.65%	357,806,657.79	20.79%	1.86%

Labor cost	Curtain wall system and materials	106,412,147.98	5.71%	80,488,503.77	4.68%	1.03%

(6) Change to the consolidation scope in the report period

√ Yes □ No

(1) In the current period, three newly-controlled subsidiaries were established, namely Jianke Southeast Asia Company, Chengdu Curtain Wall Company and Shanghai Fangda Jianzhi Company. Enterprises under non-common control merged with Zhongrong Litai Company.

(2) In the current period, Xiangdong New Energy Company and Ke Xunda Company were cancelled, and the consolidated statements in this period decreased by 2 subsidiaries.

(7) Major changes or adjustment of business, products or services in the report period

□ Applicable √ Inapplicable

(8) Major sales customers and suppliers

Main customers

Total sales amount to top 5 customers (RMB)	677,036,356.44
Proportion of sales to top 5 customers in the annual sales	22.52%
Percentage of sales of related parties in top 5 customers in the annual sales	0.00%

Information of the Company's top 5 customers

No.	Customer	Sales (RMB)	Percentage in the annual sales
1	No.1	245,814,211.52	8.18%
2	No.2	143,262,059.21	4.77%
3	No.3	114,965,326.77	3.82%
4	No.4	89,207,608.27	2.97%
5	No.5	83,787,150.67	2.79%
Total	--	677,036,356.44	22.52%

Other information about major customers

□ Applicable √ Inapplicable

Main suppliers

Purchase amount of top 5 suppliers (RMB)	431,771,044.42
Proportion of purchase amount of top 5 suppliers in the total annual purchase amount	18.90%

Percentage of purchasing amount of related parties in top 5 customers in the annual purchasing amount	0.00%

Information of the Company's top 5 suppliers

No.	Supplier	Purchase amount (RMB)	Percentage in the annual purchase amount
1	No.1	107,048,701.42	4.68%
2	No.2	88,245,075.43	3.86%
3	No.3	84,267,798.83	3.69%
4	No.4	83,826,673.08	3.67%
5	No.5	68,382,795.66	2.99%
Total	--	431,771,044.42	18.90%

Other information about major suppliers

□ Applicable √ Inapplicable

3. Expenses

In RMB

	2019	2018	YOY change (%)	Notes
Sales expense	57,584,186.20	49,833,945.89	15.55%	
Administrative expense	170,443,795.50	140,002,624.79	21.74%	
Financial expenses	82,608,834.38	82,328,388.89	0.34%	
R&D cost	59,754,971.20	19,854,244.58	200.97%	Mainly due to the increase in R & D personnel and investment in R & D this year

4. R&D investment

√ Applicable □ Inapplicable

The Company adheres to the business philosophy of "technology-based innovation" and the scientific and technological innovation development path. Its independent innovation capabilities and technology level has always been at the forefront of domestic similar enterprises. The Company is committed to the research and development of independent intellectual property products and enhances its core competitiveness. In 2019, the Company independently developed 25 new products, including "BIM digital process design, feeding system", "assembled roof curtain wall system", "graphene powder sprayed aluminum veneer research and development", "platform door unmanned control system research and development". Intelligent production processes such as intelligent welding and intelligent glue application have begun to be used in production to promote product quality improvement, reduce labor intensity, reduce labor costs, improve work efficiency, and increase economic benefits.

As of the end of December 2019, the Company has obtained 826 patents, including 112 invention patents, 10 international PCT patents, and 12 software copyrights. 44 patents applied for in 2019, 26 newly authorized patents (including 1 invention patent) The wholly-owned subsidiary Fangda Jianke's invention patent "a building curtain wall structure" won the "Shenzhen Patent Award".

R&D investment

	2019	2018	Change
R&D staff number	503	404	24.50%
R&D staff percentage	18.91%	18.31%	0.60%
R&D investment amount (RMB)	136,943,143.23	138,333,164.52	-1.00%
Investment percentage in operation turnover	4.56%	4.54%	0.02%
Capitalization of R&D investment amount (RMB)	0.00	0.00	
Percentage of capitalization of R&D investment in the R&D investment	0.00%	0.00%	

Reason for the increase in the percentage of R&D investment in the business turnover

□ Applicable √ Inapplicable

Explanation of the increase in the capitalization of R&D investment

□ Applicable √ Inapplicable

5. Cash flow

In RMB

Item	2019	2018	YOY change (%)
Sub-total of cash inflow from business operations	2,745,391,880.62	2,974,390,387.48	-7.70%
Sub-total of cash outflow from business operations	2,750,676,711.39	2,587,287,667.91	6.32%
Cash flow generated by business operations, net	-5,284,830.77	387,102,719.57	-101.37%
Sub-total of cash inflow generated from investment	7,065,603,083.05	7,678,717,862.02	-7.98%
Subtotal of cash outflows	7,520,260,799.17	7,471,021,595.30	0.66%
Cash flow generated by investment activities, net	-454,657,716.12	207,696,266.72	-318.91%
Subtotal of cash inflow from financing activities	1,094,836,280.53	708,000,000.00	54.64%
Subtotal of cash outflow from financing activities	866,537,570.34	1,279,597,053.40	-32.28%
Net cash flow generated by financing activities	228,298,710.19	-571,597,053.40	139.94%

Net increase in cash and cash equivalents	-230,920,987.78	24,905,355.13	-1,027.19%

Explanation of major changes in related data from the same period last year

√ Applicable □ Inapplicable

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

√ Applicable □ Inapplicable

3. Non-core business analysis

√ Applicable □ Inapplicable

In RMB

	Amount	Profit percentage	Reason	Whether continuous
Investment income	-1,909,644.55	-0.46%	Mainly due to investment losses in associates	No
Gain/loss caused by changes in fair value	42,618,039.60	10.22%	Due to adjustment of fair value of investment real estate	No
Assets impairment	-34,299,815.12	-8.22%	Mainly bad debt provision corresponding to accounts receivable	Yes
Non-operating revenue	2,857,177.74	0.69%		No
Non-business expenses	3,965,865.48	0.95%		No

4. Assets and liabilities

1. Major changes in assets composition

1. 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

In RMB

	End of 2019		Beginning of 2019		Change (%)	Notes
	Amount	Proportion in total assets	Amount	Proportion in total assets		
Monetary capital	1,209,811,978.95	10.64%	1,389,062,083.76	13.09%	-2.45%	
Account receivable	1,956,191,307.07	17.20%	1,866,763,789.49	17.59%	-0.39%	

Inventory	733,711,143.46	6.45%	651,405,832.29	6.14%	0.31%	
Investment real estate	5,522,391,984.11	48.57%	5,256,442,406.63	49.52%	-0.95%	
Long-term share equity investment	57,222,240.83	0.50%	70,105,657.88	0.66%	-0.16%	
Fixed assets	477,332,830.92	4.20%	455,274,241.83	4.29%	-0.09%	
Construction in process	129,988,982.86	1.14%	58,269,452.72	0.55%	0.59%	
Short-term loans	724,618,197.34	6.37%	208,000,000.00	1.96%	4.41%	
Long-term loans	546,501,491.56	4.81%	1,193,978,153.39	11.25%	-6.44%	

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	Other change	Closing amount
Financial assets								
1. Transactional financial assets (excluding derivative financial assets)								10,330,062.18
4. Investment in other equity tools	21,674,008.23	-4,793,104.31	-14,751,669.76				3,779,277.52	20,660,181.44
Subtotal	21,674,008.23	-4,793,104.31	-14,751,669.76				3,779,277.52	30,990,243.62

Investment real estate	5,230,896,067.50	42,608,311.58	11,675,404.61				32,611,981.04	5,306,116,360.12
Other non-current financial assets		9,728.02			5,000,000.00			5,009,728.02
Total	5,252,570,075.73	37,824,935.29	-3,076,265.15		5,000,000.00		36,391,258.56	5,342,116,331.76
Financial liabilities	1,625,725.00							96,767.62

Other change

(1) Other changes in investment in other equity instruments are due to the reclassification of the investment in Shenzhen Huihai Yirong Internet Financial Services Co., Ltd., because Shenzhen Huihai Yirong Internet Financial Services Co., Ltd. did not send any of the Company’s On behalf of, the Company no longer has a significant impact on it, so it is reclassified from long-term equity investment to other equity instrument investment.

(2) Other changes in investment real estate are due to the increase in investment in investment real estate decoration in the current period, which resulted in an increase in the value of real estate of RMB 48,231,706.04, and a change in the use of some real estate caused a decrease of RMB 15,619,725.00.

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	Book value on December 31, 2019 (RMB)	Reason
Monetary capital	458,472,225.51	Margin, pledged deposits, etc.
Inventory	99,936,207.50	Loan by pledge
Fixed assets	65,256,230.83	Loan by pledge
Intangible assets	20,550,703.78	Loan by pledge
100% stake in Fangda Property Development held by the Company	200,000,000.00	Loan by pledge
Investment real estate	394,971,924.50	Credit Mortgage, Mortgage Loan
Other current assets	207,993,374.07	Use structured deposit pledge to issue acceptance bills
Total	1,447,180,666.19	

5. Investment

1. General situation

□ Applicable √ Inapplicable

2. Major equity investment in the report period

√ Applicable □ Inapplicable

In RMB

Invested company	Main business	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	Date of disclosure	Index for information disclosure
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 Zhongzheng Dingfeng No. 6 Investment Enterprise (Limited Partnership)	Zhongrong Litai's actual operating period	Real estate development	55% equity has been transferred and control has been transferred to the Company	0.00	-1,233,929.20	No	None	None
Total	--	--	112,613,316.68	--	--	--	--	--	--	0.00	-1,233,929.20	--	--	--

3. Major non-equity investment in the report period

□ Applicable √ Inapplicable

4. Financial assets investment

(1) Securities investment

□ Applicable √ Inapplicable

The Company made no investment in securities in the report period

(2) Derivative investment

√ Applicable □ Inapplicable

In RMB10,000

Derivative investment operator	Relationship	Related transaction	Type	Initial amount	Start date	End date	Initial investment amount	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	December 31, 2019	2,535.76	13,096.92	15,632.67			0.00%	122.64
Banks	No	No	Forward foreign exchange		January 1, 2019	December 31, 2019	0.00	3,710.78	1,544.78	0.00	2,166.00	0.41%	12.30
Total				2,535.76	--	--	2,535.76	16,807.7	17,177.45		2,166	0.41%	134.94
Capital source				Self-owned fund									
Lawsuit involved				None									
Disclosure date of derivative investment approval by the Board of Directors				October 31, 2017, November 30, 2019									
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)	The Company's aluminum futures hedging and foreign exchange derivatives trading business are all derivatives investment business. The Company has established and implemented the "Derivatives Investment Business Management Measures" and "Commodity Futures Hedging Business Internal Control and Risk Management System". It has made clear regulations on the approval authority, business management, risk management, information disclosure and file management of derivatives trading business, which can effectively control the risk of the Company's derivatives holding positions.
Changes in the market price or fair value of the derivative in the report period, the analysis of the derivative’s fair value should disclose the method used and related assumptions and parameters.	Fair value of derivatives are measured at open prices in the open market
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

5. Use of raised capital

□ Applicable √ Inapplicable

The Company used no raised capital in the report period.

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	Subsidiaries	Subway screen door and service	105,000,000.00	615,717,880.16	208,787,865.38	460,906,724.26	67,699,117.64	63,341,378.19
Fangda Property	Subsidiaries	Real estate	200,000,000.00	6,337,495,023.98	2,378,717,437.52	264,910,501.74	244,560,118.22	195,404,665.06
Fangda Jianke	Subsidiaries	Curtain wall system and materials	500,000,000.00	3,182,645,997.08	1,028,444,328.66	1,949,900,092.66	140,525,107.65	128,142,594.02

Acquisition and disposal of subsidiaries in the report period

√ Applicable □ Inapplicable

Company	Acquisition and disposal of subsidiaries in the report period	Impacts on overall production, operation and performance
Fangda Southeast Asia Co., Ltd.	Newly set	None
Shanghai Fangda Jianzhi Technology Co., Ltd.	Newly set	None
Chengda Fangda Curtain Wall Technology Co., Ltd.	Newly set	None
Shenzhen Zhongrong Litai Investment Co., Ltd.	Consolidation of entities not under common control	None
Shenzhen Kexunda Software Co., Ltd.	Liquidation	None
Pingxiang Xiangdong Fangda New Energy Co., Ltd.	Liquidation	None

Major joint-stock companies

VIII. Structural entities controlled by the Company

□ Applicable √ Inapplicable

IX. Future Prospect

(1) Competition map and development trned

1. Curtain wall and material system industry

The construction curtain wall industry has a high degree of marketization, and the competitive advantages of leading companies in the industry continue to emerge, accelerating the survival of the fittest, and increasing industry concentration. In the high-end market, most of the national iconic and regional key curtain wall projects are mostly contracted by the top 50 curtain wall companies in China, and the competition in the curtain wall industry is gradually becoming fierce. In recent years, 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.

2. Rail transport screen door business

As China's urbanization advances and population accelerates to central cities, China's urban rail transit has shown explosive growth in recent years. After the first operation of urban rail transit exceeded 500 kilometers in 2016, it exceeded 900 kilometers in 2019. According to statistics from the China Urban Rail Transit Association, as of December 31, 2019, a total of 40 cities in mainland China have opened 6,730.27 kilometers of urban rail transit operating lines. In 2019, there will be a total of 5 new urban rail transit operating cities in mainland China, and another 27 cities will have new lines (segments) put into operation. The length of the new operating lines will total 968.77 kilometers, a record high. In September 2019, the "Outline for the Construction of a Powerful Transportation Country" issued by the Central Committee of the Communist Party of China and the State Council proposed that by 2035, a transportation powerhouse will be basically completed, and a "national 123 travel transportation circle" will be basically formed (one hour commuting in urban areas, two hours in urban areas, 3 hours coverage in major cities nationwide). With the implementation of major national strategies such as the Guangdong, Hong Kong, and Macao Bay 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. The rail transit screen door industry will enter a new period of vigorous development.

3. New energy industry

The prospects for new energy development in 2020 are promising, and technology, policy and model innovation will continue to advance. The 2020 photovoltaic policy will continue the tone of 2019 and develop toward "accelerating parity and strengthening consumption". As the cost of photovoltaics decreases, photovoltaics will continue to increase To achieve diversified applications in multiple fields, "photovoltaic + energy storage" and green building BIPV are expected to become the future development trend.

4. Real estate

In 2020, China will still be in an important period of strategic opportunities and a period of conversion of old and new kinetic energy. Urbanization is still the fundamental driving force for real estate development. Under continuous control, industry fluctuations are market behavior, and the Company continues to be optimistic about the future development of the real estate industry. In the future, the Company will continue to expand the brand effect, deepen product types, and fully meet market demand. The Company will further enrich project resources, deepen the local market, increase market share, and effectively improve the Company's operating performance.

(2) Company development strategy and business plan

2020 is an important year for the Company to start again. The energy-saving curtain wall and materials industry should continue to exert its brand advantages, deeply cultivate the "home door" markets in the Guangdong-Hong Kong-Macao Greater Bay Area, the Yangtze River Delta, and Chengdu-Chongqing regions, actively expand overseas markets, and focus on key points Project and key account management. The Company will strengthen the contract-centric management system and improve profitability with refined cost management. The Company will continue to increase innovation, apply the BIM system to optimize the design workflow and improve design efficiency, develop and apply a production management system (MES system), and further promote the construction of curtain wall products and PVDF aluminum veneer intelligent factories. The Company will continue to strive to increase domestic market share of screen door products, further expand overseas markets, and insist on making overseas business bigger and stronger. The Company will actively promote the construction of "smart factories" and the information construction of management, increase investment in technology research and development, and achieve breakthroughs and leadership in key technologies. The Company will vigorously strengthen the promotion of technical maintenance business, and use 5G, big data, AI and other technical means to completely change the current human maintenance tactics of maintenance business. Shenzhen Fangda City and Nanchang Fangda Center sales and leasing are the top priorities in 2020. It is necessary to make every effort to realize the sale and lease of office buildings in Fangda City and Nanchang Fangda Center sales. The Company will continue to do a good job in investment and operation of Fangdacheng business, build a regional commercial benchmark, and continuously improve Fangdacheng business revenue.

(3) Capital demand and source for projects in progress

To realize the business target in 2020, the Company will develop suitable financial and capital plans, accelerate the collection of accounts receivable, sales payment from sales of Fangda Town, expand financing channels, and use share issuance, bank loans and other financing products to meet the demand for capital.

(4) Risks and solutions

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

In recent years, with the Company's curtain wall and material system industry, rail transit screen door industry orders increasing year by year and the Company's real estate property sector increased, the Company's assets, business, personnel and other aspects have expanded significantly, the organizational structure and management system will tend to Due to the complexity, the Company may face the management risk of industrial scale 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.

3. Production and operation risks and measures

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

4. Real estate industry risks and countermeasures

The real estate industry is obviously affected by the country 's macro-control, and the Company needs to review the situation and further strengthen the forward-looking research on the economic situation, policies and industry situation, and the capital market, enhance predictive power, improve the control and resilience of risk factors, and timely adjust business strategies to adapt to the new economic normal and new changes in the real estate industry. At the same time, the Company will increase its efforts to eliminate the cash and ensure that the Company continues to maintain stable operation and healthy development by withdrawing cash.

X. Acceptance of surveys, negotiation and visits

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

√ Applicable □ Inapplicable

Time/date	Way	Visitor	Disclosure of information
August 28, 2019	Onsite investigation	Institution	Investor Relationship Record Form on http://www.cninfo.com.cn

December 19, 2019	Others	Institution	Investor Relationship Record Form on http://www.cninfo.com.cn
January 01, 2019 to December 31, 2019	Written inquiry	Individual	Investor Q&A conducted on the interactive and e-platform of the Shenzhen Stock Exchange website (http://irm.cninfo.com.cn/)

TIme	46
Number of institutes	12
Number of individuals	44
Number of other visitors	0
Disclosure of any non-public information	No

Chapter 5 Significant Events

I. Profit distribution and reserve capitalization plan

Establishment, implementation or adjustment of profit distribution policies especially the cash dividend policy during the report period

√ Applicable □ Inapplicable

During the report period, the Company implemented the profit distribution plan for 2018. As reviewed and approved by the 2018 Annual General Meeting of Shareholders held on February 19, 2019, the Company's 2018 profit distribution plan is: The Company takes the total share capital of 1,123,384,189 shares after canceling the B shares that have been repurchased on January 11, 2019. For every 10 shares, a cash dividend of RMB 2.00 (including tax) will be distributed to all shareholders. No bonus shares will be sent this year and no capital reserve will be transferred to increase capital. The plan has been implemented on March 13, 2019 (for details, please refer to the announcement of the implementation of the 2018 equity distribution 2019-21).

Explanation of Cash Dividend Distribution Policies	
Comply with the Articles of Association or resolution made at the General Shareholders' Meeting	Yes
Clear and definite distribution standard and proportion	Yes
Decision-making procedure and mechanism	Yes
Independent directors fulfill their duties	Yes
Middle and small shareholders express their opinions and claims. There rights are well protected.	Yes
Cash dividend distribution policies are adjusted or revised according to law	Inapplicable

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

2017: Based on the total share capital of 1,183,642,254 shares on December 31, 2017, the Company distributed a cash dividend of RMB1.50 (including tax) for every 10 shares to all shareholders, for a total of RMB177,546,338.10. No dividend share or capitalization share was issued in the year.

2018: Based on the total share capital of 1,123,384,189 shares after the cancellation of the B shares repurchased on January 11, 2019, the Company distributed a cash dividend of RMB2.00 (including tax) for every 10 shares to all shareholders, and a total of RMB224,676,837.8. No dividend share or capitalization share was issued in the year.

2019: according to the principle of unchanged distribution ratio, based on the total share capital after the market close on the equity registration day when the profit plan is implemented, a cash dividend of RMB0.50 (including tax) is distributed to all shareholders for every 10 shares. No bonus shares will be sent and no capital reserve will be converted into share capital.

The Company is currently implementing the Company's plan to repurchase B shares in 2019. As of the date of this meeting of the Board of Directors, it has repurchased 2,705,700 shares of the Company through centralized bidding through a special account for share repurchase securities. The cancellation of the share capital after the shares repurchased so far is 1,120,678,489 shares as the base for calculation. The total amount of cash dividends is 56,033,924.45 yuan (including tax) (the actual total amount of dividends is based on the total share capital after the market closes on the day of equity registration when the profit distribution plan is implemented. The total amount of dividends calculated by the base shall prevail).

After the Company's profit distribution plan is announced and implemented, if the total share capital changes, the total share capital after the market close on the equity registration date when the profit distribution plan is implemented is used as the base, and the Company's profit distribution will be based on the principle of "fixed cash dividend ratio". The implementation announcement discloses the total amount of dividends calculated based on the total share capital after the market close on the stock registration day when the Company's profit distribution plan is implemented (total stock capital after the market close on the stock registration day = the Company's total share capital at the end of 2019-the Company's repurchase of B shares in 2019 The number of shares repurchased by the plan).

Distribution of cash dividend over the recent three years (including this period)

In RMB

Year	Cash dividend (including tax)	Net profit attributable to shareholders in the consolidated financial statements	Cash Dividend proportion in the net project attributable to shareholders in the consolidated financial statements	Cash dividend paid in other manners (such as repurchase of shares)	Proportion of cash dividends in other ways in the consolidated statement of net profit attributable to shareholders of common stock of listed companies	Total cash dividend (including other manners)	The proportion of total cash dividends (including other methods) to the net profit attributable to shareholders of common shares of listed companies in the consolidated statement
2019	56,033,924.45	347,771,182.73	16.11%	81,918,508.26	23.56%	137,952,432.71	39.67%
2018	224,676,837.80	2,246,164,571.68	10.00%	111,166,053.48	4.95%	335,842,891.28	14.95%
2017	177,546,338.10	1,144,404,441.03	15.51%	0.00	0.00%	177,546,338.10	15.51%

Note: according to the principle of unchanged distribution ratio, based on the total share capital after the market close on the equity registration day when the profit plan is implemented, a cash dividend of RMB0.50 (including tax) is distributed to all shareholders for every 10 shares. No bonus shares will be sent and no capital reserve will be converted into share capital. The amount of cash dividends (including tax) in the above table for 2019 is RMB56,033,924.45, which is calculated based on the Company's total share capital of 1,123,384,189 shares at the end of 2019 after the deduction of 2,705,700 shares as of the end of the current share capital of 1,120,678,489 shares. When the distribution plan is implemented, the total share capital after the market closes on the stock registration day is the total amount of dividends calculated based on the base.

Cash dividend proposed despite the Company records profits in the report period and a positive undistributed profit/

□ Applicable √ Inapplicable

II. Profit Distribution and Reserve Capitalization in the Report Period

√ Applicable □ Inapplicable

Bonus shares for every ten shares	0
Cash dividend for every ten shares (yuan, tax-included)	0.5
Shares capitalized for every 10 shares	0
A total number of shares as the distribution basis	Not sure for now
Cash dividend (including tax)	Not sure for now
Cash dividend paid in other manners (such as repurchase of shares)	81,918,508.26
Proportion of cash dividend in the distributable profit (including other manners)	100%
Cash dividend	
The Company is in a fast growth stage. Therefore, the cash dividend will reach 20% of the profit distribution at least.	
Details of profit distribution or reserve capitalization plan	

The 2019 profit distribution plan is:

according to the principle of unchanged distribution ratio, based on the total share capital after the market close on the equity registration day when the profit plan is implemented, a cash dividend of RMB0.50 (including tax) is distributed to all shareholders for every 10 shares. No bonus shares will be sent and no capital reserve will be converted into share capital.

The Company is currently implementing the Company's plan to repurchase B shares in 2019. As of the date of this meeting of the Board of Directors, it has repurchased 2,705,700 shares of the Company through centralized bidding through a special account for share repurchase securities. The cancellation of the share capital after the shares repurchased so far is 1,120,678,489 shares as the base for calculation. The total amount of cash dividends is 56,033,924.45 yuan (including tax) (the actual total amount of dividends is based on the total share capital after the market closes on the day of equity registration when the profit distribution plan is implemented. The total amount of dividends calculated by the base shall prevail).

After the Company's profit distribution plan is announced and implemented, if the total share capital changes, the total share capital after the market close on the equity registration date when the profit distribution plan is implemented is used as the base, and the Company's profit distribution will be based on the principle of "fixed cash dividend ratio". The implementation announcement discloses the total amount of dividends calculated based on the total share capital after the market close on the stock registration day when the Company's profit distribution plan is implemented (total stock capital after the market close on the stock registration day = the Company's total share capital at the end of 2019-the Company's repurchase of B shares in 2019 The number of shares repurchased by the plan).

III. Performance of promises

1. 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

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

□ Applicable √ Inapplicable

IV. 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.

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

□ Applicable √ Inapplicable

VI. Statement of changes to accounting policies, estimates and audit methods compared with the financial report of the previous year

√ Applicable □ Inapplicable

(1) Changes in accounting policies

On April 30, 2019, the Ministry of Finance issued the "Notice on Revising the Format of General Enterprise Financial Statements for 2019" (Caihui [2019] No. 6), which requires that new financial instruments standards have been implemented but new income standards and new Leasing companies should prepare financial statements as follows:

In the balance sheet, the line items "Bills receivable and accounts receivable" were split into "Bills receivable" and "Accounts receivable"; the item "Finance receivables" was added to reflect fairness on the balance sheet Bills receivable and accounts receivable, whose value is measured and whose changes are included in other comprehensive income; split the "bills payable and accounts payable" line items into "bills payable" and "payables".

In the income statement, a detailed item of "financial asset derecognized gains (losses are listed with"-") measured at amortized cost is added under the investment income item.

On September 19, 2019, the Ministry of Finance issued the "Notice on Revising and Issuing the Format of Consolidated Financial Statements (2019 Version)" (Caihui [2019] No. 16), which will be implemented in conjunction with Caihui [2019] No. 6.

The Company prepared comparative statements in accordance with the financial statement format specified in Caihui [2019] No. 6 and Caihui [2019] No. 16, and changed the presentation of relevant financial statements using the retroactive adjustment method.

The Ministry of Finance issued "Accounting Standards for Enterprises No. 22-Recognition and Measurement of Financial Instruments" (Caihui [2017] No. 7) and "Accounting Standards for Enterprises No. 23-Transfer of Financial Assets" (Cai Accounting [2017] No. 8), "Accounting Standards for Business Enterprises No. 24-Hedging Accounting" (Caihui [2017] No. 9), on May 2, 2017, the "Accounting Standards for Business Enterprises No. 37-Presentation of Financial Instruments" (Caihui [2017] No. 14) (the above standards are hereinafter collectively referred to as "new financial instrument standards"). The domestic listed companies are required to implement the new financial instruments standards from January 1, 2019. The Company implemented the above new financial instrument standards on January 1, 2019, and adjusted the relevant content of the accounting policy. For details, see Note III.9.

If the confirmation and measurement of financial instruments before January 1, 2019 are inconsistent with the requirements of the new financial instrument standards, the Company will retroactively adjust the classification and measurement (including impairment) of financial instruments in accordance with the provisions of the new financial instrument standards. The difference between the original book value of financial instruments and the new book value on the implementation date of the new financial instruments standard (ie, January 1, 2019) is included in retained earnings or other comprehensive income on January 1, 2019. At the same time, the Company has not adjusted the comparative financial statement data.

On May 9, 2019, the Ministry of Finance issued the "Accounting Standards for Business Enterprises No. 7-Exchange of Non-Monetary Assets" (Caihui [2019] No. 8). According to the requirements, the Company Non-monetary asset exchanges that occur will be adjusted in accordance with this standard. Retrospective adjustments will not be made for non-monetary asset exchanges that occurred before January 1, 2019. The Company will implement this standard on June 10, 2019.

On May 16, 2019, the Ministry of Finance issued the "Accounting Standards for Business Enterprises No. 12-Debt Restructuring" (Caihui [2019] No. 9). According to the requirements, the Company's debts that occurred between January 1 and the execution date of 2019 The reorganization is adjusted according to this standard. The debt restructuring before January 1, 2019 will not be retrospectively adjusted. The Company will implement this standard from June 17, 2019.

The cumulative impact of the above accounting policies is as follows:

Due to the implementation of the new financial instruments standards, the Company's consolidated financial statements adjusted the deferred income tax assets of RMB6,594,359.90 on January 1, 2019 accordingly. The amount of related adjustments affecting the parent company's equity in the consolidated financial statements of the Company is RMB-44,571,870.18, of which the surplus reserve is 524,860.03, the undistributed profit is RMB-39,930,304.63, and other comprehensive income is RMB-5,166,425.58. Due to the implementation of the new financial instruments standards, the Company's consolidated financial statements adjusted the deferred income tax assets of RMB-27,391.55 on January 1, 2019 accordingly. The amount of related adjustments affecting the owner 's equity in the financial statements of the parent company of the Company was RMB82,174.65, of which the surplus reserve was RMB524,860.03, undistributed profit was RMB4,723,740.20, and other comprehensive income was RMB-5,166,425.58.

(2) Changes in major accounting estimates

During the reporting period, the Company had no significant changes in accounting estimates.

VII. Statement of retrospective restatement of major accounting errors in the report period

□ Applicable √ Inapplicable

No retrospective restatement of major accounting errors in the report period

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

√ Applicable □ Inapplicable

(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 4 subsidiaries in the current consolidated statement.

(2) In the current period, Xiangdong New Energy Company and Ke Xunda Company were cancelled, and the consolidated statements in this period decreased by 2 subsidiaries.

IX. Engaging and dismissing of CPA

CPA engaged currently

Domestic public accountants name	RSM Thornton (limited liability partnership)
Remuneration for the domestic public accountants (in RMB10,000)	150
Consecutive years of service by the domestic public accountants	1
Name of certified accountants of the domestic public accountants	Chen Zhaoxin, Zeng Hui
Consecutive years of service by the domestic public accountants	Chen Zhaoxin has provided the audit service for 3 years Zenghui for 2 year
Overseas public accountants name (if any)	None
Remuneration for the overseas public accountants (in RMB10,000)	0

Consecutive years of service by the overseas public accountants (if any)	None
Name of certified accountants of the overseas public accountants (if any)	None
Consecutive years of service by the domestic public accountants	None

Whether the CPA is replaced

√ Yes □ No

Whether the CPA is replaced in the auditing period

□ Yes √ No

Whether the approval process is completed to replace the CPA

√ Yes □ No

Details of the CPA replacement and change

In view of the Company's 2018 financial statements and internal control audit team leaving Zhitong Certified Public Accountants (special general partnership) has now joined Huapu Tianjian Certified Public Accountants (special general partnership) (hereinafter referred to as "Huapu Tianjian"), and Huapu Tianjian accounting firm (special general partnership) was officially renamed as Rongcheng Certified Public Accountants (special general partnership) on June 10, 2019. In order to maintain the continuity of the audit work, and based on the audit team's 2018 audit work and service awareness, professional ethics and performance ability, the Company agreed to hire Rongcheng Certified Public Accountants (special general partnership) as the Company's 2019 financial statements and internal The auditing agency is controlled with an audit fee of RMB 1.5 million and a one-year employment period. The independent directors of the Company issued independent opinions that were approved in advance, and had passed the 17th meeting of the eighth directors and the first extraordinary general meeting of 2019 held on August 16, 2019 and December 16, 2019.

Engaging of internal control audit CPA, financial advisor and sponsor

√ Applicable □ Inapplicable

This year, the Company engaged RSM China (limited liability partnership) as the financial statement and internal control auditing CPA with a fee of RMB1.5 million.

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

□ Applicable √ Inapplicable

XI. Bankruptcy and capital reorganizing

□ Applicable √ Inapplicable

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

XII. Significant lawsuit and arbitration

□ Applicable √ Inapplicable

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

XIII. Punishment and rectification

□ Applicable √ Inapplicable

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

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

√ Applicable □ Inapplicable

During the reporting period, the Company, its controlling shareholders, and actual controllers did not fail to fulfill the court's effective judgment, and the large amount of debt due and unpaid.

XV. 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

XVI. 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.

XVII. 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 RMB74,929,720.58.

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 and subsidiaries (exclude those made for subsidiaries)								
None								
Guarantee provided to subsidiaries								
Guarantee provided to	Date of disclosure	Guarantee amount	Actual date	Actual amount of guarantee	Type of guarantee	Term	Completed or not	Related party
Fangda Jianke	April 24, 2018	30,000	August 28, 2018	15,153.05	Joint liability	since engage of contract to 2 years upon due of debt	No	Yes

Fangda Jianke	January 30, 2019	40,000	April 17, 2019	22,872.02	Joint liability	since engage of contract to 2 years upon due of debt	No	Yes
Fangda Jianke	January 30, 2019	30,000	August 01, 2019	3,917.83	Joint liability	since engage of contract to 2 years upon due of debt	No	Yes
Fangda Jianke, Fangda Zhichuang and the Company	January 30, 2019	90,000	March 26, 2019	24,130.61	Joint liability	since engage of contract to 2 years upon due of debt	No	Yes
Fangda Jianke	January 30, 2019	25,000	August 20, 2019	9,991.92	Joint liability	since engage of contract to 2 years upon due of debt	No	Yes
Fangda Jianke and Fangda Zhichuang	January 30, 2019	14,000	December 18, 2019	9,153.71	Joint liability	since engage of contract to 2 years upon due of debt	No	Yes
Fangda Jianke	January 30, 2019	10,000	June 21, 2019	868.71	Joint liability	since engage of contract to 2 years upon due of debt	No	Yes
Fangda Zhichuang	April 24, 2018	21,600	August 06, 2018	25,827.06	Joint liability	since engage of contract to 2 years upon due of debt	No	Yes
Fangda Zhichuang	January 30, 2019	20,000	August 01, 2019		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	12,189.27	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	1,291.14	Joint liability	since engage of contract to 2 years upon due of debt	No	Yes

Fangda New Material	January 30, 2019	6,500	June 27, 2019	3,025.13	Joint liability	since engage of contract to 2 years upon due of debt	No	Yes
Fangda Property	March 23, 2013	130,000	February 3, 2015	69,397.82	Joint liability	since engage of contract to 2 years upon due of debt	No	Yes
Fangda Property	January 30, 2019	20,000	June 19, 2019	15,000	Joint liability	since engage of contract to 2 years upon due of debt	No	Yes
Qingling Technology	January 30, 2019	8,000	July 10, 2019	3,252.33	Joint liability	since engage of contract to 2 years upon due of debt	No	Yes
Total of external guarantee approved in the report term (A1)		468,100		Total of external guarantee actually occurred in the report term (A2)		194,087.55		
Total of external guarantee approved as of end of report term (A3)		468,100		Total of external guarantee actually occurred as of end of report term (A4)		216,070.6		
Guarantee provided to subsidiaries								
Guarantee provided to	Date of disclosure	Guarantee amount	Actual date	Actual amount of guarantee	Type of guarantee	Term	Completed or not	Related party
Total of guarantee provided by the Company (total of the above three)								
Total of guarantee approved in the report term (A1+B1+C1)		468,100		Total of guarantee occurred in the report term (A2+B2+C2)		194,087.55		
Total of guarantee approved as of end of report term (A3+B3+C3)		468,100		Total of guarantee occurred as of the end of report term (A4+B4+C4)		216,070.6		
Percentage of the total guarantee occurred (A4+B4+C4) on net asset of the Company				41.69%				
Including:								
Note of immature guarantee with guarantee liabilities or possible joint damage liabilities in the report period				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. Entrusted cash capital management

(1) Wealth management

√ Applicable □ Inapplicable

Wealth management during the reporting period

In RMB10,000

Type	Source of fund	Amount	Undue balance	Due balance to be recovered
Bank financial products	Self-owned fund	54,828	1,033.01	0
Total		54,828	1,033.01	0

Specific circumstances of high-risk entrusted financing with large individual amount or low security, poor liquidity, and no cost protection

□ Applicable √ Inapplicable

Entrusted financial management expected to fail to recover the principal or likely result in impairment

□ Applicable √ Inapplicable

(2) Trusted loans

√ Applicable □ Inapplicable

Overview of entrusted loans during the reporting period

In RMB10,000

Total entrusted loans	Source of funds for entrusted loans	Undue balance	Due balance to be recovered
2,000	Self-owned fund	0	0

Specific circumstances of high-risk entrusted loan with large individual amount or low security, poor liquidity, and no cost protection

□ Applicable √ Inapplicable

Entrusted loans expected to fail to recover the principal or likely result in impairment

□ Applicable √ Inapplicable

4. Other significant contract

□ Applicable √ Inapplicable

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

XVI Social responsibilities

1. Fulfillment of social responsibilities

The Company has disclosed the "2019 Social Responsibility Report", the details of which were published on the http://www.cninfo.com.cn on April 18, 2020.

2. Performance of poverty relieving responsibilities

(1) Annual poverty relieving summary

In 2019, the Company used funds for precision poverty alleviation projects of RMB2,314,000 as follows:
1. donated RMB20,000 to two poverty-stricken villages in Luxi County, Pingxiang City, Jiangxi Province for the construction of public facilities;
2. Donated RMB2,000 to the Social Assistance Center of Luxiang Town, Jinshan District, Shanghai for charity assistance activities.
3. 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;
4. The Company donated RMB15,000 to the poor students at Zhenglong village, Shahe county, Zhanggong district, Ganzhou city, Jiangxi province.
5. The Company donated RMB102,500 to the Jiangxi Kaixuan Foundation to help the poor students in Suichuan county, Ji'an city and Jiangxi province.
6. The Company donated RMB1,500 to the CPC Shenzhen Property Management Industry Committee to purchase measure equipment for the health center in the Liangshan Yi Autonomous Prefecture, Sichuan province.
7. Donated RMB30,000 to the youth activities of Dakang Community in Longgang, Shenzhen, and donated RMB33,000 to elderly caring activities.
8. Donated RMB500,000 to Pingxiang City Charity Association of Jiangxi Province for the development of lily industry in Shanbei Village, Liushi Township, Lianhua County, and Tianyu Village, Fanglou Town, Lianhua County.
9. Donated RMB1.5 million to the Nanshan District Charity Association of Shenzhen City, of which RMB500,000 were used for targeted poverty alleviation projects in Tianyang County, Baise City, Guangxi Province.
10. Donated RMB20,000 to the Longgang District Charity Association of Shenzhen City for the installation of road lights in Chenguang Town, Xunwu County, Jiangxi Province.
11. donated RMB20,000 to two poverty-stricken villages in Luxi County, Pingxiang City, Jiangxi Province for the construction of public facilities;

(2) Result of targeted poverty alleviation

Specifications	Unit	Qty/Description
1. General situation	——	——
Including: 1. Fund	(in RMB10,000)	231.4
II. Investment	——	——
1. Industry development poverty relief	——	——
Including: 1.1 Industry development projects	——	Rural and forestry industry poverty allivetion

1.2 Number of industry development projects	Item	1
1.3 Amount of industry development fund	(in RMB10,000)	50
2. Employment transfer	——	——
3. Relocation	——	——
4. Education	——	——
Including: 4.1 Sponsor to students from poor families	(in RMB10,000)	11.75
4.2 Number of students	People	16
5. Health care support	——	——
Including: 5.1 Contribution to health care sources in poor areas	(in RMB10,000)	10.15
6. Eco-protection support	——	——
7. Last-line guarantee	——	——
8. Social poverty relieving	——	——
8.2 Targeted poverty alleviation investment amount	(in RMB10,000)	159.5
9. Others	——	——
III. Prizes	——	——

(3) Further property relief plans

In early 2020, the Company donated RMB3 million to the Jiangxi Provincial Red Cross Foundation, Wuhan Red Cross Society and other units for the prevention and control of the new coronary pneumonia epidemic, and to support medical personnel who stayed on the front line of the epidemic to purchase supplies and incentives for frontline medical staff. During the New Coronary Pneumonia epidemic, the Company reduced or exempted the rent for more than RMB2 million and donated 50,000 masks to the Xinjian District of Nanchang.

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

3. 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.

XIX. Other material events

√ Applicable □ Inapplicable

1. On January 11, 2019, the Company's second repurchase of B shares of 32,097,497 shares in 2018 was completed. For details, please refer to the Company's publication on www.cninfo.com.cn on January 15, 2019 "Announcement on Completion of Cancellation of Share Repurchase".

2.The Company convened the 19th meeting of the eighth board of directors and the first extraordinary general meeting of shareholders on November 28, 2019 and December 16, 2019 respectively. The plan for listing foreign shares (B shares) ", and the first repurchase was made on April 3, 2020. The specific content has been published on the www.cninfo.com.cn. For details, please refer to the "Announcement on the Resolutions of the Nineteenth Meeting of the Eighth Board of Directors" on November 30, 2019, and on December 17, 2019 "Announcement on Resolutions of the First Extraordinary General Meeting of 2019" and "Announcement on the First Share Repurchase" on April 7, 2020.

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

Qualifications in the decoration industry:

No.	Qualification	Effectiveness
1	Construction curtain wall designing class A	Until April 16, 2020
2	Construction curtain wall contracting class A	Until February 3, 2021
3	Construction decoration contracting class B	Until March 4, 2021
4	Steel structure engineering contracting class B	Until March 4, 2021
5	Construction mechanical and electric equipment installation contracting class C	Until March 4, 2021
6	City and road lighting engineering contracting class C	Until March 4, 2021

The Company's "Special Grade A in Architectural Curtain Wall Engineering Design" qualification expires on April 16, 2020. The Company has completed the extension on March 16, 2020 upon application, and the extension is valid until March 16, 2025. In addition, other qualifications do not exist when the validity period of 2020 expires.

In the report period, the Company's safety management is normal. The Company pays large attention to employees' safety awareness and capabilities of emergency processing. The Company has strengthened safety production and investigation of safety risks. The Company has formulated safety management guidelines to guide safety management. There was no significant safety accidents in the report period.

XX. Material events of subsidiaries

□ Applicable √ Inapplicable

Chapter VI 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	1,417,243	0.12%				14,325	14,325	1,431,568	0.13%
3. Other domestic shares	1,417,243	0.12%				14,325	14,325	1,431,568	0.13%
Domestic natural person shares	1,417,243	0.12%				14,325	14,325	1,431,568	0.13%
II. Shares without trading limited conditions	1,154,064,443	99.88%				-32,111,822	-32,111,822	1,121,952,621	99.87%
1. Common shares in RMB	678,298,229	58.70%				-14,325	-14,325	678,283,904	60.38%
2. Foreign shares in domestic market	475,766,214	41.17%				-32,097,497	-32,097,497	443,668,717	39.49%
III. Total of capital shares	1,155,481,686	100.00%				-32,097,497	-32,097,497	1,123,384,189	100.00%

Reasons

√ Applicable □ Inapplicable

1. The Company completed the second repurchase of B shares in 2018 through centralized bidding from December 19, 2018 to January 3, 2019. The cumulative number of repurchases was 32,097,497 shares, and it was in China on January 11, 2019. The Shenzhen Branch of the Securities Registration and Clearing Co., Ltd. completed the share repurchase and cancellation procedures, and the total share capital was reduced from 1,155,481,686 shares to 1,123,384,189 shares.

2. Mr. Yin Changjian, the former employee representative supervisor of the Company, applied for resignation. On December 28, 2018, Mr. Ye Zhiqing was elected as the employee representative supervisor of the eighth supervisory committee of the Company by the employee meeting of the Company. He held 19,100 A shares of the Company since 2019. As of January 2, 14,325 shares of the executive lock-in shares were restricted, so the Company's restricted shares increased by 14,325 shares and non-restricted shares decreased by 14,325 shares.

Approval of the change

√ Applicable □ Inapplicable

1. For the Company's second repurchase of B shares in 2018, the tenth meeting of the eighth board of directors and the first

extraordinary general meeting of 2018 held on September 10, 2018 and September 27, 2018 Consideration by.

2. On December 28, 2018, Mr. Ye Zhiqing was elected as the employee representative supervisor of the Company's eighth session of the Supervisory Committee by the Company's employee meeting.

Share transfer

√ Applicable □ Inapplicable

1. The 32,097,497 B shares repurchased by the Company for the second time in 2018 have completed the share repurchase cancellation procedures at the China Securities Depository and Clearing Co., Ltd. Shenzhen Branch on January 11, 2019.

2. On December 28, 2018, Mr. Ye Zhiqing was elected as the employee representative supervisor of the Company's eighth board of supervisors by the employee meeting of the Company. He held 19,100 A shares of the Company. Since January 2, 2019, 14,325 shares have been Lock up shares with limited sales conditions.

Progress in the implementation of share repurchase

√ Applicable □ Inapplicable

The 32,097,497 B shares repurchased by the Company for the second time in 2018 have completed the share repurchase cancellation procedures at the China Securities Depository and Clearing Co., Ltd. Shenzhen Branch on January 11, 2019.

Period	Number of shares	Fund used	Highest price (HKD / share)	Lowest price (HKD / share)	Date of cancellation
From December 19, 2018 to January 3, 2019	32,097,497	113,012,632.21	3.58	3.24	2019-1-11

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

In share

Shareholder name	Conditional shares at beginning of the period	Increased this period	Released this period	Conditional shares at end of the period	Reason of condition	Date of releasing
Ye Zhiqing	0	14,325	0	14,325	Newly elected employee representative supervisor	25% of the annual shareholding is released from the sale

Total	0	14,325	0	14,325	--	--

II. Share placing and listing

1. Securities issuance (excluding preference shares) during the report period

□ Applicable √ Inapplicable

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

√ Applicable □ Inapplicable

1. The Company completed the second repurchase of B shares in 2018 through centralized bidding from December 19, 2018 to January 3, 2019. The cumulative number of repurchases was 32,097,497 shares, and it was in China on January 11, 2019. The Shenzhen Branch of the Securities Registration and Clearing Co., Ltd. completed the share repurchase and cancellation procedures, and the total share capital was reduced from 1,155,481,686 shares to 1,123,384,189 shares.

2. Mr. Yin Changjian, the former employee representative supervisor of the Company, applied for resignation. On December 28, 2018, Mr. Ye Zhiqing was elected as the employee representative supervisor of the eighth supervisory committee of the Company by the employee meeting of the Company. He held 19,100 A shares of the Company since 2019. As of January 2, 14,325 shares of the executive lock-in shares were restricted, so the Company's restricted shares increased by 14,325 shares and non-restricted shares decreased by 14,325 shares.

3. Current employees' shares

□ Applicable √ Inapplicable

III. Shareholders and the substantial controller of the Company

1. Shareholders and shareholding

In share

Number of shareholders of common shares at the end of the report period	67,777	Total number of ordinary share shareholders at the end of the month before the disclosure date of the annual report	63,114	Number of shareholders of preferred stocks of which voting rights recovered in the report period	0	Total number of shareholders of preference shares of which voting rights resumed at the end of the month before the disclosure date of the annual report	0
Shareholders holding 5% of the Company's shares or top-10 shareholders							

Shareholder name	Nature of shareholder	Shareholding percentage	Number of shares held at the end of the reporting period	Change in the reporting period	Conditional shares	Amount of shares without sales restriction	Pledging or freezing	
							Share status	Quantity
Shenzhen Banglin Technologies Development Co., Ltd.	Domestic non-state legal person	10.22%	114,842,654	1,640,500	0	114,842,654	Pledged	32,860,000
Shengjiu Investment Ltd.	Foreign legal person	9.23%	103,694,029	9,818,391	0	103,694,029		
Fang Wei	Domestic natural person	3.12%	35,045,539	434,086	0	35,045,539		
Gong Qing Cheng Shi Li He Investment Management Partnership Enterprise (limited partner)	Domestic non-state legal person	2.38%	26,791,488	0	0	26,791,488		
VANGUARD EMERGING MARKETS STOCK INDEX FUND	Foreign legal person	0.71%	7,946,483	0	0	7,946,483		
Shenwan Hongyuan Securities (Hong Kong) Co., Ltd.	Foreign legal person	0.68%	7,631,296	-12,247,851	0	7,631,296		
SUN HUNG KAI INVESTMENT SERVICES LTD	Foreign legal person	0.62%	6,916,495	-3,252,507	0	6,916,495		
VANGUARD TOTAL INTERNATIONAL STOCK	Foreign legal person	0.52%	5,872,007	-153951	0	5,872,007		

INDEX FUND								
Essence International Securities (Hong Kong) Co., Ltd.	Foreign legal person	0.42%	4,727,707	-742,293	0	4,727,707		
Qu Chunlin	Domestic natural person	0.38%	4,307,011	456,950	0	4,307,011		
A strategic investor or ordinary legal person becomes the Top10 shareholder due a stock issue.		None						
Notes to top ten shareholder relationship or "action in concert"		Among the shareholders, Shenzhen Banglin Technology Development Co., Ltd. and Shengjiu Investment Co., Ltd. are parties action-in-concert. Shenzhen Banglin Technology Development Co., Ltd. and 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 holders of unconditional shares

Shareholder name	Amount of shares without sales restriction	Category of shares	
		Category of shares	Quantity
Shenzhen Banglin Technologies Development Co., Ltd.	114,842,654	RMB common shares	114,842,654
Shengjiu Investment Ltd.	103,694,029	Foreign shares listed in domestic exchanges	103,694,029
Fang Wei	35,045,539	RMB common shares	35,045,539
Gong Qing Cheng Shi Li He Investment Management Partnership Enterprise (limited partner)	26,791,488	RMB common shares	26,791,488
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.	7,631,296	Foreign shares listed in domestic exchanges	7,631,296
SUN HUNG KAI INVESTMENT SERVICES LTD	6,916,495	Foreign shares listed in	6,916,495

		domestic exchanges	
VANGUARD TOTAL INTERNATIONAL STOCK INDEX FUND	5,872,007	Foreign shares listed in domestic exchanges	5,872,007
Essence International Securities (Hong Kong) Co., Ltd.	4,727,707	Foreign shares listed in domestic exchanges	4,727,707
Qu Chunlin	4,307,011	RMB common shares	4,307,011
No action-in-concert or related parties among the top10 unconditional shareholders and between the top10 unconditional shareholders and the top10 shareholders	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 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

2. Profile of the controlling shareholders

Shareholder nature: natural person holding

Type of shareholder: legal person

Name of controlling shareholder	Legal representative/responsible person	Date of establishment	Organization code	Main business
Shenzhen Banglin Technologies Development Co., Ltd.	Chen Jinwu	Jun. 7, 2001	914403007298400552	Industrial investment, developing of electronic products, technical consulting, domestic commerce, material trading

Changes in the controlling shareholder in the reporting period

□ Applicable √ Inapplicable

No change in the controlling shareholder in the report period

3. Actual controller and persons acting in concert

Nature of actual controller: domestic natural person

Type of actual controller: natural person

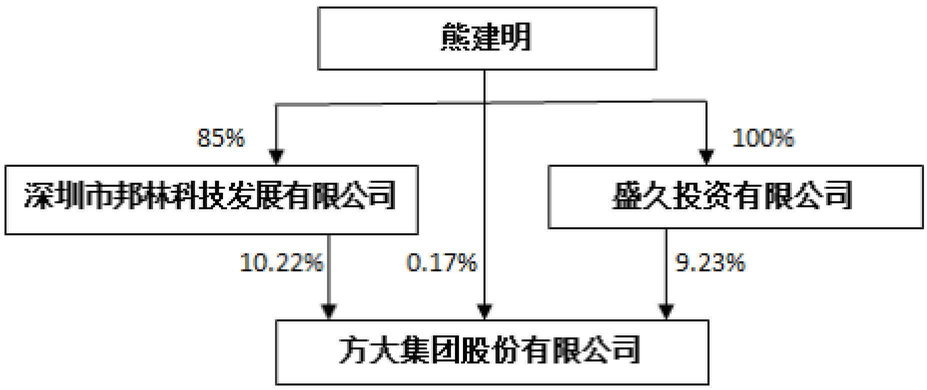
Name of substantial controller	Relationship with the actual controller	Nationality	Right of residence in another country or region
Xiong Jianming	Himself	Chinese	No
Job and position	Chairman of the Board and president of the Company over the past 5 years		
Profiles of domestic and overseas listed companies in which the controller held shares	The controller held no share in other listed companies in the last ten years.		

Change in the actual controller in the report period

□ Applicable √ Inapplicable

No change in the actual shareholder in the report period

7. Chart of the controlling relationship



Controlling over the Company by the substantial controller through trust or other asset management

□ Applicable √ Inapplicable

4. Other legal person shareholders with over 10% of total shares

□ Applicable √ Inapplicable

5. Conditional decrease of shareholding by controlling shareholder, actual controller, reorganizer and other entities

□ Applicable √ Inapplicable

Chapter VII Preferred Shares

□ Applicable √ Inapplicable

The Company had no preferred share in the report period.

VIII. Information about the Company’s Convertible Bonds

□ Applicable √ Inapplicable

No convertible bonds in the report period

Chapter IX Particulars about the Directors, Supervisors, Senior Management and Employees

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

PRINTED NAME	Position	Job status	Sex	Age	Starting date of the term	End date of the term	Number of shares held at beginning of the period	Increased shares in this period (share)	Decreased shares in this period (share)	Other increase and decrease (share)	Number of shares held at end of the period
Xiong Jianming	Chairman, president	In office	M	62	November 20, 1995	2020	1,889,657				1,889,657
Lin Kebin	Director	In office	M	42	April 11, 2017	2020					
Lin Kebin	Vice president	In office	M	42	June 06, 2008	2020					
Zhou Zhigang	Director	In office	M	57	April 9, 2007	2020					
Zhou Zhigang	Vice president	In office	M	57	April 11, 2017	2020					
Zhou Zhigang	Secretary of the Board	In office	M	57	October 22, 2003	2020					
Xiong Jianwei	Director	In office	M	51	April 16, 1999	2020					
Guo Wanda	Independent director	In office	M	54	March 31, 2014	2020					
Deng Lei	Independent director	In office	M	41	February 16, 2016	2020					
Guo Jinlong	Independent director	In office	M	58	April 11, 2017	2020					

Dong Gelin	Supervisory Committee meeting convener	In office	M	41	December 28, 2018	2020					
Dong Gelin	Supervisor	In office	M	41	April 11, 2017	December 28, 2018					
Cao Naisi	Supervisor	In office	F	41	April 11, 2017	2020					
Ye Zhiqing	Supervisor	In office	M	45	December 28, 2018	2020	19,100				19,100
Wei Yuexing	Vice president	In office	M	51	Jul. 29, 2011	2020					
Total	--	--	--	--	--	--	1,908,757	0	0	0	1,908,757

II. Changes in the Directors, Supervisors and Senior Executives

□ Applicable √ Inapplicable

III. Office Description

Professional background, work experience and main duties in the Company of existing directors, supervisors and senior management

1. Mr. Xiong Jianming: PHD Management; senior engineer; part-time professor of Beijing Institute of Civil Engineering and Architecture and Nanchang University. He is now the chairman and CEO of the Company, representative of the 13th National People's Congress and the 6th Shenzhen People's Congress, president of the Shenzhen Semi-conductor Lighting Industry Promotion Association, chairman of Shenzhen Jiangxi Commerce Chamber, chairman of Shenzhen Nanshan District Industry and Commerce Association and honorary chairman of Shenzhen Nanshan District Charity. He was once employed by Jiangxi Provincial Machinery Design Academe, Administration Bureau of Shekou District of Shenzhen government, etc, deputy to the 10th People’s Congress of Guangdong Province, deputy to the 2nd and 3rd People’s Congress of Shenzhen City.

2. Mr. Lin Kebin holds a bachelor’s degree. At present he is a director, the Vice President and CFO of the Company.

3. Mr. Xiong Jianwei: MBA. He is a director of the Company, Chairman of the Board of Director of Fangda Jianke and a member of the 14th Nanchang CPPCC Standing Committee.

4. Mr. Zhou Zhigang, bachelor’s degree. He is currently a director, vice president, Secretary of Board. He was once the head of the marketing department, general manager of the corporate management center and general manager of the Human Resource Department.

5. Mr. Guo Wanda: He is an Economics Ph. D and researcher. General development research institute (China) As the executive deputy president of China Development Institute, he has studied in macro-economy, industry policies and enterprise development strategies for years and provided consulting services. He is an independent director of the Company.

6. Mr. Deng Lei is a law Ph. D and post-doctor in the financial securities law of Shenzhen Stock Exchange. He is now a senior partner of Guangdong China Commercial Law Firm. He is an independent director of the Company. He was once the vice director of Corporate Law Affair Commission of Shenzhen Lawyer Association.

7. Guo Jinlong: master's degree, CPA. He was a member of the fifth session of the CPPCC of Shenzhen City. He is currently the deputy to the sixth session of the People's Congress of Shenzhen, vice chairman of Guangdong Certified Public Accountants

Association (limited liability partnership), partner of ShineWing Certified Public Account, and an independent director of the Company. He was a former member of the 5th CPPCC Shenzhen.

Mr. Dong Gelin: bachelor's degree, a senior engineer, the Supervisory Committee meeting convener and deputy technical director. He was once a designer of Shenzhen Fangda Jianke, a wholly-owned subsidiary of the Company, chief engineer of the designing institution, assistant to the general manager, and general manager of Beijing branch of Fangda Jianke. He is now the vice general manager of Fangda Jianke.

9. Ms. Cao Naisi: Bachelor's degree, intermediate economist, currently Supervisor of the Company and Deputy General Manager of Fangda Jianke. She once served as the securities affairs representative of the Company, the director of the audit and supervision department, the deputy director of the human resources department, the general manager of Fangda Jianke Beijing Branch, the general manager of Fangda Jianke South China Branch and so on.

10. Mr. Ye Zhiqing holds a Bachelor degree and is a senior engineer. He is currently the Supervisor of the Company, Vice Minister of Enterprise Management Department, and General Manager of Shanghai Branch of Fangda Jianke Company.

Offices held at shareholders entitie

√ Applicable □ Inapplicable

Name	Shareholder entity	Office	Starting date of the term	End date of the term	Whether any remuneration is paid at the shareholder entity
Xiong Jianming	Shengjiu Investment Ltd.	Chairman	Oct. 6, 2011		No
Wei Yuexing	Gong Qing Cheng Shi Li He Investment Management Partnership Enterprise (limited partner)	Executive partner	December 20, 2016		No
Office description	None				

Offices held at other entities

√ Applicable □ Inapplicable

Name	Entity name	Office	Starting date of the term	End date of the term	Whether any remuneration is paid at the shareholder entity
Guo Wanda	General development research institute (Shenzhen, China)	Standing vice president	July 01, 2007		Yes
Guo Wanda	Shenzhen Baode Technology Group Co., Ltd.	Independent director	June 06, 2008		Yes
Guo Wanda	Hercules Logistics	Independent director	November 01, 2013		Yes
Guo Wanda	Shenzhen Aotexun Power Equipment Co. Ltd.	Independent director	March 27, 2017		Yes

Guo Wanda	Meiyingsen Group Co., Ltd.	Independent director	November 25, 2019		Yes
Deng Lei	Guangdong China Commercial Law Firm	Senior partner	November 01, 2015		Yes
Deng Lei	Wuhan Gaode Infrared Co., Ltd.	Independent director	April 23, 2015		Yes
Deng Lei	Shenzhen Haimingrun Industrial Co., Ltd.	Independent director	November 18, 2014		Yes
Deng Lei	Shenzhen Huaqiang Industrial Co. Ltd.	Independent director	13 April 2018		Yes
Deng Lei	Shenzhen Hongtao Decoration Engineering Co., Ltd.	Independent director	22 May 2019		Yes
Deng Lei	Shenzhen Honey Network Technology Co., Ltd.	Supervisor	16 August 2013		No
Guo Jinlong	ShineWing Certified Public Accountants (limited liability partnership)	Partner	1 October 2005		Yes
Office description	The above-mentioned three are independent directors of the Company.				

Penalties given by existing securities regulators on directors, supervisors and senior management and those who have resigned in the report period

√ Applicable □ Inapplicable

Guo Jinlong, an independent director, was administratively punished by the CSRC in December 2017 for warning and $50,000 fine.

IV. Remunerations of the Directors, Supervisors and Senior Executives

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

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

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

Payment on monthly basis

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

In RMB10,000

PRINTED NAME	Position	Sex	Age	Job status	Total remuneration	Remuneration from related parties

Xiong Jianming	Chairman, president	M	62	In office	224.65	No
Xiong Jianwei	Director	M	51	In office	108.99	No
Lin Kebin	Director, vice president	M	42	In office	107.79	No
Zhou Zhigang	Director, vice president secretary of the Board	M	57	In office	83.93	No
Guo Wanda	Independent director	M	54	In office	8	No
Deng Lei	Independent director	M	41	In office	8	No
Guo Jinlong	Independent director	M	58	In office	8	No
Dong Gelin	Supervisory Committee meeting convener	M	41	In office	71.89	No
Cao Naisi	Supervisor	F	41	In office	59.68	No
Ye Zhiqing	Supervisor	M	45	In office	77.85	No
Wei Yuexing	Vice president	M	51	In office	106.83	
Total	--	--	--	--	865.61	--

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

□ Applicable √ Inapplicable

5. Employees

1. Staff number, professional composition and education

Staff number of the parent	64
Staff number of major subsidiaries	2,113
Total staff number	2,395
Number of employees receiving remuneration in the period	2,395
Resigned and retired staff number to whom the parent and major subsidiaries need to pay remuneration	0
Professional composition	
Categories of professions	Number of people
Production	1,002

Sales & Marketing	85
Technicians	1,072
Finance & Accounting	65
Administration	171
Total	2,395
Education	
Categories of education	Number of people
High school or below	1,128
College diploma	435
Bachelor	814
Master's degree	17
Doctor's degree	1
Total	2,395

2. Remuneration policy

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

3. Training program

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

4. Labor outsourcing

√ Applicable □ Inapplicable

Total number of hours of labor outsourcing	13,243,551.92
Total remuneration paid for labor outsourcing (RMB)	426,978,757.21

Chapter X Corporation Governance

1. Overview

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

Major difference between the actual corporate governance and regulations on corporate governance of listed companies issued by CSRC

□ Yes √ No

There is no major difference between the actual corporate governance and regulations on corporate governance of listed companies issued by CSRC.

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

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

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

(3) In assets, the Company owns its production, supplementary production system and accessory equipments independently, and possesses its own industrial properties, non-patent technologies, and trademark.

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

(5) In accounting, the Company has its own independent accounting and auditing division, established independent and completed accounting system and management rules, has its own bank account, and exercise its liability of taxation independently.

3. Competition

□ Applicable √ Inapplicable

4. 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%	19 February 2019	20 February 2019	Notice on Resolutions of the Annual Shareholders' Meeting (2018) (2019-19) released on www.cninfo.com.cn
1st Provisional Shareholders' Meeting 2019	Extraordinary shareholders' meeting	21.91%	16 December 2019	17 December 2019	Notice on Resolutions of the 1st Extraordinary Shareholders' Meeting in 2019 (2019-47)

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

□ Applicable √ Inapplicable

V. Performance of independent directors during the report period

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

Independent directors' presenting of board meetings and shareholders' meetings in the report period							
Name of independent director	Time of board meetings should have attended	Number of board meetings attended	Presented by telecom	Number of board meetings attended by proxy	Number of board meetings not attended	Absent for two consecutive meetings	Number of shareholders' meetings attended
Guo Wanda	8	4	4	0	0	No	1
Deng Lei	8	4	4	0	0	No	2
Guo Jinlong	8	4	4	0	0	No	1

Statement for absence for two consecutive board meetings

None

2. Objection raised by independent directors

Any objection raised by independent directors against the Company's related issues

□ Yes √ No

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

3. Other statement for performance of independent directors

Adoption of suggestion proposed by independent directors

√ Yes □ No

Statement for suggestion adopted or not by the Company

During the reporting period, the Company’s independent directors strictly followed the relevant laws, regulations and the “Articles of Association” and paid attention to the Company’s operations, attended the Company’s Board of Directors and shareholders’ meeting, and all the independent directors carefully reviewed the various proposals of the Company’s Board of Directors and performed their duties conscientiously. The development decision has put forward constructive opinions or suggestions, and has issued independent opinions on the improvement of the Company's system and major business management matters, corporate guarantees, profit distribution, use of raised funds, etc. Independent directors have adopted the Company’s relevant recommendations. It has played an active role in safeguarding the interests of the Company and small and medium shareholders.

VI. Performance of specific committees under the Board

(1) Performance of the Development Strategy Committee

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

1. On January 28, 2019, the Company held the 4th meeting of the 8th Development Strategy Commission to listen to the report on production and operation in 2018 and production and operation plan for 2019.

2. On August 16, 2019, the 5th meeting of the Development Strategy Committee of the 8th term of the Board was held to view the Company’s production and operation in the first half of 2019 and studied the fulfillment of the business plan in the first half of the year and places to be improved in the second half.

(2) Performance of the Auditing Committee

During the report period, six Auditing Committee meetings are held to review issues including the arrangement of audit, regular financial reports, engaging the CFA, and foreign exchange derivatives trading. Details of the meetings are disclosed as follows:

1. On January 24, 2019, the 8th meeting of the Auditing Committee of the 8th term of the Board was held to review the financial statements with the initial opinion issued by the CFA for 2018 and approve the auditor report issued by the CFA. After the CFA issued to final auditor’s opinion, the Auditing Committee submitted the resolution on the annual financial statements to the Board and issued the summary report on the auditing of the CFA for this year.

2. On January 28, 2019, the Company convened the ninth meeting of the 8th Board of Directors Audit Committee. The meeting heard the financial and internal audit reports for 2018 and considered and adopted (1) the audited financial and financial statements for 2018. (2) On the Company's 2018 internal audit work plan; (3) Report on the self-evaluation of the Company's internal control in 2018. The audit committee suggests that the internal audit body should increase communication with the audit committee to help the committee better under the Company's condition and make higher requirements on the audit quality. The members of the audit committee gave professional advice on improving the Company's processes, optimizing the system, and risk prevention from various perspectives based on their own experience in different industries. They also put forward higher requirements for the Company's future internal control work.

3. On April 19, 2019, the Company convened the tenth meeting of the 8th Board of Directors Audit Committee to consider and approve the financial and accounting statements of the Company in the first quarter of 2019.

4. On August 16, 2019, the Company held the 6th meeting of the Audit Committee of the 11th Board of Directors and reported to the members on the financial work and internal audit work report for the first half of 2018. Reviewed and adopted (1) the

Company's financial statements for 2019; (2) The proposal of the Company to consider the appointment of audit institutions in 2019.

1. On October 24, 2019, the 12th meeting of the Auditing Committee of the 8th term of the Board was held to review the financial statements with the initial opinion issued by the CFA for 2019 and approve the auditor report issued by the CFA.

6. On 28 November 2019, the Company convened the thirteenth meeting of the 8th Board of Directors Audit Committee to consider and adopt (1) the feasibility analysis report on foreign exchange derivatives trading; (2) A bill on the transaction of foreign exchange derivatives.

(3) Performance of the Remuneration and Assessment Committee

During the reporting period, the Remuneration and Appraisal Committee of the Board of Directors held the second meeting of the Remuneration and Appraisal Committee of the 8th Board of Directors on January 28, 2019 according to the "Working Rules of the Remuneration and Appraisal Committee" formulated by the Company and reviewed the proposal for 2018 annual remuneration of supervisors and senior management personnel.

VII. Performance of Supervisory Committee

(1) Risks for the Company discovered by the Supervisory Committee

□ Yes √ No

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

(2) The Supervisory Committee' Work Report 2019

In 2019, the Supervisory Committee performed its duties and obligations in supervision and protect shareholders' and the Company's interests in accordance with the Company Law, Share Listing Rules, Articles of Association and Rules of the Procedure of the Supervisory Committee. The 2019 supervisory committee's work plan is as follows:

1. Opinions

(1) Legal compliance

In the report period, the Company has been operated in accordance with law. The convening of meeting of the Board and the decision-making process are compliant with law, regulations and Articles of Association; the internal control system is solid. Directors and senior management have performed their obligations. No violation against law, regulations, Articles of Association and interests of the Company and shareholders was discovered.

(2) Financial condition

During the period, the accounting management has been compliant with the Accounting Law, Enterprise Accounting Standard. No false, misleading statement or significant omission was found in financial statements. The financial reports of the Company reflect the Company's financial position, operation performance, cash flows and major risks truthfully, accurately and completely. The CPA has issued the standard auditor's report in 2019, which is objective, fair and truthful. It reflects the Company's financial position and operation performance.

(3) Implementation of internal control

The design and operation of the internal control is effective and meets the Company's management and development requirements. It can ensure the truthfulness, lawfulness, completeness of the financial materials and ensure the safety and completeness of the Company's property. In 2019, there was no violation by the Company against the Operation Regulations for Listed Companies in the Main Board of Shenzhen Stock Exchange and the Company's internal control system. The 2019 Internal Control Self-evaluation Report truthfully and objectively reflects the establishment, implementation and improvement of the Company's internal control system. There are no significant or important problems in the financial and non-financial reports in the report period.

2. Meetings and resolutions of the supervisory meeting in the report period:

Four meetings were held in 2019, all of which are on-site meetings. All proposal were approved and disclosed as required:

No.	Meeting	Date	Convening	Topic

			method	
1	9th meeting of the 8th Supervisory Committee	20.04.18	On-site	1. Consideration of the annual report of the Company on the work of its board of supervisors for 2018; 2. Consideration of the full text and summary of our annual report for 2018; 3. Consideration of the Company's financial accounts for 2018; 4. Consideration of the Company's bill on the distribution of profits for 2018; 5. Consideration of the Company's annual internal control self-evaluation report for 2018; 6. Consideration of the Company's bill on accounting policy changes; 7. Consideration of our proposal to amend the rules of procedure of the Supervisory Committee.
2	10th meeting of the 8th Supervisory Committee	19 April 2019	On-site	1. Consideration of the draft of the full text and body of our report for the first quarter of 2019; 2. Review the Company's bill on accounting policy changes.
3	11th meeting of the 8th Supervisory Committee	16 August 2019	On-site	1. Consideration of the full text and summary of the Company's 2019 semi-annual report; 2. Consideration of the Company's proposal to employ audit institutions in 2019; 3. Consideration of the Company's bill on accounting policy changes.
4	12th meeting of the 8th Supervisory Committee	24 October 2019	On-site	Reviewing the 2019 Q3 Report and Text;

VIII. Assessment and motivation of senior executives

The Company has implemented a remuneration system that combines post wage and performance bonus. The wages and bonus are determined by on the assessment of senior executives' innovation capabilities, general quality, performance, fulfillment of profit and payment collection targets according to the Company's annual performance assess and performance assess implementation methods for wholly-owned subsidiaries.

IX. Internal control

1. Major problems in internal control discovered in the report period

□ Yes √ No

2. Internal control self-evaluation report

Date of disclosure of the internal control evaluation report	18 April 2020	
Disclosure of the internal control evaluation report	www.cninfo.com.cn	
Percentage of assets in the evaluation scope in the total assets in the consolidated financial statements	95.69%	
Percentage of operation income in the evaluation scope in the total operation income in the consolidated financial statements	97.72%	
Standard		
Type	Financial report	Non-financial report
Standard	1. The following problems are considered major problems: 1. Non-effective control environment; 2. corrupt practice by directors, supervisor and senior management, causing substantial loss and impacts for the Company; 3. Substantial mistakes in the financial statements in the period discovered by the CPA, which are not discovered by the internal control; 4. Ineffective supervision of the internal control by the Company's auditing department 2. The following problems are considered significant problems: 1 accounting policies are selected and used without complying to widely accepted accounting standards; 2. No anti-corrupt and important balance system and control measures are taken; 3. Separate or multiple problems in the preparation of financial reports, which are serious enough to affecting the truthfulness and accuracy of the reports; no control system is established and no related compensation system is implemented for accounts of irregular or special transactions 3. Other problems are considered normal problems.	I. The following condition indicates significant problems in the internal control of non-financial reports: 1. Serious violation against national laws, regulations or specifications; 2. Serious business system problems and system ineffectiveness; 3. Major or important problems cannot be corrected; 4. Lack of internal control and poor management; 5. Loss of management personnel or key employees; 6. Safety and environmental accidents that cause major adverse impacts; 7. Other situations that cause major adverse impacts on the Company. II. The following situations indicate that there may be significant problems with the internal control: 1. business system problems and system ineffectiveness; 2. Major or important problems cannot be corrected; 3. Other situations that cause major adverse impacts on the Company III. The following situation indicate likely normal problems in the internal control: 1. Problems in the general business system; 2. Normal problems in the internal control supervision cannot be correctly promptly.

Standard	1. Significant problem: 1 mistakes affecting 5% and more of the pre-tax profit and more than RMB5 million in the consolidated statements; 2. Mistakes affecting 5% and more of the consolidated assets and more than RMB5 million 2. Important problem: 1. Mistakes affecting 1%-5% of the pre-tax profit in the consolidated statements; 2. Mistakes affecting 1%-5% the consolidated assets. III. Normal problem: 1. Mistakes affecting less than 1% of the pre-tax profit and total assets of the consolidate statements.	See the recognition standard of the internal control problems for financial statements
Significant problems in financial statements		0
Significant problems in non-financial statements		0
Important problems in financial statements		0
Important problems in non-financial statements		0

X. Internal control audit report

√ Applicable □ Inapplicable

Comments in the internal control audit report	
We believe that China Fangda Group has maintained effective internal control on financial reports according to Basic Regulations on Enterprise Internal Control and related regulations on 31.12.18.	
Disclosure of internal auditor’s report	Disclosed
Date of disclosure of the internal control audit report	18 April 2020
Source of disclosure of the internal control audit report	www.cninfo.com.cn
Opinion type	Standard opinion auditor’s report
Problems in non-financial statements	No

Non-standard internal control audit report by the CFA

□ Yes √ No

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

√ Yes □ No

Chapter XI 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 XII Financial Statements

I. Auditor’s report

Type	Standard opinion auditor’s report
Issued on	16 April 2020
Auditor	RSM Thornton (limited liability partnership)
CPA names	Chen Zhaoxin, Zeng Hui

Auditors’ Report

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	31 December 2019	31 December 2018
Current asset:		
Monetary capital	1,209,811,978.95	1,389,062,083.76
Settlement provision		
Outgoing call loan		
Transactional financial assets	10,330,062.18	
Financial assets measured at fair value with variations accounted into current income account		
Derivative financial assets		
Notes receivable	305,070,930.97	140,139,692.84
Account receivable	1,956,191,307.07	1,920,075,031.85
Receivable financing	2,954,029.00	
Prepayment	21,327,109.18	46,454,844.74
Insurance receivable		
Reinsurance receivable		
Provisions of Reinsurance contracts receivable		

Other receivables	139,947,655.35	139,990,188.26
Including: interest receivable		
Dividend receivable		
Repurchasing of financial assets		
Inventory	733,711,143.46	651,405,832.29
Contract assets		
Assets held for sales		
Non-current assets due in 1 year		
Other current assets	323,765,585.90	51,698,111.14
Total current assets	4,703,109,802.06	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	57,222,240.83	70,105,657.88
Investment in other equity tools	20,660,181.44	
Other non-current financial assets	5,009,728.02	
Investment real estate	5,522,391,984.11	5,256,442,406.63
Fixed assets	477,332,830.92	455,274,241.83
Construction in process	129,988,982.86	58,269,452.72
Productive biological assets		
Gas & petrol		
Use right assets		
Intangible assets	78,322,265.05	80,313,240.67
R&D expense		
Goodwill		
Long-term amortizable expenses	3,875,198.12	2,114,331.46
Deferred income tax assets	343,349,564.70	356,474,925.76
Other non-current assets	28,701,802.00	19,360,083.67
Total of non-current assets	6,666,854,778.05	6,320,028,348.85
Total of assets	11,369,964,580.11	10,658,854,133.73

Current liabilities		
Short-term loans	724,618,197.34	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	96,767.62	1,625,725.00
Notes payable	578,816,027.44	507,864,518.19
Account payable	1,190,773,300.24	1,039,630,798.64
Prepayment received	136,340,104.73	278,577,848.54
Contract liabilities		
Selling of repurchased financial assets		
Deposit received and held for others		
Entrusted trading of securities		
Entrusted selling of securities		
Employees' wage payable	55,847,134.20	44,513,062.17
Taxes payable	17,848,987.68	107,709,999.19
Other payables	701,432,408.28	813,118,699.84
Including: interest payable		2,098,971.44
Dividend payable		
Fees and commissions payable		
Reinsurance fee payable		
Liabilities held for sales		
Non-current liabilities due in 1 year	922,346,563.72	200,000,000.00
Other current liabilities	181,694,574.47	9,328,682.25
Total current liabilities	4,509,814,065.72	3,210,369,333.82
Non-current liabilities:		
Insurance contract provision		
Long-term loans	546,501,491.56	1,193,978,153.39
Bond payable		

Including: preferred stock		
Perpetual bond		
Lease liabilities		
Long-term payable		
Long-term employees' wage payable		
Anticipated liabilities	7,793,527.16	6,831,162.99
Deferred earning	10,817,247.40	10,401,161.30
Deferred income tax liabilities	1,063,833,159.00	1,042,086,700.35
Other non-current liabilities		
Total of non-current liabilities	1,628,945,425.12	2,253,297,178.03
Total liabilities	6,138,759,490.84	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	-475,409.25	7,382,087.59
Special reserves		
Surplus reserves	159,805,930.34	120,475,221.40
Common risk provisions		
Retained profit	3,898,626,177.99	3,921,225,872.96
Total of owner's equity belong to the parent company	5,182,795,079.67	5,195,187,621.88
Minor shareholders' equity	48,410,009.60	
Total of owners' equity	5,231,205,089.27	5,195,187,621.88
Total of liabilities and owner's interest	11,369,964,580.11	10,658,854,133.73

Legal representative: Xiong Jianming CFO: Lin Kebing Accounting Manager: Wu Bohua

2. Balance Sheet of the Parent Company

In RMB

Item		

Current asset:		
Monetary capital	175,591,953.63	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
Account receivable	297,813.76	471,039.12
Receivable financing		
Prepayment	250,205.32	6,733,047.16
Other receivables	1,973,381,342.74	822,543,653.04
Including: interest receivable		
Dividend receivable		100,000,000.00
Inventory		
Contract assets		
Assets held for sales		
Non-current assets due in 1 year		
Other current assets	877,430.41	919,388.18
Total current assets	2,150,398,745.86	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	963,508,253.00	983,339,494.35
Investment in other equity tools	18,604,010.22	
Other non-current financial assets	48,831,242.35	
Investment real estate	295,355,002.00	309,189,866.37
Fixed assets	67,361,529.52	53,784,811.23
Construction in process		
Productive biological assets		
Gas & petrol		
Use right assets		

Intangible assets	1,824,589.22	2,112,301.97
R&D expense		
Goodwill		
Long-term amortizable expenses	934,669.73	917,499.68
Deferred income tax assets	44,408,630.81	34,555,598.81
Other non-current assets		
Total of non-current assets	1,440,827,926.85	1,405,573,580.64
Total of assets	3,591,226,672.71	2,846,358,865.69
Current liabilities		
Short-term loans	300,442,988.19	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	746,761.55	733,274.16
Contract liabilities		
Employees' wage payable	3,215,013.16	2,145,763.39
Taxes payable	312,647.89	341,004.65
Other payables	109,837,934.17	300,006,406.51
Including: interest payable		740,208.33
Dividend payable		
Liabilities held for sales		
Non-current liabilities due in 1 year	520,872,206.95	
Other current liabilities		
Total current liabilities	936,034,493.76	503,903,390.56
Non-current liabilities:		
Long-term loans	70,000,000.00	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	64,351,075.92	64,130,617.41
Other non-current liabilities		
Total of non-current liabilities	134,351,075.92	564,130,617.41
Total liabilities	1,070,385,569.68	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	1,287,629.38	8,756,553.46
Special reserves		
Surplus reserves	159,805,930.34	120,475,221.40
Retained profit	1,236,002,518.79	504,081,999.00
Total of owners' equity	2,520,841,103.03	1,778,324,857.72
Total of liabilities and owner's interest	3,591,226,672.71	2,846,358,865.69

3. Consolidated Income Statement

In RMB

Item	2019	2018
1. Total revenue	3,005,749,558.66	3,048,680,152.06
Incl. Business income	3,005,749,558.66	3,048,680,152.06
Interest income		
Insurance fee earned		
Fee and commission received		
2. Total business cost	2,601,531,253.53	2,782,649,142.36
Incl. Business cost	2,169,176,295.27	2,337,948,010.42

Interest expense		
Fee and commission paid		
Insurance discharge payment		
Net claim amount paid		
Net insurance policy responsibility contract reserves provided		
Insurance policy dividend paid		
Reinsurance expenses		
Taxes and surcharges	61,963,170.98	152,681,927.79
Sales expense	57,584,186.20	49,833,945.89
Administrative expense	170,443,795.50	140,002,624.79
R&D cost	59,754,971.20	19,854,244.58
Financial expenses	82,608,834.38	82,328,388.89
Including: interest cost	84,330,416.17	75,934,358.74
Interest income	10,770,653.40	9,255,120.60
Add: other gains	7,616,772.29	5,681,937.15
Investment gains (“-” for loss)	-1,909,644.55	27,776,084.43
Incl. Investment gains from affiliates and joint ventures	-2,152,583.08	-836,397.74
Financial assets derecognised as a result of amortized cost	-8,047,524.45	
Exchange gains ("-" for loss)		
Net open hedge gains (“-” for loss)		
Gains from change of fair value (“-“ for loss)	42,618,039.60	2,913,858,560.57
Credit impairment ("-" for loss)	-34,518,434.36	
Investment impairment loss ("-" for loss)	218,619.24	-239,866,511.30
Investment gains ("-" for loss)	-101,676.86	-3,516,357.91
3. Operational profit ("-" for loss)	418,141,980.49	2,969,964,722.64
Plus: non-operational income	2,857,177.74	3,712,594.09
Less: non-operational expenditure	3,965,865.48	3,846,202.80
4. Gross profit ("-" for loss)	417,033,292.75	2,969,831,113.93
Less: Income tax expenses	70,271,688.45	723,666,542.25

5. Net profit ("-" for net loss)	346,761,604.30	2,246,164,571.68
(1) By operating consistency		
1. Net profit from continuous operation ("-" for net loss)	347,246,227.22	2,246,384,786.08
2. Net profit from discontinuous operation ("-" for net loss)	-484,622.92	-220,214.40
(2) By ownership		
1. Net profit attributable to the owners of parent company	347,771,182.73	2,246,164,571.68
2. Minor shareholders’ equity	-1,009,578.43	
6. After-tax net amount of other misc. incomes	-2,691,071.26	-1,203,760.40
After-tax net amount of other misc. incomes attributed to parent's owner	-2,691,071.26	-1,203,760.40
(1) Other misc. incomes that cannot be re-classified into gain and loss	-4,025,604.80	
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	-4,025,604.80	
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	1,334,533.54	-1,203,760.40
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	1,208,493.78	-1,170,896.25
8. Translation difference of foreign exchange statement	126,039.76	-32,864.15
9. Others		
After-tax net of other misc. income attributed to minority shareholders		
7. Total of misc. incomes	344,070,533.04	2,244,960,811.28
Total of misc. incomes attributable to the owners of the parent company	345,080,111.47	2,244,960,811.28
Total misc gains attributable to the minor shareholders	-1,009,578.43	
8. Earnings per share:		
(1) Basic earnings per share	0.310	1.91
(2) Diluted earnings per share	0.310	1.91

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

Legal representative: Xiong Jianming CFO: Lin Kebing Accounting Manager: Wu Bohua

4. Income Statement of the Parent Company

In RMB

Item	2019	2018
1. Turnover	28,729,890.94	30,830,762.76
Less: Operation cost	773,571.29	1,604,559.26
Taxes and surcharges	1,348,489.24	1,342,603.83
Sales expense		
Administrative expense	27,178,767.85	24,395,947.11
R&D cost		
Financial expenses	38,854,726.68	25,450,212.15
Including: interest cost	34,985,463.24	23,822,633.36
Interest income	2,165,024.86	2,758,152.15

Add: other gains	408,311.72	368,589.30
Investment gains (“-” for loss)	1,087,133,456.16	124,133,997.29
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)	1,784,860.63	1,868,298.37
Credit impairment ("-" for loss)	40,817.64	
Investment impairment loss ("-" for loss)		7,597,228.84
Investment gains ("-" for loss)		-55,902.90
2. Operational profit (“-” for loss)	1,049,941,782.03	96,755,193.63
Plus: non-operational income	26,335.45	42,961.77
Less: non-operational expenditure	1,223,230.35	506,232.62
3. Gross profit (“-” for loss)	1,048,744,887.13	96,291,922.78
Less: Income tax expenses	-8,892,465.53	-9,543,869.19
4. Net profit (“-” for net loss)	1,057,637,352.66	105,835,791.97
(1) Net profit from continuous operation ("-" for net loss)	1,057,637,352.66	105,835,791.97
(2) Net profit from discontinuous operation ("-" for net loss)		
5. After-tax net amount of other misc. incomes	-2,302,498.50	
(1) Other misc. incomes that cannot be re-classified into gain and loss	-2,302,498.50	
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	-2,302,498.50	

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	1,055,334,854.16	105,835,791.97
7. Earnings per share:		
(1) Basic earnings per share		
(2) Diluted earnings per share		

5. Consolidated Cash Flow Statement

In RMB

Item	2019	2018
1. Net cash flow from business operations:		
Cash received from sales of products and providing of services	2,648,185,771.07	2,865,682,841.59

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	5,311,628.37	1,647,970.72
Other cash received from business operation	91,894,481.18	107,059,575.17
Sub-total of cash inflow from business operations	2,745,391,880.62	2,974,390,387.48
Cash paid for purchasing products and services	1,940,970,927.40	1,671,518,745.27
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 funds dismantled		
Cash paid for interest, processing fee and commission		
Cash paid for policy dividend		
Cash paid to and for the staff	330,737,740.20	274,922,323.91

Taxes paid	244,444,228.84	301,712,580.53
Other cash paid for business activities	234,523,814.95	339,134,018.20
Sub-total of cash outflow from business operations	2,750,676,711.39	2,587,287,667.91
Cash flow generated by business operations, net	-5,284,830.77	387,102,719.57
2. Cash flow generated by investment:		
Cash received from investment recovery	6,993,386,864.50	7,573,967,278.99
Cash received as investment profit	59,694,513.21	86,864,507.03
Net cash retrieved from disposal of fixed assets, intangible assets, and other long-term assets	12,519,211.48	17,886,076.00
Net cash received from disposal of subsidiaries or other operational units		
Other investment-related cash received	2,493.86	
Sub-total of cash inflow generated from investment	7,065,603,083.05	7,678,717,862.02
Cash paid for construction of fixed assets, intangible assets and other long-term assets	201,244,475.00	199,604,502.80
Cash paid as investment	7,319,016,324.17	7,271,417,092.50
Net increase of loan against pledge		
Net cash paid for acquiring subsidiaries and other operational units		
Other cash paid for investment		
Subtotal of cash outflows	7,520,260,799.17	7,471,021,595.30
Cash flow generated by investment activities, net	-454,657,716.12	207,696,266.72
3. Cash flow generated by financing activities:		
Cash received from investment		
Incl. Cash received from investment attracted by subsidiaries from minority shareholders		

Cash received from borrowed loans	1,006,523,338.17	708,000,000.00
Other cash received from financing activities	88,312,942.36	
Subtotal of cash inflow from financing activities	1,094,836,280.53	708,000,000.00
Cash paid to repay debts	418,000,000.00	816,000,000.00
Cash paid as dividend, profit, or interests	320,109,344.09	264,157,464.17
Incl. Dividend and profit paid by subsidiaries to minority shareholders		
Other cash paid for financing activities	128,428,226.25	199,439,589.23
Subtotal of cash outflow from financing activities	866,537,570.34	1,279,597,053.40
Net cash flow generated by financing activities	228,298,710.19	-571,597,053.40
4. Influence of exchange rate changes on cash and cash equivalents	722,848.92	1,703,422.24
5. Net increase in cash and cash equivalents	-230,920,987.78	24,905,355.13
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	725,269,902.90	956,190,890.68

6. Cash Flow Statement of the Parent Company

In RMB

Item	2019	2018
1. Net cash flow from business operations:		
Cash received from sales of products and providing of services	21,696,664.72	26,555,743.34
Tax refunded		
Other cash received from business operation	3,227,285,187.16	1,976,545,022.66
Sub-total of cash inflow from business operations	3,248,981,851.88	2,003,100,766.00

Cash paid for purchasing products and services	1,693,694.68	2,060,345.12
Cash paid to and for the staff	17,754,587.59	15,053,325.83
Taxes paid	4,452,135.09	15,944,462.51
Other cash paid for business activities	4,620,509,035.31	2,263,461,863.27
Sub-total of cash outflow from business operations	4,644,409,452.67	2,296,519,996.73
Cash flow generated by business operations, net	-1,395,427,600.79	-293,419,230.73
2. Cash flow generated by investment:		
Cash received from investment recovery	2,696,000,000.00	2,646,355,978.40
Cash received as investment profit	1,187,133,456.16	197,678,018.89
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	3,883,133,456.16	2,854,033,997.29
Cash paid for construction of fixed assets, intangible assets and other long-term assets	254,183.30	1,125,745.40
Cash paid as investment	2,725,000,001.00	2,626,870,000.00
Net cash paid for acquiring subsidiaries and other operational units		
Other cash paid for investment		
Subtotal of cash outflows	2,725,254,184.30	2,627,995,745.40
Cash flow generated by investment activities, net	1,157,879,271.86	226,038,251.89
3. Cash flow generated by financing activities:		
Cash received from investment		
Cash received from borrowed loans	400,000,000.00	700,000,000.00

Other cash received from financing activities	88,312,942.36	
Subtotal of cash inflow from financing activities	488,312,942.36	700,000,000.00
Cash paid to repay debts	10,000,000.00	250,000,000.00
Cash paid as dividend, profit, or interests	259,087,314.23	211,344,710.76
Other cash paid for financing activities	88,428,226.25	199,439,589.23
Subtotal of cash outflow from financing activities	357,515,540.48	660,784,299.99
Net cash flow generated by financing activities	130,797,401.88	39,215,700.01
4. Influence of exchange rate changes on cash and cash equivalents	498,258.88	-289,429.05
5. Net increase in cash and cash equivalents	-106,252,668.17	-28,454,707.88
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	175,341,953.63	281,594,621.80

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

Amount of the Current Term

In RMB

Item	2019														
	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	Common 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		-39,930,304.63		-44,571,870.18		-44,571,870.18
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		3,881,295,568.33		5,150,615,751.70		5,150,615,751.70
3. Change amount in the current period (“-“ for decrease)	-32,097,497.00					-10,831,437.66	-2,691,071.26		38,805,848.91		17,330,609.66		32,179,327.97	48,410,009.60	80,589,337.57
(1) Total of misc. incomes							-2,691,071.26				347,771,182.73		345,080,111.47	-1,009,578.43	344,070,533.04
(2) Investment or decreasing of capital by owners	-32,097,497.00					-10,831,437.66			-66,957,886.36				-88,223,945.70		-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		-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									105,763,735.27		-330,440,573.07		-224,676,837.80		-224,676,837.80
1. Provision of surplus reserves									105,763,735.27		-105,763,735.27				
2. Common risk provision															
3. Distribution to owners (or shareholders)											-224,676,837.80		-224,676,837.80		-224,676,837.80
4. 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														49,419,588.03	49,419,588.03
4. Balance at the end of this period	1,123,384,189.00				1,454,191.59		-475,409.25		159,805,930.34		3,898,626,177.99		5,182,795,079.67	48,410,009.60	5,231,205,089.27

Amount of the Previous Term

In RMB

Item	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	Common risk provisions	Retained profit	Others	Subtotal		
		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)	-28,160,568.00				-71,375,293.37	10,831,437.66	-1,203,760.40		9,784,824.75		2,058,034,654.38		1,956,248,419.70		1,956,248,419.70
(1) Total of misc. incomes							-1,203,760.40				2,246,164,571.68		2,244,960,811.28		2,244,960,811.28
(2) Investment or decreasing of capital by owners	-28,160,568.00				-71,375,293.37	10,831,437.66			-798,754.45				-111,166,053.48		-111,166,053.48
1. Common shares invested by owners	-28,160,568.00				-71,375,293.37	10,831,437.66			-798,754.45				-111,166,053.48		-111,166,053.48
2. Capital contributed by other equity instrument holders															
3. Amount of shares paid and accounted as owners' equity															
4. Others															
(3) Profit allotment									10,583,579.20		-188,129,917.30		-177,546,338.10		-177,546,338.10
1. Provision of surplus reserves									10,583,579.20		-10,583,579.20				
2. Common risk provision															
3. Distribution to owners (or shareholders)											-177,546,338.10		-177,546,338.10		-177,546,338.10
4. 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	1,155,481,686.00				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

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

Amount of the Current Term

In RMB

Item	2019											
	Share	Other equity tools			Capital	Less:	Other	Special	Surplus	Retaine	Others	Total of

	capital	Preferred share	Perpetual bond	Others	reserves	Shares in stock	miscellaneous income	reserves	reserves	d profit		owners' equity
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 beginning of current year	1,155,481,686.00				360,835.52	10,831,437.66	3,590,127.88		121,000,081.43	508,805,739.20		1,778,407,032.37
3. Change amount in the current period ("-" for decrease)	-32,097,497.00					-10,831,437.66	-2,302,498.50		38,805,848.91	727,196,779.59		742,434,070.66
(1) Total of misc. incomes							-2,302,498.50			1,057,637,352.66		1,055,334,854.16
(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									105,763,735.27	-330,440,573.07		-224,676,837.80
1. Provision of surplus reserves									105,763,735.27	-105,763,735.27		
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		1,287,629.38		159,805,930.34	1,236,002,518.79		2,520,841,103.03

Amount of the Previous Term

In RMB

Item	2018											
	Share capital	Other equity tools			Capital reserves	Less: Shares in stock	Other miscellaneous income	Special reserves	Surplus reserves	Retained profit	Others	Total of owners' equity
		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)	-28,160,568.00				-71,375,293.37	10,831,437.66			9,784,824.75	-82,294,125.33		-182,876,599.61
(1) Total of misc. incomes										105,835,791.97		105,835,791.97
(2) Investment or decreasing of capital by owners	-28,160,568.00				-71,375,293.37	10,831,437.66			-798,754.45			-111,166,053.48
1. Common shares invested by owners	-28,160,568.00				-71,375,293.37	10,831,437.66			-798,754.45			-111,166,053.48

2. Capital contributed by other equity instrument holders												
3. Amount of shares paid and accounted as owners' equity												
4. Others												
(3) Profit allotment									10,583,579.20	-188,129,917.30		-177,546,338.10
1. Provision of surplus reserves									10,583,579.20	-10,583,579.20		
2. Distribution to owners (or shareholders)										-177,546,338.10		-177,546,338.10
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	1,155,481,686.00				360,835.52	10,831,437.66	8,756,553.46		120,475,221.40	504,081,999.00		1,778,324,857.72

III. General Information

1. About the Company

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 Technology Building, Keji South 12th Road, South District, High-tech Industrial Park, Nanshan District, 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 received the Reply to the Non-public Share Issuance of Fangda China Group Co., Ltd. (CSRC License [2016] No.825) to allow the Company to conduct non-public issuance of 32,184,931 A-shares in June 20116. According to the 2016 Annual Profit Allocation Scheme, which was approved by the 2016 Annual Shareholders' Congress, the Company has a total share capital of 789, 094, 836 shares as the basis and a capital reserve fund of 5 shares per 10 shares to all shareholders. The registered capital was RMB 1,183,642,5#*@$ at the end of 2017, 28,160, 568.00 shares were repurchased and cancelled in August 2018, and 32, 097, 497.00 shares were repurchased and cancelled in January 2019. The existing registered capital was RMB 1,123,384, 189.00.

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 Innovation Department and IT Department and has established subsidiaries including Fangda Decoration, Fangda Chuangzhi, Fangda New Material, Fangda Property and Fangda New Energy.

The business nature and main business operations of the Company and subsidiaries ("the Group") include (1) production and sales of curtain wall materials, design, production and installation of construction curtain walls; (2) assembly and production of subway screen doors; (3) development and operation of real estate projects on land, of which rights have been obtained lawfully; (4) R&D, installation and sales of PV devices, design and installation of PV power plants.

Date of financial statement approval: This financial statement is approved by the Board of Directors of the Company on April 16, 2020.

2. Consolidation Scope and Change

This part of the simplified disclosure is as follows: The Company in the current period includes a total of 25 subsidiaries, of which 4 have been added this year and 2 have been reduced this year. For details, please refer to "Note 6, Change of the scope of merger" and "Note 7, Rights and Interests in Other Subjects".

IV. Basis for the preparation of financial statements

1. Preparation basis

The Company prepares the financial statements based on continuous operation and according to actual transactions and events, with figures confirmed and measured in compliance with the Accounting Standards for Business Enterprises and other specific account standards, application guide and interpretations. The Company has also disclosed related financial information according to the requirement of the Regulations of Information Disclosure No.15 – General Provisions for Financial Statements (Revised in 2014) issued by the CSRC.

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 following major accounting policies and accounting estimates shall be formulated in accordance with the accounting standards of the enterprise. Unmentioned operations are carried out in accordance with the relevant accounting policies in the enterprise accounting standards.

1. Statement of compliance to the Enterprise Accounting Standard

These financial statements meet the requirements of the Accounting Standards for Business Enterprises and truly and fully reflect the Company’s financial status, performance result, changes in shareholders’ equity and cash flows.

2. Fiscal Period

The Company's fiscal year starts on January 1 and ends on December 31 of the Gregorian calendar.

3. Operation period

Our normal business cycle is one year

4. Bookkeeping standard money

The Company's bookkeeping standard currency is Renminbi, and overseas subsidiaries are based on the currency of the main economic environment in which they operate.

5. Accounting treatment of the entities under common and different control

(1) Consolidation of entities under common control

The assets and liabilities acquired by the Company in a business combination are measured at the book value of the combined party in the consolidated financial statements of the ultimate controlling party on the date of combination. Among them, if the accounting policy adopted by the merger party is different from that adopted by the Company before the merger, the accounting policy is unified based on the principle of importance, that is, the book value of the assets and liabilities of the merger party is adjusted according to the accounting policy of the Company. If there is a difference between the book value of the net assets obtained by the Company in the merger and the book value of the consideration paid by the Company, if the balance of the capital reserve (capital premium or share capital premium) and the capital reserve (capital premium or share capital premium) is not offset enough, the surplus reserve and undistributed profits shall be offset in turn.

The accounting treatment method of enterprise merger under the same control through step-by-step transaction is given in notes 3 and 6 (6).

(2) Consolidation of entities under different control

All identifiable assets and liabilities acquired by the Company during the merger shall be measured at its fair value on the date of purchase. Among them, if the accounting policy adopted by the merger party is different from that adopted by the Company before the merger, the accounting policy is unified based on the principle of importance, that is, the book value of the assets and liabilities of the merger party is adjusted according to the accounting policy of the Company. The merger cost of the Company on the date of purchase is greater than the fair value of the assets and liabilities recognized by the purchaser in the merger, and is recognized as goodwill. If the merger cost is less than the difference between the identifiable assets and the fair value of the liabilities obtained by the purchaser in the enterprise merger, the merger cost and the fair value of the identifiable assets and the liabilities obtained by the purchaser in the enterprise merger are reviewed, and the merger cost is still less than the fair value of the identifiable assets and liabilities obtained by the purchaser after the review, the difference is considered as the profit and loss of the current period of the merger.

The accounting treatment method of enterprise merger under different control through step-by-step transaction is given in notes 3 and 6 (6).

(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) Determination of consolidation scope

The consolidated scope of the consolidated financial statements is determined on a control basis and includes not only subsidiaries determined on the basis of voting rights (or similar voting rights) themselves or in conjunction with other arrangements, but also structured subjects determined on the basis of one or more contractual arrangements.

Control means the power possessed by the Company 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. The subsidiary company is the subject controlled by the Company (including the enterprise, the divisible part of the invested unit and the structured subject controlled by the enterprise, etc.). The structured subject is the subject which is not designed to determine the controlling party by taking the voting right or similar right as the decisive factor.

(2) Preparation of Consolidated Financial Statements

The Company prepares consolidated financial statements based on the financial statements of itself and its subsidiaries and based on other relevant information.

The Company compiles consolidated financial statements, regards the whole enterprise group as an accounting entity, reflects the overall financial status, operating results and cash flow of the enterprise group according to the confirmation, measurement and presentation requirements of the relevant enterprise accounting standards, and the unified accounting policy and accounting period.

① Merge the assets, liabilities, owner's rights and interests, income, expenses and cash flow of parent company and subsidiary company.

(2) Offset the long-term equity investment of the parent company to the subsidiary company and the share of the parent company in the ownership rights of the subsidiary company.

③ Offset the influence of internal transaction between parent company, subsidiary company and subsidiary company. Where an internal transaction indicates a loss of impairment of the relevant assets, the loss shall be fully recognized.

④ adjust the special transaction from the angle of enterprise group.

（3） Processing of subsidiaries during the reporting period

(1) Increase subsidiary or business

A. Subsidiary or business increased by business combination under the same control

(A) When preparing the consolidated balance sheet, adjust the opening number of the consolidated balance sheet and adjust the related items of the comparative statement. The same report entity as the consolidated balance sheet will exist from the time of the final control party.

(B) During the preparation of the consolidated profit statement, the revenue, expense and profit from the current period to the end of the reporting period will be included in the consolidated profit statement. At the same time, the related items of the comparative statement will be adjusted. The same as the consolidated report entity will always exist since the time when the final control party starts to control it.

(C) When preparing the consolidated cash flow statement, the cash flows of the subsidiary and the business combination from the beginning of the current period to the end of the reporting period are included in the consolidated cash flow statement, and the related items of the comparative statement are adjusted, which is regarded as the combined report body since the final The controller has been there since the beginning of control.

B. Subsidiaries or businesses added by business combinations not under the same control

(A) When preparing the consolidated balance sheet, the opening number of the consolidated balance sheet is not adjusted.

(B) When preparing the consolidated profit statement, include the income, expenses and profits of the subsidiary company and the business purchase date to the end of the reporting period in the consolidated profit statement.

(C) When preparing the consolidated cash flow statement, the cash flow from the purchase date of the subsidiary to the end of the reporting period is included in the consolidated cash flow statement.

② Disposal of subsidiaries or business

(A) When preparing the consolidated balance sheet, the opening number of the consolidated balance sheet is not adjusted.

B. When preparing the consolidated profit statement, the income, expense and profit of the subsidiary company and the business opening and disposal date shall be included in the consolidated profit statement.

C. When preparing the consolidated cash flow statement, the cash flow of the subsidiary and the business opening to disposal date will be included in the consolidated cash flow statement.

(4) Special considerations in consolidation offsets

① The long-term equity investment held by a subsidiary company shall be regarded as the inventory shares of the Company as a subtraction of the owner's rights and interests, which shall be listed under the item of "subtraction: Stock shares" under the item of owner's rights and interests in the consolidated balance sheet.

The long-term equity investments held by the subsidiaries are offset by the shares of the shareholders of the subsidiaries.

② The "special reserve" and "general risk preparation" projects, because they are neither real capital (or share capital) nor capital reserve, but also different from the retained income and undistributed profits, are restored according to the ownership of the parent company after the long-term equity investment is offset by the ownership rights and interests of the subsidiary company.

③ If there is a temporary difference between the book value of assets and liabilities in the consolidated balance sheet and the taxable basis of the taxpayer due to the offset of the unrealized internal sales gain or loss, the deferred income tax asset or the deferred income tax liability is confirmed in the consolidated balance sheet, and the income tax expense in the consolidated profit statement is adjusted, with the exception of the deferred income tax related to the transaction or event directly included in the owner's equity and the merger of the enterprise.

(4) The unrealized internal transaction gains and losses incurred by the Company in selling assets to its subsidiaries shall be offset in full by "net profits attributable to the owner of the parent company". The unrealized internal transaction gains and losses incurred by a subsidiary company in selling its assets to the Company shall be offset between "net profits vested in the owner of the parent company" and "minority shareholders' gains and losses" according to the proportion of the Company's distribution to the subsidiary company. The unrealized internal transaction gains and losses incurred in the sale of assets between subsidiaries shall be offset between "net profits vested in the owners of the parent company" and "minority shareholders' gains and losses" according to the proportion of the Company's distribution to the sellers' subsidiaries.

⑤ If the current loss shared by the minority shareholders of the subsidiary exceeds the share of the minority shareholders in the owner ’s equity of the subsidiary at the beginning of the period, the balance should still be offset against the minority shareholders ’equity.

(5) Accounting treatment of special transactions

① Purchase minority shareholders' equity

The Company purchases the shares of the subsidiaries owned by the minority shareholders of the subsidiaries. In the individual financial statements, the investment costs of the newly acquired long-term investments of the minority shares shall be measured at the fair value of the price paid. In the consolidated financial statements, the difference between the newly acquired long-term equity investment due to the purchase of minority equity and the share of net assets that should be continuously calculated by the subsidiary since the purchase date or the merger date should be adjusted according to the new shareholding ratio. The product (capital premium or equity premium), if the capital reserve is insufficient to offset, the surplus reserve and undistributed profits are offset in turn.

② Step-by-step acquisition of control of the subsidiary through multiple transactions

A. Enterprise merger under common control through multiple transactions

On the date of the merger, the Company determines the initial investment cost of the long-term equity investment in the individual financial statements based on the share of the subsidiary ’s net assets that should be enjoyed after the merger in the final controller ’s consolidated financial statements; the initial investment cost and the The difference between the book value of the long-term equity investment before the merger plus the book value of the consideration paid for new shares acquired on the merger date, the capital reserve (capital premium or equity premium) is adjusted, and the capital reserve (capital premium or equity premium) is insufficient to offset Reduced, in turn offset the surplus reserve and undistributed profits.

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.

If the merging party holds the equity investment before acquiring the control of the merged party and is accounted for according to the equity method, the date of acquiring the original equity and the merging party and the merged party are in the same party's final control from the later date to the merger date The relevant gains and losses, other comprehensive income and other changes in owner's equity have been confirmed between them, and the retained earnings at the beginning of the comparative statement period should be offset separately.

B. Enterprise merger not under common control through multiple transactions

On the merger day, in individual financial statements, the initial investment cost of the long-term equity investment on the merger day is based on the book value of the long-term equity investment previously held plus the sum of the additional investment costs on the merger day.

In the consolidated financial statements, the equity of the purchaser held prior to the date of purchase is revalued according to the fair value of the equity at the date of purchase, and the difference between the fair value and its book value is credited to the current investment income; If the shares held by the purchaser prior to the date of purchase involve other consolidated gains under the equity law accounting, the other consolidated gains related thereto shall be converted to the current gains on the date of purchase, with the exception of the other consolidated gains arising from the remeasurement of the net assets or net liabilities of the merged party. The Company disclosed in the notes the fair value of the equity of the purchased party held before the purchase date and the amount of related gains or losses remeasured according to the fair value.

(3) The Company disposes of long-term equity investment in subsidiaries without losing control

The parent company partially disposes of the long-term equity investment in the subsidiary company without losing control. In the consolidated financial statements, the disposal price corresponds to the disposal of the long-term equity investment. The difference between the shares is adjusted for the capital reserve (capital premium or equity premium). If the capital reserve is insufficient to offset, the retained earnings are adjusted.

④ The Company disposes of long-term equity investment in subsidiaries and loses control

A. One transaction disposition

If the Company loses control over the Invested Party due to the disposal of part of the equity investment, it shall remeasure the remaining equity according to its fair value at the date of loss of control when compiling the consolidated financial statement. The sum of the consideration obtained from the disposal of equity and the fair value of the remaining equity minus the difference between the share of the original subsidiary 's net assets that should be continuously calculated from the purchase date or the merger date, calculated as the loss of control The investment income of the current period.

Other comprehensive income and other owner's equity changes related to the equity investment of the atomic company are transferred to the current profit and loss when the control is lost, except for other comprehensive income arising from the remeasurement of the net benefits or net assets of the defined benefit plan by the investee. .

B. Multi-transaction step-by-step disposition

In consolidated financial statements, you should first determine whether a step-by-step transaction is a "blanket transaction".

If the step-by-step transaction is not a "blanket transaction", in individual financial statements, for each transaction before the loss of subsidiary control, carry forward the book value of the long-term equity investment corresponding to each disposition share, and the difference between the obtained price and the book value of the disposition long-term equity investment is included in the current investment income. In the consolidated financial statements, it shall be handled in accordance with the relevant provisions of "The parent company disposes of the long-term equity investment in the subsidiary without losing control".

If a step-by-step transaction belongs to a "blanket transaction", the transaction shall be treated as a transaction that disposes of the subsidiary and loses control; In individual financial statements, the difference between each disposal price before the loss of control and the book value of the long-term equity investment corresponding to the equity being disposed of is first recognized as other consolidated gains and then converted to the current loss of control at the time of the loss of control; In the consolidated financial statements, for each transaction prior to the loss of control, the difference between the disposition of the price and the disposition of the investment corresponding to the share in the net assets of the subsidiary shall be recognized as other consolidated gains and shall, at the time of the loss of control, be transferred to the loss of control for the current period.

Where the terms, conditions, and economic impact of each transaction meet one or more of the following conditions, usually multiple transactions are treated as a "package deal":

(a) These transactions were concluded at the same time or in consideration of mutual influence.

(b) These transactions can only achieve the business result as a whole;

(c) The effectiveness of one transaction depends the occurrence of at least another transaction;

(d) A single transaction is not economic and is economic when considered together with other transactions.

(5) Proportion of minority shareholders in factor companies who increase capital and dilute ownership of parent companies

Other shareholders (minority shareholders) of the subsidiary increase the capital of the subsidiary, thus diluting the share ratio of the parent to the subsidiary. In the consolidated financial statements, the share of the parent company in the net book assets of the former subsidiary of the capital increase is calculated according to the share ratio of the parent company before the capital increase, the difference between the share and the net book assets of the latter subsidiary after the capital increase is calculated according to the share ratio of the parent company, the capital reserve (capital premium or capital premium), the capital reserve (capital premium or capital premium) is not offset, and the retained income is adjusted.

7. Classification of JV arrangements and accounting method

None

8. Recognition of cash and cash equivalents

Cash refers to cash in stock and deposits that can be used for payment at any time. Cash equivalents refer to investments with a short holding period (generally referring to expiry within three months from the date of purchase), strong liquidity, easy to convert to a known amount of cash, and little risk of value change.

9. Foreign exchange business and foreign exchange statement translation

(1) Methods for determining conversion rates in foreign currency transactions

When the Company's foreign currency transactions are initially confirmed, they will be converted into the bookkeeping standard currency at the spot exchange rate on the transaction date.

(2) Methods of conversion of foreign currency currency currency items on balance sheet days

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.

(3) Foreign currency statement conversion method

Prior to the conversion of the financial statements of an enterprise's overseas operations, the accounting period and policy of the overseas operations should be adjusted to conform to the accounting period and policy of the enterprise. The financial statements of the corresponding currency (other than the functional currency) should be prepared according to the adjusted accounting policy and the accounting period. The financial statements of the overseas operations should be converted according to the following methods:

① The assets and liabilities items in the balance sheet are translated at the spot exchange rate on the balance sheet date. Except for the "undistributed profits" items, the owner's equity items are translated at the spot exchange rate when they occur.

② The income and expense items in the profit statement are converted at the spot exchange rate on the transaction date or the approximate exchange rate of the spot exchange rate.

③ The foreign currency cash flow and the foreign subsidiary's cash flow are converted using the immediate exchange rate or the approximate exchange rate at the date of the cash flow. The impact of exchange rate changes on cash should be used as an adjustment item and presented separately in the cash flow statement.

④ During the preparation of the consolidated financial statements, the resulting foreign currency financial statement conversion variance is presented separately under the owner's equity item in the consolidated 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.

10. Financial instrument

As of 1 January 2019

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

(1) Recognition and de-recognition of financial instrument

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

Financial asset is derecognized when:

① The contractual right to receive the cash flows of the financial assets is terminated;

② The financial asset is transferred and meets the following derecognition condition.

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). When the Company (borrower) and lender enter into an agreement to replace the original financial liabilities by undertaking new financial liabilities and the contract terms for the new financial liabilities are essentially different from those for the original one, the original financial liabilities will be derecognized and new financial liabilities will be recognized. Where the Company makes substantial amendments to the contract terms of the original financial liability (or part thereof), it shall terminate the original financial liability and confirm a new financial liability in accordance with the amended terms.

Financial asset transactions in regular ways are recognized and de-recognized on the transaction date. The conventional sale of financial assets means the delivery of financial assets in accordance with the contractual terms and conditions, at the time set out in the regulations or market practices. Trading date refers to the date on which the Company undertakes to buy or sell financial assets.

(2) Classification and subsequent measurement 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 current profit and loss 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.

Financial assets are measured at the fair value at the initial recognition. For financial assets measured at fair value with variations accounted into current income account, related transaction expenses are accounted into the current income. For other financial assets, the related transaction expenses are accounted into the initial recognized amounts. Bills receivable and accounts receivable arising from the sale of commodities or the provision of labor services that do not contain or do not consider significant financing components, the Company performs initial measurement according to the transaction price defined by the income standard.

The subsequent measurement of financial assets depends on their classification:

① Financial assets measured at amortized cost

Financial assets that meet the following conditions at the same time are classified as financial assets measured at amortized cost: The Company ’s business model for managing this financial asset is to collect contractual cash flows as its goal; the contract terms of the financial asset stipulate that Cash flow is only the payment of principal and interest based on the outstanding principal amount. For such financial assets, the actual interest rate method is used for subsequent measurement according to the amortized cost. The gains or losses arising from the termination of recognition, amortization or impairment based on the actual interest rate method are included in the current profit and loss.

② Financial assets measured at fair value and whose changes are included in other comprehensive income

Financial assets that meet the following conditions at the same time are classified as financial assets measured at fair value and their changes are included in other comprehensive income: The Company's business model for managing this financial asset is to both target the collection of contractual cash flows and the sale of financial assets. Objective; The contractual terms of the financial asset stipulate that the cash flow generated on a specific date is only for the payment of principal and interest based on the outstanding principal amount. For such financial assets, fair value is used for subsequent measurement. Except for impairment losses or gains and exchange gains and losses recognized as current gains and losses, changes in the fair value of such financial assets are recognized as other comprehensive income. Until the financial asset is derecognized, its accumulated gains or losses are transferred to current gains and losses. However, the relevant interest income of the financial asset calculated by the actual interest rate method is included in the current profit and loss.

The Company irrevocably chooses to designate a portion of non-tradable equity instrument investment as a financial asset measured at fair value and whose variation is included in other consolidated income. Only the relevant dividend income is included in the current profit and loss, and the variation of fair value is recognized as other consolidated income.

③ Financial assets measured at fair value with variations accounted into current income account

The above financial assets measured at amortized cost and other financial assets measured at fair value and whose changes are included in other comprehensive income are classified as financial assets measured at fair value and whose changes are included in the current profit and loss. For such financial assets, fair value is used for subsequent measurement, and all changes in fair value are included in current profit and loss.

(3) Classification and measurement of financial liabilities

The Company classifies financial liabilities into financial liabilities measured at fair value and their changes included in the current profit and loss, loan commitments and financial guarantee contract liabilities for loans below market interest rates, and financial liabilities measured at amortized cost.

The subsequent measurement of financial liabilities depends on their classification:

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. However, for the financial liabilities designated as fair value and whose variations are included in the profits and losses of the current period, the variable amount of the fair value of the financial liability due to the variation of credit risk of the financial liability shall be included in the other consolidated income. When the financial liability is terminated, the cumulative gains and losses previously included in the other consolidated income shall be transferred out of the other consolidated income and shall be included in the retained income.

② Loan commitments and financial security contractual liabilities

The Loan Commitment is a commitment made by the Company to the Client during the period of commitment to the Client under the terms of the Contract. The loan undertakes to depreciate the loss in accordance with the expected credit loss model.

Financial Guarantee Contract means a contract in which the Company is required to indemnify the lost contract holder for a specified amount when the specific debtor cannot pay the debt in accordance with the original or modified terms of the debt instrument. The financial security contractual liabilities are subsequently measured on the basis of the reserve amount for loss determined on the basis of the impairment principle of the financial instrument and the balance of the initial recognition amount after deducting the accumulated amortization amount determined on the basis of the revenue recognition principle.

③ Financial liabilities measured at amortized cost

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

Except in special circumstances, financial liabilities and equity instruments are distinguished according to the following principles:

① If the Company cannot unconditionally avoid delivering cash or other financial assets to fulfill a contractual obligation, the contractual obligation meets the definition of financial liability. While some financial instruments do not explicitly contain terms and conditions for the delivery of cash or other financial assets, they may indirectly form contractual obligations through other terms and conditions.

If a financial instrument is required to be settled with or can be settled with the Company's own equity instruments, the Company's own equity instrument used to settle the instrument needs to be considered as a substitute for cash or other financial assets or for the holder of the instrument to enjoy the remaining equity in the assets after all liabilities are deducted. If it is the former, the instrument is the financial liabilities of the issuer; if it is the latter, the instrument is the equity instrument of the issuer. In some cases, a financial instrument contract provides that the Company shall or may use its own instrument of interest, in which the amount of a contractual right or obligation is equal to the amount of the instrument of its own interest which may be acquired or delivered multiplied by its fair value at the time of settlement, whether the amount of the contractual right or obligation is fixed or is based entirely or in part on a variation of a variable other than the market price of the instrument of its own interest, such as the rate of interest, the price of a commodity or the price of a financial instrument, the contract is classified as a financial liability.

(4) Derivative financial instruments and embedded derivatives

Derivative financial instruments are initially measured at the fair value of the day when the derivative transaction contract is signed, and are subsequently measured at their fair values. Derivative financial instruments with a positive fair value are recognized as asset, and instruments with a negative fair value are recognized as liabilities.

The gains and losses arising from the change in fair value of derivatives are directly included in the profits and losses of the current period, except that the part of the cash flow that is valid in the hedge is included in the other consolidated income and transferred out when the hedged item affects the gain and loss of the current period.

For a hybrid instrument containing an embedded derivative instrument, if the principal contract is a financial asset, the hybrid instrument as a whole applies the relevant provisions of the financial asset classification. If the main contract is not a financial asset, and the hybrid instrument is not measured at fair value and its changes are included in the current profit and loss for accounting, the embedded derivative does not have a close relationship with the main contract in terms of economic characteristics and risks, and it is If the instruments with the same conditions and exist separately meet the definition of derivative instruments, the embedded derivative instruments are separated from the mixed instruments and treated as separate derivative financial instruments. If the fair value of the embedded derivative on the acquisition date or the subsequent balance sheet date cannot be measured separately, the hybrid instrument as a whole is designated as a financial asset or financial liability measured at fair value and whose changes are included in the current profit or loss.

(5) Impairment of financial instruments

The Company shall confirm the preparation for loss on the basis of expected credit loss for financial assets measured at amortization costs, creditor's rights investments measured at fair value, contractual assets, leasing receivables, loan commitments and financial guarantee contracts, etc.

(1) Measurement of expected credit losses

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. Among them, the financial assets which have been purchased or born by the Company shall be discounted according to the actual rate of credit adjustment of the financial assets.

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.

On each balance sheet day, the Company measures the expected credit losses of financial instruments at different stages. Where the credit risk has not increased significantly since the initial confirmation of the financial instrument, it is in the first stage. The Company measures the preparation for loss according to the expected credit loss in the next 12 months. Where the credit risk has increased significantly since the initial confirmation but the credit impairment has not occurred, the financial instrument is in the second stage. Where a credit impairment has occurred since the initial confirmation of the financial instrument, it shall be in the third stage, and the Company shall prepare for measuring the expected credit loss of the whole survival period of the instrument.

For financial instruments with lower credit risk at the balance sheet date, the Company assumes that its credit risk has not increased significantly since the initial confirmation, and measures the preparation for loss based on the expected credit loss over the next 12 months.

The Company calculates interest income for financial instruments in the first and second stages, as well as for lower credit risks, based on the book balance and actual interest rate it does not deduct from impairment. Interest income is calculated on the basis of the amortization costs and actual interest rates of the financial instruments in phase III, after their book balance is reduced by the accrued impairment.

Regarding bills receivable, accounts receivable and financing receivables, regardless of whether there is a significant financing component, the Company measures the loss provision based on the expected credit losses throughout the duration.

A Accounts receivable

Where there is objective evidence of impairment, as well as other receivable instruments, receivables, other receivables, receivables financing and long-term receivables applicable to individual assessments, separate impairment tests are performed to confirm expected credit losses and prepare individual impairment. Where there is no objective evidence of impairment, such as bills receivable, accounts receivable, other receivables, financing of accounts receivable and long-term receivables, or where a single financial asset is unable to assess the expected credit loss at reasonable cost, the Company divides the instruments receivable, accounts receivable, other receivables, financing of accounts receivable and long-term receivables into a number of combinations based on the combination and determines the basis for the combination as follows:

The basis for determining the combination of notes receivable is as follows:

Notes Receivable Combination1 Commercial Acceptance Bill

Bill Receivable Combination2 Bank Acceptance Bill

For the bills receivable divided into a combination, we calculate the expected credit loss through the risk exposure of default and the expected credit loss rate of the whole survival period based on the historical credit loss experience, the current situation and the forecast of the future economic condition.

The basis for determining the combination of accounts receivable is as follows:

Accounts receivable combination 1 Accounts receivable business

Accounts receivable combination 2 Associated party payments in the context of receivable consolidation

Accounts receivable combination 3 Real Estate receivable business

Accounts receivable combination 4 Others receivable business

For the accounts receivable divided into a combination, the Company refers to the historical credit loss experience, combined with the current situation and the forecast of the future economic situation, compiles the account receivable age and the whole expected credit loss rate table, and calculates the expected credit loss.

The basis for determining the combination of other receivables is as follows:

Other receivable portfolio 1 Interest receivable

Portfolio of other receivables 2 Dividends receivable

Other combinations of receivables 3 Deposit and margin receivable

Other receivable portfolio 4 Receivable advances

Combination of other receivables 5 Value-added tax receivable is increased and refunded

Other receivable portfolio 6 Receivables from related parties within the scope of consolidation

Other receivables portfolio 7 Other receivables

For other receivables divided into portfolios, the Company refers to historical credit loss experience, combined with current conditions and predictions of future economic conditions, and calculates through default risk exposure and expected credit loss rate within the next 12 months or the entire duration Expected credit losses.

The basis for determining the combination of receivables financing is as follows:

Receivables financing portfolio 1 bank acceptance bill

For the receivable financing divided into portfolios, the Company refers to the historical credit loss experience, combined with the current situation and the prediction of the future economic situation, and calculates the expected credit loss through the default risk exposure and the expected credit loss rate for the entire duration.

B Claims investments, other claims investments

For creditor's rights investment and other creditor's rights investment, the Company calculates the expected credit loss based on the nature of the investment and the types of counterparty and risk exposure, through the default risk exposure and the expected credit loss rate over the next 12 months or the entire survival period.

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 Significant increase in credit risk

The Company compares the default probability of the financial instrument during the expected lifetime determined by the balance sheet date with the default probability of the expected lifetime during the initial confirmation to determine the relative probability of the default probability of the financial instrument during the expected lifetime Changes to assess whether the credit risk of financial instruments has increased significantly since 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:

A. Significant changes in internal price indicators resulting from changes in credit risk;

B. A negative change in the operational, financial or economic situation that is expected to lead to a significant change in the debtor's ability to fulfil its obligations;

C. Whether there has been a significant change in actual or anticipated operating results of the debtor; (B) Whether there has been a significant adverse change in the regulatory, economic or technological environment in which the debtor is located;

D. Whether there has been a significant change in the guaranteed price value as a mortgage or in the quality of guarantee or credit escalation provided by third parties. These changes are expected to reduce the economic motivation of the debtor to repay the term specified in the contract or affect the probability of default;

E. Whether there is a significant change in the economic motivation that is expected to reduce the debtor's contractual period of repayment;

F. Expected changes to a loan contract, including exemptions or amendments to contractual obligations that are expected to result from a breach of contract, waiver periods, interest rate leaps, requests for additional collateral or guarantees or other changes to the contractual framework of financial instruments;

G. Whether the debtor's expected performance and repayment behavior have changed significantly;

H. Whether contractual payments are overdue for more than 30 days.

Based on the nature of financial instruments, the Company 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 Company 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. Unless the Company does not have to pay excessive costs or efforts to obtain reasonable and warranted information, it proves that although it has exceeded the time limit of 30 days agreed upon in the Contract, credit risks have not increased significantly since the initial confirmation.

④ Financial assets with credit impairment

The Company assesses on the balance sheet date whether financial assets measured at amortized cost and credit investments measured at fair value and whose changes are included in other comprehensive income have undergone 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:

Major financial difficulties have occurred to the issuer or the debtor; Breach of contract by the debtor, such as payment of interest or default or overdue of principal; (B) The concession that the debtor would not make under any other circumstances for economic or contractual considerations relating to the financial difficulties of the debtor; The debtor is likely to be bankrupt or undertake other financial restructuring; The financial difficulties of the issuer or debtor lead to the disappearance of the active market for the financial asset; To purchase or generate a financial asset at a substantial discount, which reflects the fact that a credit loss has occurred.

(5) Presentation of expected credit loss preparation

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 allowance offsets the book value of the financial asset listed on the balance sheet; for debt investments measured at fair value and whose changes are included in other comprehensive income, the Company Recognition of its loss provisions in gains does not offset the book value of the financial asset.

⑥ Canceled

If it is no longer reasonably expected that the contract cash flow of the financial assets will be fully or partially recovered, the book balance of the financial assets will be directly reduced. 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.

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.

(6) Transfer of financial assets

The transfer of financial assets refers to the following two situations:

A. Transfer the contractual right to receive cash flow of financial assets to another party;

B. Transfers the financial assets to the other party in whole or in part, but reserves the contractual right to collect the cash flow of the financial assets and undertakes the contractual obligation to pay the collected cash flow to one or more recipients.

(A) Termination of the recognition of transferred financial assets

Those who have transferred almost all risks and rewards in the ownership of financial assets to the transferee, or have neither transferred nor retained almost all the risks and rewards in the ownership of financial assets, but have given up control of the financial assets, terminate the confirmation The financial asset.

In determining whether control over the transferred financial asset has been waived, the actual capacity of the transferor to sell the financial asset is determined. Where the transferor is able to unilaterally sell the transferred financial asset to an unrelated third party in its entirety and there is no additional condition to limit the sale, the Company has waived control over the financial asset.

The Company pays attention to the essence of financial asset transfer when judging whether financial asset transfer meets the condition of financial asset termination.

If the overall transfer of financial assets meets the conditions for termination confirmation, the difference between the following two amounts shall be included in the current profit and loss period:

A. book value of transferred financial assets;

B. The sum of the amount received as a result of the transfer and the amount accrued as a result of the change in the fair value of the transfer in respect of the termination recognized portion of the amount previously charged directly to the other consolidated proceeds (the financial assets involved in the transfer are those classified in accordance with Article 18 of Enterprise Accounting Standard No. 22 - Financial Instruments Recognition and Measurement as measured by the fair value and whose change is charged to the other consolidated proceeds).

If the partial transfer of financial assets meets the conditions for termination of recognition, the book value of the whole of the transferred financial assets shall be apportioned between the termination of recognition and the non-termination of recognition (in this case, the reserved service assets shall be regarded as part of the continued recognition of financial assets) in accordance with the respective relative fair values of the transfer date, and the difference between the following two amounts shall be included in the current profit and loss:

A. the book value of the termination confirmation portion at the termination confirmation date;

B. The sum of the valuation of the termination recognition portion and the amount of the termination recognition portion corresponding to the amount accrued as a result of the variation in the fair value previously credited to other consolidated proceeds (the financial assets involved in the transfer are those classified under Article 18 of the Accounting Standards for Enterprises No. 22 - Financial Instruments Recognition and Measurement as measured by the fair value and whose variation is credited to other consolidated proceeds).

(2) Continuing involvement in transferred financial assets

If neither transfer nor retain almost all the risks and rewards of the ownership of financial assets, and have not given up control of the financial assets, the relevant financial assets should be confirmed according to the extent of their continued involvement in the transferred financial assets, and the relevant liabilities should be recognized accordingly.

The extent to which the transferred financial assets continue to be involved refers to the extent to which the enterprise undertakes the risk or compensation of the value change of the transferred financial assets.

(III) Continuing identification of transferred financial assets

Where almost all risks and remuneration in relation to ownership of the transferred financial assets are retained, the whole of the transferred financial assets shall continue to be recognized and the consideration received shall be recognized as a financial liability.

The financial asset and the recognized related financial liabilities shall not offset each other. In the subsequent accounting period, the enterprise shall continue to recognize the income (or gain) generated by the financial asset and the costs (or losses) incurred by the financial liability.

(7) Deduction of financial assets and liabilities

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

The Company has a statutory right to offset the confirmed amount, and such legal right is currently enforceable;

The Company plans to settle the net assets or realize the financial assets and liquidate the financial liabilities at the same time.

The transferring party shall not offset the transferred financial assets and related liabilities if it does not meet the conditions for terminating the recognition.

（8） Methods for determining the fair value of financial instruments

See Note III. 10 for the recognition of fair value of financial assets and liabilities.

The following financial instruments accounting policies are applied in 2018 and earlier

(1) Measurement of financial assets

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

These include transactional financial assets and financial assets directly designated as fair value and whose variations are included in the current profits and losses, the former mainly referring to the stocks, bonds, funds and derivatives investments held by the Company for sale in the near future and not used as an effective hedging instrument. Such assets are initially measured as initial recognized amounts based on their fair value at the time of acquisition, and the associated transaction costs are included in the current profit and loss at the time of occurrence. The payment contains declared but not yet issued cash dividends or interest on bonds paid but not yet received, which are separately recognized as receivable items. Interest or cash dividends earned during the holding period are recognized as investment gains. On the balance sheet date, the Company measured such financial assets at fair value and their changes are included in the current profit and loss. At the time of disposition of such financial assets, the difference between the fair value of such assets and the initial credited amount is recognized as the return on investment and the change in the fair value is adjusted.

② Investment held until mature

Mainly refers to fixed due date, fixed or determinable amount of recovered amount, and the Company has clear intention and ability to hold to maturity of the national debt, corporate bonds, etc. Such financial assets are initially recognized in terms of the sum of fair value and related transaction costs at the time of acquisition. Interest on bonds that are due but have not yet been issued and are included in the payment is separately recognized as receivable items. Interest income is recognized on the basis of amortization costs and actual interest rates during the holding period for investments held to maturity and is included in the investment income. When disposing of an investment held to maturity, the difference between the price obtained and the carrying value of the investment is included in the investment income.

③ Receivables

Receivables include receivable accounts, other receivables and prepayment. Accounts receivable means the accounts receivable resulting from the sale of goods or the provision of services. Accounts receivable are initially recognized at the contract or agreement price receivable from the buyer.

④ Sellable financial assets

Mainly refers to the Company's financial assets that are not classified as fair value through profit or loss, held-to-maturity investments, loans and receivables. The sum of the fair value and related transaction costs of the financial assets available for sale shall be the initial recognized amount. Interest on outstanding bonds or declared unpaid cash dividends included in the payment is separately recognized as receivable items. Interest or cash dividends obtained during the holding of available-for-sale financial assets are included in investment income.

If the financial assets available for sale are of a foreign currency nature, the exchange gains and losses resulting from such assets shall be taken into account in the current period. Interest on investments in available debt instruments calculated using the actual interest rate method is included in the current profit and loss; The cash dividends that can be invested in the instruments of sale rights and interests shall be included in the current profit and loss period when the unit of investment declares that the dividend is issued. On the balance sheet date, available-for-sale financial assets are measured at fair value, and their changes are included in other comprehensive income. When disposing of a financial asset available for sale, the difference between the price obtained and the book value of the financial asset is included in the investment income; At the same time, the amount corresponding to the disposal part of the fair value change accrued from the original accrued amount of the owner's equity shall be transferred out into the investment income.

(2) Classification of financial liabilities

① Financial liabilities measured at fair value and whose changes are included in the current profit and loss, including transactional financial liabilities and financial liabilities designated as measured at fair value and whose changes are included in the current profit and loss; such financial liabilities are measured at fair value when they are initially recognized The relevant transaction costs are directly included in the current profit and loss, and the fair value changes are included in the current profit and loss on the balance sheet date.

②Other financial liabilities refer to financial liabilities that are measured at fair value and whose changes are included in the current profit and loss.

(3) The distinction between financial liabilities and equity instruments

Except in special circumstances, financial liabilities and equity instruments are distinguished according to the following principles:

① If the Company cannot unconditionally avoid delivering cash or other financial assets to fulfill a contractual obligation, the contractual obligation meets the definition of financial liability. While some financial instruments do not explicitly contain terms and conditions for the delivery of cash or other financial assets, they may indirectly form contractual obligations through other terms and conditions.

If a financial instrument is required to be settled with or can be settled with the Company's own equity instruments, the Company's own equity instrument used to settle the instrument needs to be considered as a substitute for cash or other financial assets or for the holder of the instrument to enjoy the remaining equity in the assets after all liabilities are deducted. If it is the former, the instrument is the financial liabilities of the issuer; if it is the latter, the instrument is the equity instrument of the issuer. In some cases, a financial instrument contract provides that the Company shall or may use its own instrument of interest, in which the amount of a contractual right or obligation is equal to the amount of the instrument of its own interest which may be acquired or delivered multiplied by its fair value at the time of settlement, whether the amount of the contractual right or obligation is fixed or is based entirely or in part on a variation of a variable other than the market price of the instrument of its own interest, such as the rate of interest, the price of a commodity or the price of a financial instrument, the contract is classified as a financial liability.

(4) Transfer of financial assets

The transfer of financial assets refers to the following two situations:

A. Transfer the contractual right to receive cash flow of financial assets to another party;

B. Transfers the financial assets to the other party in whole or in part, but reserves the contractual right to collect the cash flow of the financial assets and undertakes the contractual obligation to pay the collected cash flow to one or more recipients.

(A) Termination of the recognition of transferred financial assets

Those who have transferred almost all risks and rewards in the ownership of financial assets to the transferee, or have neither transferred nor retained almost all the risks and rewards in the ownership of financial assets, but have given up control of the financial assets, terminate the confirmation The financial asset.

In determining whether control over the transferred financial asset has been waived, the actual capacity of the transferor to sell the financial asset is determined. If the transferor is able to sell the transferred financial assets wholly to a third party that does not have a relationship with them, and has no additional conditions to limit the sale, it indicates that the enterprise has waived control over the financial assets.

The Company pays attention to the essence of financial asset transfer when judging whether financial asset transfer meets the condition of financial asset termination.

If the overall transfer of financial assets meets the conditions for termination confirmation, the difference between the following two amounts shall be included in the current profit and loss period:

A. book value of transferred financial assets;

B. The sum of the consideration received as a result of the transfer and the amount accrued as a result of the change in the fair value of the original direct accruing to the owner's interest (in cases where the transferred financial assets are available for sale).

If the partial transfer of financial assets meets the conditions for termination of recognition, the book value of the whole of the transferred financial assets shall be apportioned between the termination of recognition and the non-termination of recognition (in this case, the retained service assets shall be considered as part of the non-termination of recognition of financial assets) in accordance with their respective relative fair values, and the difference between the following two amounts shall be included in the current profit and loss:

A. Termination of the book value of the recognized portion;

B. The sum of the consideration of the termination recognition portion and the amount of the termination recognition portion (the financial assets involved in the transfer are the circumstances in which the financial assets are available for sale) corresponding to the fair value change accrued from the original direct incorporation of the owner's interest.

(2) Continuing involvement in transferred financial assets

If neither transfer nor retain almost all the risks and rewards of the ownership of financial assets, and have not given up control of the financial assets, the relevant financial assets should be confirmed according to the extent of their continued involvement in the transferred financial assets, and the relevant liabilities should be recognized accordingly.

The degree of continued involvement in the transferred financial assets refers to the level of risk that the financial asset value exposes the Company to.

(III) Continuing identification of transferred financial assets

Where almost all risks and remuneration in relation to ownership of the transferred financial assets are retained, the whole of the transferred financial assets shall continue to be recognized and the consideration received shall be recognized as a financial liability.

The financial asset and the recognized related financial liabilities shall not offset each other. In the subsequent accounting period, the enterprise shall continue to recognize the income generated by the financial asset and the costs incurred by the financial liability. If the transferred financial assets are measured at amortized cost, the recognized related liabilities shall not be designated as financial liabilities measured at fair value and whose changes are included in the current profit and loss.

(5) De-recognition of financial liabilities

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

If the assets used to repay the financial liabilities are transferred to an institution or a trust is established and the current obligation to repay the debts still exists, the recognition of the financial liabilities shall not be terminated or the recognition of the assets transferred out shall not be terminated.

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

If substantial or all contractual terms of the existing financial liabilities are substantially modified, the recognition of the existing financial liabilities or a part thereof shall be terminated, and the financial liabilities with the revised terms shall be recognized as a new financial liability.

If the financial liabilities are terminated in whole or in part, the difference between the book value of the termination recognized portion and the consideration paid (including the non-cash assets transferred out or the new financial liabilities assumed) shall be included in the current profit and loss.

(6) Deduction of financial assets and liabilities

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

The Company has a statutory right to offset the confirmed amount, and such legal right is currently enforceable;

The Company plans to settle the net assets or realize the financial assets and liquidate the financial liabilities at the same time.

The transferring party shall not offset the transferred financial assets and related liabilities if it does not meet the conditions for terminating the recognition.

(7) Impairment examination and providing of impairment provision of financial assets

① Objective evidence that can prove the impairment of the financial assets

A. Severe financial difficulties in the issuer or debtor;

B. The debtor violates the contract or defaults or delays the payment of the interest or principal;

C. The Group makes compromise to the debtor with financial difficulties due to economic or legal consideration;

D. The debtor may go bankruptcy or conduct other financial reorganization;

E. The financial assets can no longer be traded in an active market due to material financial difficulties in the issuer;

F. It cannot be recognized whether the cash flow of an asset in a group of financial assets has decreased. However, according to open data, it can be evaluated that the estimated future cash flow of the group of financial assets has decreased and the decrease can be measured, including:

G. Significant adverse changes occurs to the technical, market, economic or legal environment of the debtor, leading to that the equity instrument investor may not be able to recover the investment;

H. Other objective evidence that can prove the impairment of the financial assets

(2) impairment testing of financial assets (excluding receivables)

A. Financial assets measured at amortized cost

If there is objective evidence proving impairment to the financial assets, the book value of the financial assets will be written down to the present value of the estimated future cash flow (excluding undiscovered future credit loss). The write-down amount is accounted into the current gain/loss account.

The present value of the expected future cash flow is determined by discounting the original effective interest rate of the investment held to maturity, and taking into account the value of the relevant collateral (the cost of acquiring and selling the collateral is deducted). The original actual interest rate is the actual interest rate determined by the calculation of the initial confirmation of the holding until the expiration of the investment. For floating interest rate holdings to maturity investments, the current value of future cash flow may be calculated using the current actual interest rate specified in the contract as the discount rate.

Impairment tests are performed separately on financial assets with significant single amounts. If objective evidence indicates that they have been impaired, impairment losses are recognized and included in the current profit and loss; for financial assets with insignificant single amounts, separate impairment tests are included or included Conduct impairment tests in financial asset portfolios with similar credit risk characteristics.

Separately test financial assets that have not been impaired (including individual financial assets with significant amounts and non-significant amounts), including those that have similar credit risk characteristics and then conduct impairment tests; financial assets that have individually recognized impairment losses Does not include impairment testing in financial asset portfolios with similar credit risk characteristics.

After the Company recognizes impair loss to financial assets measured by amortized cost, if there is object evidence suggesting that the value of the financial assets is restored objectively due to an event after the loss, the recognized impairment loss can be reversed and accounted into the current gain/loss account. The book value after the reversal must not exceed the amortized cost of the financial assets on the reversal date assuming that no impairment provision was made.

B. Impairment test on available-for-sale financial assets

In the event of impairment of the financial assets available for sale, the accumulated loss resulting from the reduction in the fair value of the rights and interests of the owner shall be transferred out to account for the impairment of the assets. After the impairment of the financial assets of the available debt instruments occurs, the interest income is recognized by the discount rate used to discounted the future cash flow as the interest rate when the impairment loss is determined.

For the sellable debt instruments recognized as impaired, if the fair value increases in the following accounting period objectively due to an event after the original impair loss is recognized, the impairment loss will be reversed and accounted into the current gain/loss account. Impairment loss incurred in investment of sellable equity instrument is not reversed through the gain/loss account.

(9) Recognition of fair value of financial assets and liabilities

See Note III. 10 for the recognition of fair value of financial assets and liabilities.

11. Notes receivable

See Section XII, V, Important Accounting Policies and Accounting Estimates 10. Financial Tools.

12. Account receivable

See Section XII, V, Important Accounting Policies and Accounting Estimates 10. Financial Tools.

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

13. Receivable financing

See Section XII, V, Important Accounting Policies and Accounting Estimates 10. Financial Tools.

14. Other receivables

Methods for Determining Expected Credit Loss of Other Receivables and Accounting Processing Methods

See Section XI, V, Important Accounting Policies and Accounting Estimates 10. Financial Tools.

15. Inventories

(1) Classification of inventories

Inventory refers to the finished products or commodities held by the Company for sale in its daily activities, the materials and materials consumed in the course of production, in the course of production or in the course of providing labor services, including subcontracting materials, raw materials, in-process products, finished products, finished products, inventories, turnover materials, development costs, development products and assets formed by construction contracts, etc.

(2) Valuation method for issuing inventory

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

Inventory of real estate business mainly includes inventory materials, on-the-job development products, finished development products and development products that are intended to be sold and temporarily leased. Inventory is measured at the actual costs when the fixed assets are obtained The actual costs of development products include land transfer payment, infrastructure and facility costs, installation engineering costs, borrows before completion of the development and other costs during the development process. The special maintenance funds collected in the first period are included in the development overheads. The actual costs of the development product is priced using the separate pricing 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.

(3) Inventory system

The Company inventory adopts the perpetual inventory system, counting at least once a year, the inventory profit and loss amount is included in the current year's profit and loss.

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

On the balance sheet date, inventories are accounted depending on which is lower between the cost and the net realizable value. If the cost is higher than the net realizable value, the impairment provision will be made.

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.

(1) In the course of normal production and operation, the net realizable value of finished goods, commodities and materials directly used for sale shall be determined by the estimated price of the inventory minus the estimated cost of sale and related taxes. The inventory held for the execution of a sales contract or a labor contract shall be measured on the basis of the contract price as its net realizable value; If the quantity held is greater than the quantity ordered under the sales contract, the net realizable value of the excess inventory is measured on the basis of the general sales price. Materials used for sale, etc., are based on market prices as a measure of their net realizable value.

②In the normal production and operation process, the inventory of materials that need to be processed is determined by the amount of the estimated selling price of the finished product minus the estimated cost to be incurred at the time of completion, estimated sales expenses and related taxes Realize the net value. If the net realizable value of the finished product produced by it is higher than the cost, the material is measured at cost; If the decrease in the price of the material indicates that the net realizable value of the finished product is lower than the cost, the material is measured as the net realizable value and the inventory is prepared for a decrease based on its difference.

③ Depreciation preparation of inventory is generally based on a single inventory item; For a large number of inventories with a lower unit price, they are accrued by inventory type.

④ If the factors affecting the previous write-down of inventory value have disappeared on the balance sheet date, the amount of the write-down will be restored and transferred back within the amount of inventory depreciation reserve that has been accrued, and the amount returned will be included in the current profit and loss.

(5) Methods of amortization of swing materials

① Low-value consumables are amortized on on-off amortization basis at using.

② Packages are amortized on on-off amortization basis at using.

16. Contract assets

17. Contract costs

18. Assets held for sales

19. Debt investment

20. Other debt investment

21. Long-term receivables

22. 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) Basis for recognition of common control and major influence on invested entities

Common control refers to the common control of an arrangement in accordance with the relevant agreement, and the relevant activities of the arrangement must be agreed upon by the participants who share control. In determining whether there is common control, the first step is to determine whether all or a group of participants collectively control the arrangement, which is considered collective control by all or a group of participants if all or a group of participants must act together to determine the activities associated with the arrangement. Second, determine whether the decision on the activities related to the arrangement must be agreed upon by the participants in the collective control of the arrangement. If there are two or more combinations of participants that can collectively control an arrangement, it does not constitute joint control. Protection rights are not considered when determining whether there is common control.

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.

If the Company directly or through subsidiaries holds more than 20% (inclusive) but less than 50% of the shares with voting rights of the invested entity, unless there is clear evidence proving that the Company cannot participate the decision-making of production and operation of the invested entity, the Company has major influence on the invested entity.

(2) Initial investment cost determination

1. Long-term equity investments formed by merger of enterprises shall be determined in accordance with the following provisions:

A. In the case of an enterprise merger under the same control, where the merging party makes a valuation of the merger by payment of cash, transfer of non-cash assets or undertaking liabilities, the share of the book value of the owner's interest in the final controlling party's consolidated financial statements as the initial investment cost of the long-term equity investment at the date of the merger. The difference between the initial investment cost of long-term equity investment and the cash paid, the non-cash assets transferred and the book value of the debt assumed, adjust the capital reserve; If the capital reserve is insufficient to offset or reduce, the retained income shall be adjusted;

B. In the case of an enterprise merger under the same control, where the merger party uses the issuance of interest-based securities as the merger price, the amount of the book value in the final controlling party's consolidated financial statements as the initial investment cost of the long-term equity investment on the date of the merger, in accordance with the interest of the owner of the merger party. Adjust the capital reserve according to the difference between the initial investment cost of long-term equity investment and the total face value of the issued shares. If the capital reserve is insufficient to offset or reduce, the retained income shall be adjusted;

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. 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.

1. Long-term equity investments formed by merger of enterprises shall be determined in accordance with the following provisions:

For long-term equity investment obtained by cash, the actually paid consideration is the initial investment cost. Initial investment costs include expenses, taxes and other necessary expenditures directly related to the acquisition of long-term equity investments;

B. Long-term equity investments acquired from the issuance of interest securities are the initial investment costs based on the fair value of the issue interest securities;

C. Long-term equity investments acquired through the exchange of non-monetary assets, if the exchange is commercially substantial and can be reliably measured in terms of the fair value of the assets in exchange for or in exchange for the assets, the difference between the fair value of the assets in exchange for the assets and the book value of the assets in exchange for the current period is counted as the initial investment cost; If the above two conditions are met when the exchange of non-currency assets is different, the book value and related taxes of the assets are used as the initial investment cost.

D. Long-term equity investments acquired through debt restructuring determine their recorded value at the fair value of the waived claims and other costs such as taxes directly attributable to the assets and account for the difference between the fair value and the book value of the waived claims.

(3) Subsequent measurement and recognition of gain/loss

The Company uses the cost method to measure long-term share equity investment in which the Company can control the invested entity; and uses the equity method to measure long-term share equity investment in which the Company has substantial influence on the invested entity.

① Cost

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.

Equity

Gains from long-term equity investment measured by equity

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 recognizeable assets of the invested entity according to the Company's accounting policies and accounting period. Where the accounting policy and accounting period adopted by the Invested unit are inconsistent with the Company, the financial statements of the Invested unit shall be adjusted in accordance with the accounting policy and accounting period of the Company, and the investment income and other consolidated income shall be recognized. Internal transaction gain not realized between the Company and affiliates is measured according to the shareholding proportion and the investment gains is recoginzied 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.

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.

(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. The classification is adjusted to hold the financial statements for the period to be sold.

(5) Impairment examination and providing of impairment provision

See Note III. 19 for the assets impairment provision method for investment in subsidiaries and joint ventures.

XXIII. Investment real estates

Measuring mode of investment real estate

Measurement at fair value

Basis of choosing the measurement at fair value

(1) Classification of investment real estate

Investment real estates are held for rent or capital appreciation, or both. These include, inter alia:

① Leased land using right

② the right to use the land that is transferred after holding and preparing for the increment.

③ Leased building

(2) Measurement of investment real estate

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

For 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.

If the cost model is adopted to measure the investment real estate, the depreciation or amortization shall be calculated according to the straight line method after deducting the accumulated impairment and net residual value of the investment real estate cost. For the method of depreciation of the accrued assets, see notes 3 and 19.

The types of investment real estate, estimated economic useful life and estimated net residual value rate are determined as follows:

Category	Service year (year)	Residual value rate (%)	Annual depreciation rate (%)

Houses & buildings	35-50	10.00	1.80-2.57

24. 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. Fixed assets are recognized at the actual cost of acquisition when the following conditions are met: (1) The economic benefits associated with the fixed assets are likely to flow into the enterprise. ② The cost of the fixed assets can be measured reliably. Overhaul cost generated by regular examination on fixed assets is recognized as fixed assets costs when there is evidence proving that it meets fix assets recognition conditions. If not, it will be accounted into the current gain/loss account.

(2) Depreciation method

Type	Depreciation method	Service year	Residual rate	Annual depreciation rate %
Houses & buildings	Average age	35-50	10%	1.8%-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%

(3) Recognition and pricing of financing leased fixed assets

The Company 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 cost of a fixed asset acquired by a financial lease is determined on the basis of the lower of the fair value of the leased asset at the date of the lease and the present value of the minimum leased payment. The Group adopts the depreciation policy same as the self-owned fixed assets to made provision for depreciation of leased asssets. Depreciation shall be accrued within the life of the leased assets if it is possible to reasonably determine that the leased assets will be entitled to ownership upon the expiry of the lease term; Depreciation is accrued within a shorter period between the lease term and the service life of the leased asset if it is unable to reasonably determine that the leased asset ownership can be acquired at the end of the lease term.

25. Construction in process

(1) Construction in progress is accounted for by project classification.

(2) Standard and timing for transferring construction in process into fixed assets

The full expenditure incurred on the construction-in-progress project as a fixed asset is recorded as the value of the asset before the asset is constructed to the intended usable state. This includes construction costs, the original cost of equipment, other necessary expenditures incurred in order to enable the construction works to reach the intended usable status and the borrowing costs incurred for the specific borrowing of the project and the general borrowing expenses incurred before the assets reach the intended usable status. Construction in process will be transferred to fixed assets when it reaches the preset service condition. The fixed assets that have reached the intended usable state but have not been completed shall be transferred to the fixed assets according to the estimated value according to the estimated value according to the estimated value according to the project budget, cost or actual project cost, etc. The depreciation of the fixed assets shall be accrued according to the Company's fixed assets depreciation policy. The original estimated value shall be adjusted according to the actual cost after the completion.

26. Borrowing expenses

(1) Recognition principles for capitalization of borrowing expenses

Borrowing expenses occurred to the Company that can be accounted as purchasing or production of asset satisfying the conditions of capitalizing, are capitalized and accounted as cost of related asset.

(1) Asset expenditure has occurred;

② The borrowing expense has already occurred;

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

Other interest on loans, discounts or premiums and exchange differences are included in the income and loss incurred in the current period.

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.

When the asset satisfying the capitalizing conditions has reached its usable or sellable status, capitalizing of borrowing expenses shall be terminated.

(2) 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.

If the assets that are constructed or produced under the condition of capitalization occupy the general borrowing, the interest amount to be capitalized in the general borrowing shall be calculated and determined by multiplying the capital rate of the general borrowing by the weighted average of the asset expenditure of the accumulated assets whose expenditure exceeds that of the specialized borrowing. The capitalization ratio is the weighted average interest rate of general borrowings.

27. Biological assets

None

28. Petrolum assets

None

Use right assets

None

30. Intangible assets

(1) Pricing method, service life and depreciation test

(1) Pricing of intangible assets

Recorded at the actual cost of acquisition.

Amortization of intangible assets

① Useful life of intangible assets with limited useful life

Item	Estimated useful life	Basis
Land using right	Term	Use right assets
Trademarks and patents	10 years	Reference to determine the lifetime of a company for which it can bring economic benefits
Proprietary technology	10 years	Reference to determine the lifetime of a company for which it can bring economic benefits
Software	5, 10 years	Reference to determine the lifetime of a company for which it can bring economic benefits

At the end of each year, the Company will reexamine the useful life and amortization basis of intangible assets with limited useful life. Upon review, the service life and amortization methods of intangible assets at the end of the period are not different from those previously estimated.

② Intangible assets which cannot be foreseeable to bring economic benefits to enterprises shall be regarded as intangible assets whose useful life is uncertain. For intangible assets whose service life is uncertain, the Company shall review the service life of intangible assets whose service life is uncertain at the end of each year. If the service life is uncertain after the review, the Company shall conduct a impairment test on the balance sheet date.

③ Amortization of intangible assets

For intangible assets with limited service life, the Company shall determine their service life at the time of acquisition, and shall use the straight line method system to reasonably amortize their service life, and the amortization amount shall be included in the profit and loss of the current period according to the beneficial items. The specific amortization amount is the amount after the cost is deducted from the estimated residual value. For fixed assets for which depreciation provision is made, the depreciation rate will be determined after the accumulative depreciation provision amount is deducted. The residual value of an intangible asset with limited useful life is treated as zero, except where a third party undertakes to purchase the intangible asset at the end of its useful life or to obtain expected residual value information based on the active market, which is likely to exist at the end of its useful life.

Intangible assets with uncertain service life will not be amortized. At the end of each year, the useful life of intangible assets with uncertain useful life is reviewed, and if there is evidence that the useful life of intangible assets is limited, the useful life is estimated and the system is reasonably amortized within the expected useful life.

(2) Accounting policies for internal R&D expenses

Specific standard for distinguish between research and development stage

The Company takes the information and related preparatory activities for further development activities as the research stage, and the intangible assets expenditure in the research stage is included in the current profit and loss period.

(2) The development activities carried out after the Company has completed the research stage as the development stage.

Specific Conditions of Expenditure Capitalization in Development Stage

Only when expenditures during the development phase meet the following conditions can they be recognized as intangible assets:

A. completion of the intangible asset to enable it to be used or sold technically feasible;

B. has the intention of completing the intangible asset and using or selling it;

C. The means by which an intangible asset generates economic benefits, including the ability to demonstrate that the product produced using the intangible asset is in the market or that the intangible asset itself is in the market, and that the intangible asset will be used internally to demonstrate its usefulness;

D. sufficient technical, financial and other resources to complete the development of the intangible asset and to be able to use or sell the intangible asset;

E. Expenditures attributable to the development phase of the intangible assets can be reliably measured.

31. Assets impairment

The Group uses the cost mode to continue measuring the assets impairment to investment real estatement, 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 Company judges whether there is a sign of impairment to assets on the balance sheet day. If such sign exists, the Company estimates the recoverable amount and conducts the impairment test. 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 Company estimates the recoverable amount on the individual asset item basis; whether it is hard to estimate the recoverable amount on the individual asset item basis, determine the recoverable amount based on the asset group that the assets belong to. The assets group is determined by whether the main cash flow generated by the group is independent from those generated by other assets or assets groups.

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

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

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.

32. Long-term amortizable expenses

The long-term outstanding expenses shall be accounted for all expenses incurred by the Company but which shall be borne by the current and future periods for more than one year, and the long-term outstanding expenses shall be amortized averagely within the benefit period.

Contract liabilities

34. Staff remuneration

(1) Accounting of operational leasing

① Basic salary of employees (salary, bonus, allowance, subsidy)

In the accounting period for which the staff and workers provide services, the Company shall confirm the actual short-term remuneration as liabilities and shall account for the current income and loss, except as required or permitted by other accounting standards.

② Employee welfare

The employee benefits incurred by the Company shall be included in the current profit and loss or related asset costs according to the actual amount incurred. Where the employee's benefit is non-monetary, it shall be measured on the basis of fair value.

③ Social insurance premiums and housing accumulation funds such as health insurance premiums, work injury premiums, birth insurance premiums, trade union funds and staff and education funds

The Company pays the medical insurance premiums, work injury insurance premiums, birth insurance premiums, etc. social insurance premiums and housing accumulation funds for the staff and workers, as well as the union funds and the staff and workers education funds according to the regulations, in the accounting period for which the staff and workers provide services, the corresponding salary amount of the staff and workers, and confirms the corresponding liabilities, which are included in the current profit and loss or related asset costs.

④ Short-term paid leave

The Company accumulates the salary of the employees who are absent from work with pay when the employees provide service, thus increasing their future right of absence with pay. The Company confirms the salary of the employee related to the absence of non-cumulative salary during the actual absence accounting period.

⑤ Short-term profit share program

If the profit-sharing plan meets the following conditions at the same time, the Company shall confirm the salary payable to the staff and workers:

A. The legal or presumptive obligation of the enterprise to pay the remuneration of its employees as a result of past matters;

B. The amount of payroll obligations due to profit-sharing schemes can be reliably estimated.

(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

If the Company provides termination benefits to employees, the employee compensation liabilities arising from the termination benefits shall be recognized at the earliest of the following two and shall be included in the current profit and loss:

(1) An enterprise may not unilaterally withdraw the resignation benefits provided for by the dismissal plan or reduction proposal;

(2) When the enterprise recognizes the costs or expenses related to the reorganization involving the payment of resignation benefits.

(4) Accounting of other long-term staff welfare

None

35. Lease liabilities

None

36. Anticipated liabilities

（1） Confirmation of projected liabilities

When responsibilities occurred in connection to contingent issues, and all of the following conditions are satisfied, they are recognized as expectable liability in the balance sheet:

① This responsibility is a current responsibility undertaken by the Company;

② Execution of this responsibility may cause financial benefit outflow from the Company;

③ Amount of the liability can be reliably measured.

（2） Methods of measurement of projected liabilities

Expected liabilities are initially measured at the best estimation on the expenses to exercise the current responsibility, and with considerations to the relative risks, uncertainty, and periodic value of currency. On each balance sheet date, review the book value of the estimated liabilities. Where there is conclusive evidence that the book value does not reflect the current best estimate, the book value is adjusted to the current best estimate.

37. Share payment

None

38. Other financial instruments such as preferred shares and perpetuated debt

None

39. Revenue

Whether the new revenue guidelines are implemented

□ Yes □ No

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

（1） Revenue from the sale of commodities

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

(2) Revenue from the provision of services

If they are not in the same year, then use the estimation on percentage basis when it is possible. The completion percentage is the costs occurred on the total cost.

The reliable estimation of the result of providing of labor service must meet the following conditions: A. the revenue can be reliably measured; B. the economic benefit is very likely to flow into the Company; C. the completion can be determined reliably; D. costs incurred or will be incurred can be reliably measured.

The Company shall determine the total revenue of the Services provided under the Contract or Agreement Price received or receivable, unless the Contract or Agreement Price received or receivable is not fair. On the balance sheet date, the total income of the labor service provided in the current period shall be recognized by multiplying the total income of the labor service provided by the balance sheet by the amount of the accumulated income of the service provided in the previous accounting period. At the same time, the total estimated cost of the labor service provided is multiplied by the completion schedule by the amount of the accumulated confirmed labor service cost in the previous accounting period to carry forward the current labor service cost.

If the results of the labor service transaction provided on the balance sheet date cannot be reliably estimated, the following cases shall be dealt with:

1. If the cost of the services already incurred is expected to be compensated, it shall be recognized as the amount of the costs

already incurred

Provide service income and carry forward service costs at the same amount.

1. If the labor cost incurred is not expected to be compensated, the labor cost already incurred is included in the current profit and loss, and the income from providing labor services is not recognized.

(3) Asset tenure income

When the economic benefits related to the transaction are likely to flow into the enterprise, and the amount of income can be measured reliably, the amount of income from the transfer of asset use rights is determined in the following cases:

1. The amount of interest income shall be determined according to the time and the actual interest rate at which the money funds of the enterprise are used by others.
2. The amount of royalty income shall be determined in accordance with the time and method of charge agreed upon in the relevant contract or agreement

(4) Construction contract income

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. The percentage of completion method recognizes income and costs based on contract completion schedule. The competition percentage is determined by the share of the costs incurred in the total cost.

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.

(5) 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.

40. Government subsidy

(1) Recognition of government subsidies

Government subsidies are recognized when the following conditions are met:

(1) Requirements attached to government subsidies;

(2) The Company can receive government subsidies.

(2) Recognition of government subsidies

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.

(3) Recognition of government subsidies

Assets-related

Government subsidies related to assets are obtained by the Company to purchase, build or formulate in other manners long-term assets; or subsidies related to benefits. If the asset-related government subsidy is recognized as deferred gain, should be recorded in gain and loss in the service life. Government subsidy measured at the nominal amount is accounted into current income account. If the relevant assets are sold, transferred, scrapped or damaged before the end of their useful life, the unallocated relevant deferred income balance shall be transferred to the profit and loss of the current period of disposition of the assets.

Gain-related government subsidy should be accounted as follows:

The Company divides government subsidies into assets-related and earnings-related government subsidies. Gain-related government subsidy should be accounted as follows:

(1) Subsidy that will be used to compensate related future costs or losses should be recognized as deferred gain and recorded in the gain and loss of the current report and offset related cost;

(2) Subsidy that is used to compensate existing cost or loss should be recorded in the gain and loss of the current period or offset related cost.

For government subsidies that include both asset-related and income-related parts, separate different parts for accounting treatment; It is difficult to distinguish between the overall classification of government subsidies related to benefits.

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.

③ Policy preferential loan discount

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.

(2) Government subsidy refund

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.

41. Differed income tax assets and differed income tax liabilities

The Company 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. 26. Deferred income tax assets and deferred income tax liabilities

(1) Deferred income tax assets

For deductible temporary discrepancies, deductible losses and tax offsets that can be carried forward for future years, the impact on income tax is calculated at the estimated income tax rate for the transfer-back period and the impact is recognized as deferred income tax assets, provided that the Company is likely to obtain future taxable income for deductible temporary discrepancies, deductible losses and tax offsets.

At the same time, the impact on income tax of deductible temporary discrepancies resulting from the initial recognition of assets or liabilities in transactions or matters with the following characteristics is inconclusive as deferred income tax assets:

A. The transaction is not an enterprise merger;

B. the transaction is not a merger and the transaction does not affect the accounting profit or taxable proceeds;

In the event of temporary discrepancy of deductible investment related to subsidiaries, joint ventures and joint ventures, and meeting the following two conditions, the amount of impact (talent) on income tax shall be deemed as deferred income tax assets:

A. Temporary discrepancies are likely to be reversed in the foreseeable future;

B. The amount of taxable income to be used to offset temporary discrepancies is likely to be available in the future;

On the balance sheet date, there is conclusive evidence that sufficient taxable income is likely to be obtained during the future period to offset the deductible temporary discrepancy, recognizing deferred income tax assets not recognized during the previous period.

On the balance sheet day, the Company re-exmaines the book value of the deferred income tax assets. If it is unlikely to have adequate taxable proceeds to reduct 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.

(2) Deferred income tax assets

All provisional differences in taxable income of the Company shall be measured on the basis of the estimated income tax rate for the period of transfer-back and shall be recognized as deferred income tax liabilities, except that:

① The impact of temporary differences in taxable income on income tax arising from the following transactions or matters is inconclusive as deferred income tax liabilities:

A. Initial recognition of goodwill;

B. 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 In the event of temporary discrepancy of deductible investment related to subsidiaries, Joint venture joint ventures, and meeting the two conditions, the amount of impact (talent) on income tax shall be deemed as deferred income tax assets:

A. The Company is able to control the time of temporary discrepancy transfers;

B. The temporary discrepancy is likely not to be reversed in the foreseeable future.

(3) Deferred income tax assets

(1) Deferred income tax liabilities or assets associated with enterprise consolidation

Temporary difference of taxable tax or deductible temporary difference generated by enterprise merger under non-same control. When deferred income tax liability or deferred income tax asset is recognized, related deferred income tax expense (or income) is usually adjusted as recognized goodwill in enterprise merger.

② Amount of shares paid and accounted as owners' equity

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 effects of temporary discrepancy on income tax include the following: Other integrated benefits such as fair value change of financial assets available for sale, retroactive adjustment of accounting policy changes or retroactive restatement of accounting error correction discrepancy to adjust the initial retained income, and mixed financial instruments including liabilities and equity.

(3) Compensation for losses and tax deductions

A. Compensable losses arising from the Company's own operations and tax deductions

Deductible loss refers to the amount of taxable income in the following years which is calculated and approved in accordance with the provisions of the tax law. For uncompensated losses (deductible losses) and tax deductions that can be carried forward in future years as stipulated in the tax law, the provisional discrepancy is treated as deductible. Where it is anticipated that adequate taxable income is likely to be obtained during the future period in which compensable losses or tax credits are available, the corresponding deferred income tax assets are identified, subject to the amount of taxable income likely to be obtained, and the income tax costs in the current profit statement are reduced.

B. Uncompensable losses resulting from merger

In the course of enterprise merger, if the Company obtains the temporary discrepancy that can be deducted from the purchaser, it will not confirm if it does not meet the qualification of deferred income tax asset confirmation on the date of purchase. Within 12 months after the date of purchase, if new or further information is obtained, it indicates that the relevant situation of the date of purchase has already existed, and the economic benefit of the expected buyer can be realized by deducting the temporary discrepancy on the date of purchase, the relevant deferred income tax assets are recognized, the goodwill is reduced, the goodwill is not offset, the difference is recognized as the current profit and loss in part; In addition to the above, the deferred income tax assets related to enterprise merger shall be recognized and included in the current profit and loss period.

④ Temporary differences in the formation of combined offsets

In preparing the consolidated financial statements, if there is a temporary difference between the book value of assets and liabilities in the consolidated balance sheet and the taxable basis of the taxpayer due to the offset of the unrealized internal sales gain or loss, the Company acknowledges the deferred income tax assets or deferred income tax liabilities in the consolidated balance sheet, and adjusts the income tax expenses in the consolidated profit and profit statement, with the exception of the deferred income tax related to the transaction or event directly included in the owner's equity and the merger of the enterprise.

⑤ Share payment settled by equity

If the tax law provides for allowable pre-tax deduction of expenses related to share payment, within the period for which the cost and expense are recognized in accordance with the accounting standards, the Company shall calculate the tax basis and temporary discrepancy based on the estimated pre-tax deduction amount at the end of the accounting period and confirm the relevant deferred income tax if it meets the conditions for confirmation. Of these, the amount that can be deducted before tax in the future exceeds the cost related to share payment recognized in accordance with the accounting standards, and the excess income tax shall be directly included in the owner's equity.

42. Leasing

(1) Accounting of operational leasing

① The Company as the leasor: Rentals from operational leasing are recognized as current gains on straight basis to the periods of leasing. Where the lessor provides a lease-free period, the total rent shall be apportioned within the whole lease-free period without deducting the lease-free period according to the straight line method or other reasonable method, and the rent-free period shall be recognized as well as the corresponding liabilities. In the event that the lessor undertakes certain expenses of the lessee, the Company shall apportion the balance of the rent expenses deducted from the total rent expenses according to the expenses within the lease term.

Initial direct expenses are recorded to current income account. In the event of an agreement or rent, the current profit and loss shall be included in the actual occurrence.

(2) When the Company is the operating lessor, the rent received shall be recognized as income within the lease term by the straight line method. Where the lessor provides a lease-free period, the total rent shall be apportioned within the whole lease-free period without deducting the lease-free period according to the straight line method or other reasonable method, and the rent-free period shall be recognized as well as the corresponding liabilities. If the charterer undertakes certain expenses, the Company shall distribute the rent income balance deducted from the total rent income during the lease term.

Initial direct expenses are recorded to current income account. If the amount of capital is large, the current profit and loss shall be counted on the same basis as recognized rent income during the entire operating lease period. In the event of an agreement or rent, the current profit and loss shall be included in the actual occurrence.

(2) Accounting of operational leasing

None

43. Other significant accounting policies and estimates

Accounting of hedging

As of 1 January 2019

(1) Classification of inventories

The Company's hedge is a cash flow hedge.

Cash flow hedging refers to the hedging of cash flow risk. The change in cash flow is derived from specific risks associated with recognized assets or liabilities, expected transactions that are likely to occur, or with respect to the components of the above-mentioned project and will affect the profits and losses of the enterprise.

(2) Hedging tools and hedged projects

Hedging means a financial instrument designated by the Company for the purpose of hedging, whose fair value or cash flow variation is expected to offset the fair value or cash flow variation of the hedged item, including:

① Financial liabilities measured at fair value with variations accounted into current income account Check-out options can only be used as a hedging tool if the option is hedged, including those embedded in a hybrid contract. Derivatives embedded in a hybrid contract but not split cannot be used as separate hedging tools.

(2) Non-derivative financial assets or non-derivative financial liabilities which are measured at fair value and whose variations are taken into account as gains and losses in the current period, except those designated as fair value and whose variations are taken into account as gains and losses in the current period and whose variations in fair value due to its own credit risk are taken into account as other consolidated gains.

Self-interest instruments are not financial assets or financial liabilities and cannot be used as hedging instruments.

Hedged items refer to items that can be reliably measured that expose the Company to the risk of fair value or cash flow change and are designated as hedged objects. The Company designates the following individual projects, portfolios or components as hedged projects:

(1) Assets or liabilities have been recognized.

(2) unconfirmed commitments. Determining a commitment means a legally binding agreement for the exchange of a specified number of resources at agreed prices on a particular future date or period.

(3) Expected transactions that are most likely to occur. Expected transactions are transactions that have not been promised but are expected to occur.

(4) Net foreign investment.

The above-mentioned project components are those that are less than the whole fair value of the project or the change in cash flow. The Company designates the following project components or combinations thereof as hedged projects:

① Fair value or cash flow variation part (risk component) of a project's overall fair value or cash flow variation caused only by a particular risk or risks. Based on an assessment in a particular market environment, the risk component should be individually identified and reliably measured. The risk component also includes a portion where the change in the fair value or cash flow of the hedged item is only above or below a particular price or other variable.

② One or more selected contractual cash flows.

③ The component of the nominal amount of the project, that is, the specific part of the whole amount or quantity of the project, may be a certain proportion of the whole project, or may be a certain level of the whole project. If a hierarchy contains advance repayment rights and the fair value of the advance repayment rights is affected by changes in the risk of the hedged repayment rights, the hierarchy shall not be designated as a hedged item of fair value, except where the effect of the advance repayment rights is already included in the measurement of the fair value of the hedged item.

（3） Assessment of hedging relationships

When the hedging relationship is initially specified, the Group officially specifies the related hedging relationships with official documents recording the hedging relationships, risk management targets and hedging strategies. This document sets out the hedging tools, hedged items, the nature of hedged risks, and the Company's assessment of hedged effectiveness. Hedging means a financial instrument designated by the Company for the purpose of hedging, whose fair value or cash flow variation is Offset offset the fair value or cash flow variation of the hedged item, including: Such hedges are continuously evaluated on and after the initial specified date to meet the requirements for hedging validity.

If the hedging instrument has expired, sold, terminated or has been exercised (but the extension or replacement as part of the hedging strategy is not treated as expired or terminated under the contract), or the risk management objective has changed, causing the hedging relationship no longer to meet the risk management objective, or the economic relationship between the hedging item and the hedging instrument ceases to exist, or the impact of the credit risk begins to dominate in the change in the value of the economic relationship between the hedging item and the hedging tool, or the hedging strategy has ceased to meet other conditions of the hedging accounting method, the Company terminates the hedging accounting.

If the hedging relationship no longer meets the requirements for the validity of the hedging relationship due to the hedging ratio, but the specified risk management objective of the hedging relationship remains unchanged, the Company will rebalance the hedging relationship.

(4) Validation and measurement

If the strict conditions of the hedging accounting method are satisfied, the following methods shall be applied:

Cash flow hedging

The interest or loss in the hedging instrument is an effective part of the hedge and is recognized as a cash flow hedge reserve as other consolidated gains, which is an ineffective part of the hedge (i.e. deducting other gains or losses after taking into account other consolidated gains or losses) and is included in the current profit and loss. The amount of the cash flow hedge reserve is determined according to the lower of the absolute amount of the following two items: ① Cumulative gain or loss of the hedge tool from the start of the hedge. The amount in the effective arbitrage is recognized by the accumulative gains or losses from the starting of arbitrage and accumulative changes to the current value of future forecast cash flows from the start of arbitrage.

If the expected transaction of the hedged asset is subsequently recognized as a non-financial asset or non-financial liability, or if the expected transaction of the non-financial asset or non-financial liability forms a defined commitment to the applicable fair value hedge accounting, the amount of the cash flow hedge reserve originally recognized in the other consolidated income is transferred out to account for the initial recognized amount of the asset or liability. The remaining cash flow hedges are transferred out of the cash flow hedge reserve recognized in the other consolidated income for the same period of time during which the expected cash flow of the hedged period affects the gain or loss, as expected for sale.

following accounting policies are applied in 2018 and earlier

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".

Repurchase of the Company's shares

（1） In the event of a reduction in the Company's share capital as approved by legal procedure, the Company shall reduce the share capital by the total amount of the written-off shares, adjust the owner's equity by the difference between the price paid by the purchased stocks (including transaction costs) and the total amount of the written-off shares, offset the capital reserve (share capital premium), surplus reserve and undistributed profits in turn; A portion of a capital reserve (share capital premium) that is less than the total face value and less than the total face value.

（2） The total expenditure of the repurchase shares of the Company, which is managed as an inventory share before they are cancelled or transferred, is converted to the cost of the inventory shares.

（3） Increase in the capital reserve (capital premium) at the time of transfer of an inventory unit, the portion of the transfer income above the cost of the inventory unit; Lower than the inventory stock cost, the capital reserve (share capital premium), surplus reserve, undistributed profits in turn.

Significant accounting judgment and estimate

The Company continuously reviews significant accounting judgment and estimate adopted for the reasonable forecast of future events based on its historical experience and other factors. Significant accounting judgment and assumptions that may lead to major adjustment of the book value of assets and liabilities in the next accounting year are listed as follows:

Classification of financial assets

The major judgements involved in the classification of financial assets include the analysis of business model and contract cash flow characteristics.

The Company determines the business mode of managing financial assets at the level of financial asset portfolio, taking into account such factors as how to evaluate and report financial asset performance to key managers, the risks that affect financial asset performance and how to manage it, and how to obtain remuneration for related business managers.

When the Company assesses whether the contractual cash flow of financial assets is consistent with the basic borrowing arrangement, there are the following main judgments: whether the principal may change due to early repayment and other reasons during the duration of the period or the amount of change; whether the interest Including the time value of money, credit risk, other basic borrowing risks, and consideration of costs and profits. For example, whether the amount paid in advance reflects only the principal outstanding and interest on the basis of the principal outstanding and reasonable compensation due for the early termination of the contract.

The Measurement of Expected Credit Loss of Accounts Receivable

The Company calculates the expected credit loss of accounts receivable through the risk exposure of accounts receivable default and the expected credit loss rate, and determines the expected credit loss rate based on the default probability and the default loss rate. In determining the expected credit loss rate, the Company uses the internal historical credit loss experience data and adjusts the historical data in combination with the current situation and prospective information. When considering forward-looking information, the Company uses indicators such as risk of economic downturn, external market environment, technological environment and changes in customer conditions. The Company regularly monitors and reviews the assumptions related to the calculation of expected credit losses.

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.

Construction contracts

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).

Estimate of fair value

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

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.

44. Major changes in accounting policies and estimates

(1) Changes in accounting policies

√ Applicable □ Inapplicable

Account policy changes and reasons	Approval procedure	Remark

On April 30, 2019, the Ministry of Finance issued the "Notice on Revising the Format of General Enterprise Financial Statements for 2019" (Caihui [2019] No. 6), which requires that new financial instruments standards have been implemented but new income standards and new Leasing companies should prepare financial statements as follows: In the balance sheet, the line items "Bills receivable and accounts receivable" were split into "Bills receivable" and "Accounts receivable"; the item "Finance receivables" was added to reflect fairness on the balance sheet Bills receivable and accounts receivable, whose value is measured and whose changes are included in other comprehensive income; split the "bills payable and accounts payable" line items into "bills payable" and "payables". Financial assets derecognised as a result of amortized cost ("-" for loss) On September 19, 2019, the Ministry of Finance issued the "Notice on Revising and Issuing the Format of Consolidated Financial Statements (2019 Version)" (Caihui [2019] No. 16), which will be implemented in conjunction with Caihui [2019] No. 6. The Company prepared comparative statements in accordance with the financial statement format specified in Caihui [2019] No. 6 and Caihui [2019] No. 16, and changed the presentation of relevant financial statements using the retroactive adjustment method. The Ministry of Finance issued "Accounting Standards for Enterprises No. 22-Recognition and Measurement of Financial Instruments" (Caihui [2017] No. 7) and "Accounting Standards for Enterprises No. 23-Transfer of Financial Assets" (Cai Accounting [2017] No. 8), "Accounting Standards for Business Enterprises No. 24-Hedging Accounting" (Caihui [2017] No. 9), on May 2, 2017, the "Accounting Standards for Business Enterprises No. 37-Presentation of Financial Instruments" (Caihui [2017] No. 14) (the above standards are hereinafter collectively referred to as "new financial instrument standards"). The domestic listed companies are required to implement the new financial instruments standards from January 1, 2019. The Company implemented the above new financial instrument standards on January 1, 2019, and adjusted the relevant content of the accounting policy. For details, see Note III.9. If the confirmation and measurement of financial instruments before January 1, 2019 are inconsistent with the requirements of the new financial instrument standards, the Company will retroactively adjust the classification and measurement (including impairment) of financial instruments in accordance with the provisions of the new financial instrument standards. The difference between the original book value of financial instruments and the new book value on the implementation date of the new financial instruments standard (ie, January 1, 2019) is included in retained earnings or other comprehensive income on January 1, 2019. At the same time, the Company has not adjusted the comparative financial statement data. On May 9, 2019, the Ministry of Finance issued the "Accounting Standards for Business Enterprises No. 7-Exchange of Non-Monetary	Accounting policy changes were considered and approved by resolutions of the Eighth Board of Directors at its seventeenth meeting, the Eighth Board of Directors at its fifteenth meeting and the Eighth Board of Directors at its twenty-second meeting.	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

The cumulative impact of the above accounting policies is as follows:

Due to the implementation of the new financial instruments, the consolidated financial statements of the Company have adjusted the deferred income tax assets of 6,594,#*@$9 Yuan on January 1, 2019. The amount of related adjustments affecting the parent company's equity in the consolidated financial statements of the Company is RMB-44,571,870.18, of which the surplus reserve is 524,860.03, the undistributed profit is RMB-39,930,304.63, and other comprehensive income is RMB-5,166,425.58. The financial statements of our parent company are adjusted to -27, 391.55 yuan on January 1, 2019. The amount of related adjustments affecting the owner 's equity in the financial statements of the parent company of the Company was RMB82,174.65, of which the surplus reserve was RMB524,860.03, undistributed profit was RMB4,723,740.20, and other comprehensive income was RMB-5,166,425.58.

(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	31 December 2018	1 January 2019	Adjustment
Current asset:			
Monetary capital	1,389,062,083.76	1,389,062,083.76	
Settlement provision			
Outgoing call loan			
Transactional financial assets			
Financial assets measured at fair value with variations accounted into current income account			
Derivative financial assets			
Notes receivable	140,139,692.84	138,239,692.84	-1,900,000.00
Account receivable	1,920,075,031.85	1,866,763,789.49	-53,311,242.36
Receivable financing		400,000.00	400,000.00
Prepayment	46,454,844.74	46,454,844.74	
Insurance receivable			
Reinsurance receivable			

Provisions of Reinsurance contracts receivable			
Other receivables	139,990,188.26	142,135,200.54	2,145,012.28
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	4,287,659,554.80	-51,166,230.08
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	5,256,442,406.63	
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	363,069,285.66	6,594,359.90
Other non-current assets	19,360,083.67	19,360,083.67	
Total of non-current assets	6,320,028,348.85	6,326,622,708.75	6,594,359.90
Total of assets	10,658,854,133.73	10,614,282,263.55	-44,571,870.18
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	
Contract liabilities			
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			
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	3,881,295,568.33	-39,930,304.63
Total of owner's equity belong to the parent company	5,195,187,621.88	5,150,615,751.70	-44,571,870.18
Minor shareholders' equity			
Total of owners' equity	5,195,187,621.88	5,150,615,751.70	-44,571,870.18
Total of liabilities and owner's interest	10,658,854,133.73	10,614,282,263.55	-44,571,870.18

About the adjustment

Balance Sheet of the Parent Company

In RMB

Item	31 December 2018	1 January 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	479,634.37	8,595.25
Receivable financing			
Prepayment	6,733,047.16	6,733,047.16	
Other receivables	822,543,653.04	822,644,623.99	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

(4) Description of the 2019 implementation of the new financial instrument criteria, new lease standard retrospective adjustment of the previous period comparison data

√ Applicable □ Inapplicable

(1) Financial asset classification and measurement table before and after implementation of the new financial instruments guidelines on 1 January 2019

A. Consolidated Financial Statement

December 31, 2018 (original financial instruments standard)			January, 2019 (new financial instruments standard)		
Item	Measurement type	Book value	Item	Measurement type	Book value
Monetary capital	Amortized cost	1,389,062,083.76	Monetary capital	Amortized cost	1,389,062,083.76
Notes receivable	Amortized cost	139,739,692.84	Notes receivable	Amortized cost	139,739,692.84
Notes receivable	Amortized cost	400,000.00	Receivable financing	Reason for measurement at fair value with variations accounted into current income account	400,000.00
Account receivable	Amortized cost	1,920,075,031.85	Account receivable	Amortized cost	1,866,763,789.49
Other receivables	Amortized cost	139,990,188.26	Other receivables	Amortized cost	142,135,200.54
Sellable financial assets	Measured at cost (equity instruments)	21,674,008.23	Investment in other equity tools	Reason for measurement at fair value with variations accounted into current	21,674,008.23

				income account	
Deferred income tax assets	Amortized cost	356,474,925.76	Deferred income tax assets	Amortized cost	363,069,285.66

B. Financial Statements of the Parent

December 31, 2018 (original financial instruments standard)			January, 2019 (new financial instruments standard)		
Item	Measurement type	Book value	Item	Measurement type	Book value
Monetary capital	Amortized cost	410,118,157.55	Monetary capital	Amortized cost	410,118,157.55
Notes receivable	Amortized cost	200,000,000.00	Notes receivable	Amortized cost	200,000,000.00
Account receivable	Amortized cost	471,039.12	Account receivable	Amortized cost	479,634.37
Other receivables	Amortized cost	822,543,653.04	Other receivables	Amortized cost	822,644,623.99
Sellable financial assets	Measured at cost (equity instruments)	21,674,008.23	Investment in other equity tools	Reason for measurement at fair value with variations accounted into current income account	21,674,008.23
Deferred income tax assets	Amortized cost	34,555,598.81	Deferred income tax assets	Amortized cost	34,528,207.26

② On January 1, 2019, the book value of the original financial assets was adjusted to the book value of the new financial instruments according to the new financial instruments guidelines

A. Consolidated Financial Statement

Item	Book value on December 31, 2018 (original financial instruments standard)	Re-classification	Re-measurement	Book value on January 1, 2019 (new financial instruments standard)
1. Financial assets measured at amortized cost under the new financial instruments standard				
Notes receivable (original financial instrument standard)	140,139,692.84			
Less: transferred out to receivables financing		400,000.00		

Re-measurement: expected credit loss				
Notes receivable (new financial instrument standard)				139,739,692.84
Receivable financing		400,000.00		400,000.00
Receivable account (original financial instrument standard)	1,920,075,031.85			
Re-measurement: expected credit loss			53,311,242.36	
Receivable account (original financial instrument standard)				1,866,763,789.49
Other receivables (original financial instrument standard)	139,990,188.26			
Add: re-measurement: expected credit loss			-2,145,012.28	
Other receivables (new financial instrument standard)				142,135,200.54
2. Financial assets measured at fair value under the new financial instruments standard and whose changes are included in other comprehensive income				
Tranfer from sellable financial assets		21,674,008.23		
Add: re-measurement at fair value				
Investment in other equity instruments (amount listed according to the new financial instrument standard)				21,674,008.23

B. Financial Statements of the Parent

Item	Book value on December 31, 2018 (original financial instruments standard)	Re-classification	Re-measurement	Book value on January 1, 2019 (new financial instruments standard)
Receivable account (original financial instrument standard)	471,039.12			
Add: re-measurement:			-8,595.25	

expected credit loss				
Receivable account (new financial instrument standard)				479,634.37
Other receivables (original financial instrument standard)	822,543,653.04			
Add: re-measurement: expected credit loss			-100,970.95	
Other receivables (new financial instrument standard)				822,644,623.99

③ On January 1, 2019, the new financial instruments standard will be implemented to adjust the original financial asset impairment reserve to the adjustment table of the new financial instrument standard financial asset impairment reserve

A. Consolidated Financial Statement

Measurement type	Impairment reserve accrued on December 31, 2018 (according to the original financial instrument standard)	Re-classification	Re-measurement	Impairment reserve accrued on January 1, 2019 (according to the new financial instruments standard)
(1) Financial assets measured at amortized cost				
Including: Provision for receivable account impairment	366,424,083.34		53,311,242.36	419,735,325.70
Provision for impairment of other receivables	40,885,037.45		-2,145,012.28	38,740,025.17
(2) Financial assets measured at fair value with variations accounted into current income account				
Provision for impairment of available-for-sale financial assets	6,888,567.44	-6,888,567.44		

B. Financial Statements of the Parent

Measurement type	Impairment reserve accrued on December 31, 2018 (according to the original financial instrument standard)	Re-classification	Re-measurement	Impairment reserve accrued on January 1, 2019 (according to the new financial instruments standard)
(1) Financial assets measured at amortized cost				

Including: Provision for receivable account impairment	14,568.22		-8,595.25	5,972.97
Provision for impairment of other receivables	14,042,899.68		-100,970.95	13,941,928.73
(2) Financial assets measured at fair value with variations accounted into current income account				
Provision for impairment of available-for-sale financial assets	6,888,567.44	-6,888,567.44		

VI. Taxation

1. Major taxes and tax rates

Tax	Tax basis	Tax rate
VAT	Taxable income	3, 5, 6, 9, 10, 11, 13, 16
City maintenance and construction tax	Taxable turnover	1, 5, 7
Enterprise income tax	Taxable income	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 Co., Ltd. (hereinafter Fangda Jianke)	15%
Fangda Zhichuang Technology Co., Ltd, (Fangda Zhichuang)	15%
Fangda New Material (Jiangxi) Co., Ltd. (hereinafter Fangda New Material)	15%
Dongguan Fangda New Material Co., Ltd. (hereinafter Dongguan New Material)	15%
Shenzhen Kexunda Software Co., Ltd. (hereinafter Kexunda)	25%
Chengdu Fangda Construction Technology Co., Ltd. (hereinafter Chengdu Fangda)	15%
Shenzhen Fangda Property Development Co., Ltd. (hereinafter Fangda Property Development)	25%

Shenzhen Fangda New Energy Co., Ltd. (hereinafter Fangda New Energy)	25%
Shenzhen Fangda Property Development Co., Ltd. (hereinafter Fangda Property Development)	25%
Jiangxi Fangda Property Development Co., Ltd. (hereinafter Jiangxi Property Development)	25%
Pingxiang Fangda Luxin New Energy Co., Ltd. (hereinafter Luxin New Energy)	25%
Pingxiang Xiangdong Fangda New Energy Co., Ltd. (hereinafter Xiangdong New Energy)	25%
Nanchang Xinjian Fangda New Energy Co., Ltd. (hereinafter Xinjian New Energy)	25%
Dongguan Fangda New Energy Co., Ltd. (hereinafter Dongguan New Energy)	25%
Shenzhen QIanhai Kechuangyuan Software Co., Lt.d (hereinafter Kechuangyuan Software)	25%
Fangda Automatic (Hong Kong) Co., Ltd. (hereinafter Automation Hong Kong)	16.50%
Shihui International Holding Co., Ltd. (hereinafter Shihui International)	16.50%
Shenzhen Hongjun Investment Co., Ltd.	25%
Fangda Australia Pty Ltd (hereinafter Jianke Australia)	30%
Shanghai Fangda Jingling Technology Co., Ltd. (hereinafter Jingling Technology)	25%
Shenzhen Fangda Cloud Rail Technology Co., Ltd. (hereinafter Fangda Cloud Rail)	25%
Shanghai Fangda Jianzhi Technology Co., Ltd. (hereinafter Shanghai Fangda Jianzhi)	25%
Shenzhen Zhongrong Litai Investment Co. Ltd. (Zhongrong Litai)	25%
Chengda Fangda Curtain Wall Technology Co., Ltd.	25%
Fangda Southeast Asia Co., Ltd.	20%

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 November 7, 2014, the State Tax Bureau of Xinjin County of Sichuan Province approved by "zzy024", a subsidiary of Chengdu, a large company belonging to the industrial enterprises in the western region, shall implement the enterprise income tax concession with application rate of 15 per cent as of January 1, 2014.

(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%.

(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.

(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). On December 2, 2019, the Office of the National High-tech Enterprise Certification Management Work Leading Group issued a notice on the high-tech enterprise certification management work network on the announcement of the second batch of Guangdong Province's 2019 approved high-tech enterprise lists. The publicity period is 10 On the working day, the subsidiary Dongguan New Materials Co., Ltd.

is on this public announcement list.

VII. Notes to the consolidated financial statements

1. Monetary capital

In RMB

Item	Closing balance	Opening balance
Inventory cash:	4,244.86	5,167.01
Bank deposits	755,440,390.76	994,706,369.72
Other monetary capital	454,367,343.33	394,350,547.03
Total	1,209,811,978.95	1,389,062,083.76
Including: total amount deposited in overseas	54,640,438.33	25,269,577.35

Other note

① The restricted funds used in bank deposits are RMB30,184, 637.23, of which RMB22,944,6#*@$ and RMB7,239, 903.87 are frozen due to lawsuit; In other currency funds, 454,357,#*@$3 yuan is restricted in use, which mainly includes deposit of draft, deposit of stage guarantee and deposit of bond. In addition, there are no other funds in the monetary funds at the end of the period that have restrictions on use and potential recovery risks due to mortgages, pledges or freezing.

② In the preparation of the cash flow statement, the above-mentioned deposits and other restricted deposits are not used as cash and cash equivalents.

③ At the end of the period, the amount deposited by the Group overseas is equivalent to RMB 54,640,438.33.

2. Transactional financial assets

In RMB

Item	Closing balance	Opening balance
Financial assets measured at fair value with variations accounted into current income account	10,330,062.18	
Including:		
Investment in financial products	10,330,062.18	
Including:		
Total	10,330,062.18	

Others:

3. Derivative financial assets

In RMB

Item	Closing balance	Opening balance

Others:

3. Notes receivable

(1) Classification of notes receivable

In RMB

Item	Closing balance	Opening balance
Bank acceptance	45,540,691.10	5,600,000.00
Commercial acceptance	259,530,239.87	134,139,692.84
Total	305,070,930.97	139,739,692.84

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

In RMB

Item	De-recognized amount	Not de-recognized amount
Bank acceptance		22,141,658.40
Commercial acceptance		121,102,597.35
Total		143,244,255.75

4. Account receivable

(1) Account receivable disclosed by categories

In RMB

Type	Closing balance					Opening balance				
	Remaining book value		Bad debt provision		Book value	Remaining book value		Bad debt provision		Book value
	Amount	Proportion	Amount	Provision rate		Amount	Proportion	Amount	Provision rate	
Account receivable for which bad debt provision is made by group	127,405,670.07	5.30%	127,405,670.07	100.00%		127,037,156.92	5.55%	127,037,156.92	100.00%	
Including:										

1. Customer 1	54,873,223.21	2.28%	54,873,223.21	100.00%		54,442,394.96	2.38%	54,442,394.96	100.00%	
2. Customer 2	21,739,381.96	0.90%	21,739,381.96	100.00%		21,801,697.06	0.95%	21,801,697.06	100.00%	
3. Customer 3	15,239,752.83	0.63%	15,239,752.83	100.00%		15,239,752.83	0.67%	15,239,752.83	100.00%	
4. Customer 4	23,857,146.77	0.99%	23,857,146.77	100.00%		23,857,146.77	1.04%	23,857,146.77	100.00%	
4. Customer 5	9,071,535.95	0.38%	9,071,535.95	100.00%		9,071,535.95	0.40%	9,071,535.95	100.00%	
6. Customer 6	2,624,629.35	0.12%	2,624,629.35	100.00%		2,624,629.35	0.11%	2,624,629.35	100.00%	
Account receivable for which bad debt provision is made by group	2,277,394,066.06	94.70%	321,202,758.99	14.10%	1,956,191,307.07	2,159,461,958.27	94.45%	292,698,168.78	13.55%	1,866,763,789.49
Including:										
1. Portfolio 1: Engineering operations section	1,887,433,393.29	78.48%	291,354,009.39	15.44%	1,596,079,383.90	1,833,281,999.98	80.18%	281,233,041.66	15.34%	1,552,048,958.32
2. Portfolio 2: Real estate business payments	262,363,696.03	10.91%	26,082,207.48	9.94%	236,281,488.55	198,838,152.16	8.70%	8,432,719.59	4.24%	190,405,432.57
3. Combination 3: Other business models	127,596,976.74	5.31%	3,766,542.12	2.95%	123,830,434.62	127,341,806.13	5.57%	3,032,407.53	2.38%	124,309,398.60
Total	2,404,799,736.13	100.00%	448,608,429.06	18.65%	1,956,191,307.07	2,286,499,115.19	100.00%	419,735,325.70	18.36%	1,866,763,789.49

Separate bad debt provision: 127,405,670.0

In RMB

Name	Closing balance			
	Remaining book value	Bad debt provision	Provision rate	Reason
Customer 1	54,873,223.21	54,873,223.21	100.00%	Customer credit status deteriorates and is not expected to be recovered
Customer 2	21,739,381.96	21,739,381.96	100.00%	Customer credit status deteriorates and is not expected to be recovered

Customer 3	15,239,752.83	15,239,752.83	100.00%	Customer credit status deteriorates and is not expected to be recovered
Customer 4	23,857,146.77	23,857,146.77	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	127,405,670.07	127,405,670.07	--	--

Provision for bad debts by combination:

In RMB

Name	Closing balance		
	Remaining book value	Bad debt provision	Provision rate
1. Portfolio 1: Engineering operations section	1,887,433,393.29	291,354,009.39	15.44%
2. Portfolio 2: Real estate business payments	262,363,696.03	26,082,207.48	9.94%
3. Combination 3: Other business models	127,596,976.74	3,766,542.12	2.95%
Total	2,404,799,736.13	448,608,429.06	--

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

Age	Remaining book value
Within 1 year (inclusive)	1,235,750,908.99
1-2 years	486,039,555.45
2-3 years	252,371,978.86
Over 3 years	430,637,292.83
3-4 years	301,715,565.54
4-5 years	46,607,024.54
Over 5 years	82,314,702.75

Total	2,404,799,736.13

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

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

Bad debt provision made in the period:

In RMB

Type	Opening balance	Change in the period				Closing balance
		Provision	Written-back or recovered	Canceled	Others	
Portfolio 1	409,118,562.99	28,491,817.79		18,232,975.72		419,377,405.06
Portfolio 2	8,432,719.59	17,649,487.89				26,082,207.48
Portfolio 3	2,184,043.12	964,773.40				3,148,816.52
Total	419,735,325.70	47,106,079.08		18,232,975.72		448,608,429.06

Including significant recovery or reversal:

In RMB

Entity	Written-back or recovered amount	Method

None

(3) Written-off account receivable during the period

In RMB

Item	Amount
Account receivable written off	18,232,975.72

Including significant account receivable:

In RMB

Entity	Nature	Amount	Reason	Writing-off procedure	Related transaction
Unit 1	Engineering payment	6,896,403.74	Customer credit status deteriorates and is not expected to be recovered	Approved by the management of the subsidiary	No
Unit 2	Engineering payment	6,443,255.99	Customer credit status deteriorates and is not expected to be recovered	Approved by the management of the subsidiary	No

Unit 3	Engineering payment	966,290.26	Customer credit status deteriorates and is not expected to be recovered	Approved by the management of the subsidiary	No
Unit 4	Engineering payment	868,760.00	Customer credit status deteriorates and is not expected to be recovered	Approved by the management of the subsidiary	No
Unit 5	Engineering payment	730,419.36	Customer credit status deteriorates and is not expected to be recovered	Approved by the management of the subsidiary	No
Unit 6	Engineering payment	505,538.09	Customer credit status deteriorates and is not expected to be recovered	Approved by the management of the subsidiary	No
Unit 7	Engineering payment	502,241.17	Customer credit status deteriorates and is not expected to be recovered	Approved by the management of the subsidiary	No
Total	--	16,912,908.61	--	--	--

Notes to written-off account receivable

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

In RMB

Entity	Closing balance of accounts receivable	Percentage (%)	Balance of bad debt provision at the end of the period
No.1	159,590,068.80	6.64%	21,711,203.32
No.2	67,935,405.34	2.83%	2,247,382.21
No.3	67,259,877.94	2.80%	2,894,252.91
No.4	65,764,510.41	2.73%	12,370,476.19
No.5	64,037,488.30	2.66%	5,677,644.11
Total	424,587,350.79	17.66%	

(5) Receivables derecognized due to transfer of financial assets

Item	Transfer of financial assets	De-recognized amount	Gain or loss related to the de-recognition
Customer 1	Factoring	23,048,938.62	-1,462,983.06

Customer 2	Factoring	20,338,120.14	-1,533,687.91
	Factoring	20,103,353.57	-1,135,624.35
Customer 4	Factoring	19,704,976.52	-990,327.18
Customer 5	Factoring	12,375,458.36	-242,521.86
Customer 6	Factoring	11,608,125.63	-520,450.62
Customer 7	Factoring	9,786,608.08	-536,962.38
Customer 8	Factoring	7,170,682.31	-335,279.03
Customer 9	Factoring	5,475,028.16	-275,784.75
Customer 10	Factoring	5,339,932.64	-310,890.88
Customer 11	Factoring	4,319,526.06	-280,769.19
Customer 12	Factoring	3,158,454.06	-183,490.39
Customer 13	Factoring	2,222,688.84	-124,726.18
Customer 14	Factoring	1,411,003.10	-64,515.62
Customer 15	Factoring	1,045,271.98	-49,511.05
Total		147,108,168.07	-8,047,524.45

Note: At the end of the period, the Group factored out accounts receivable that did not have recourse, the factoring amount was RMB147,108,168.07, and the book value of accounts receivable was derecognized as RMB137,219,054.17, of which: the book balance was RMB147,108,168.07, and the bad debt provision of RMB9,889,113.90.

(6) Amount of assets and liabilities formed by transferring accounts receivable and continuing to be involved

None

Others:

6. Receivable financing

In RMB

Item	Closing balance	Opening balance
Notes receivable	2,954,029.00	1,900,000.00
Total	2,954,029.00	1,900,000.00

Increase or decrease in the current period of receivables financing and changes in fair value

√ Applicable □ Inapplicable

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

Others:

7. Prepayment

(1) Account age of prepayments

In RMB

Age	Closing balance		Opening balance	
	Amount	Proportion	Amount	Proportion
Less than 1 year	14,025,617.54	65.77%	43,589,102.44	93.82%
1-2 years	5,895,327.15	27.64%	1,521,693.56	3.28%
2-3 years	473,487.72	2.22%	444,183.24	0.96%
Over 3 years	932,676.77	4.37%	899,865.50	1.94%
Total	21,327,109.18	--	46,454,844.74	--

Explanation of non-settlement of significant prepayments with an accounting age of more than 1 year:

Entity	Closing balance of book value	Age	Reason
Guangdong Xingfa Aluminium Co., Ltd.	4,677,146.90	1-2 years	Not mature

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

The total of top-5 prepayments in terms of the prepaid entities in the period is RMB10,718,004.04, accounting for 50.26% of the total prepayments at the end of the period.

Others:

8. Other receivables

In RMB

Item	Closing balance	Opening balance
Other receivables	139,947,655.35	142,135,200.54
Total	139,947,655.35	142,135,200.54

1) Other receivables are disclosed by nature

In RMB

By nature	Closing balance of book value	Opening balance of book value
Deposit	103,782,569.80	113,697,386.43
Construction borrowing and advanced payment	34,052,644.05	32,493,474.69

Staff borrowing and petty cash	1,717,094.83	2,717,122.22
Receivable refund of VAT	548,129.42	1,334,691.51
Debt by Luo Huichi	12,992,291.48	13,030,000.00
Others	12,502,878.08	17,602,550.86
Total	165,595,607.66	180,875,225.71

2) Method of bad debt provision

In 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 second stage	-174.00	174.00	0.00	0.00
-- transferred to the third stage	-517,700.00	0.00	517,700.00	0.00
-- transferred back to second stage	0.00	0.00	0.00	0.00
-- transferred back to first stage	0.00	0.00	0.00	0.00
Provision	342,952.36	449.10	105,516.00	448,917.46
Transferred back in the current period	371,088.64	6,186.00	12,659,287.54	13,036,562.18
Written off in the current period	0.00	0.00	0.00	0.00
Canceled in the current period	6,145.53	0.00	498,282.61	504,428.14
Other change	0.00	0.00	0.00	0.00
Balance on December 31, 2019	2,113,622.44	6,415.10	23,527,914.77	25,647,952.31

Changes in book balances with significant changes in the current period

□ Applicable √ Inapplicable

Account age

In RMB

Age	Remaining book value
Within 1 year (inclusive)	32,007,446.84
1-2 years	86,762,248.34
2-3 years	21,891,764.38
Over 3 years	24,934,148.10
3-4 years	3,715,375.50
4-5 years	17,594,070.80
Over 5 years	3,624,701.80
Total	165,595,607.66

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

Bad debt provision made in the period:

In RMB

Type	Opening balance	Change in the period				Closing balance
		Provision	Written-back or recovered	Canceled	Others	
Other receivables and bad debt provision	38,740,025.17	448,917.46	13,036,562.18	504,428.14		25,647,952.31
Total	38,740,025.17	448,917.46	13,036,562.18	504,428.14		25,647,952.31

Including significant recovery or reversal:

In RMB

Entity	Written-back or recovered amount	Method

No major bad debts are prepared to be recovered or transferred back in the current period.

4) Other receivable written off in the current period

In RMB

Item	Amount
Other receivable written off	504,428.14

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

In 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/advancement of service fee	72,000,000.00	Within 1 year: RMB2,000,000.00; 1-2 years: 70,000,000.00	43.48%	1,072,800.00
Bangshen Electronics (Shenzhen) Co., Ltd.	Deposit	20,000,000.00	2-3 years	12.08%	298,000.00
Luo Huichi	Debt by SOZN	12,992,291.48	4-5 years	7.85%	12,992,291.48
Shenzhen Henggang Dakang Co., Ltd.	Deposit	8,044,000.00	1-2 years	4.86%	119,855.60
Shenzhen Ganshang Joint Investment Co., Ltd.	Ganshang Joint Investment	5,015,089.25	Less than 1 year	3.03%	74,724.83
Total	--	118,051,380.73	--	71.29%	14,557,671.91

6) Items involving government subsidies:

None

7) Receivables derecognized due to transfer of financial assets

None

8) Amounts of assets and liabilities involved continuously in securitization of other receivables

None

Others:

9. Inventories

Whether the new revenue guidelines are implemented

□ Yes √ No

(1) Classification of inventories

In RMB

Item	Closing balance			Opening balance		
	Remaining book value	Depreciation provision	Book value	Remaining book value	Depreciation provision	Book value

Raw materials	68,623,793.04	563,013.42	68,060,779.62	61,897,942.32	608,404.99	61,289,537.33
Product in process	59,444,230.45		59,444,230.45	24,655,294.74		24,655,294.74
Finished goods in stock	7,500,273.11		7,500,273.11	5,611,267.61		5,611,267.61
Assets unsettled for finished construction contracts	133,002,090.91	1,430,361.92	131,571,728.99	153,610,458.94	1,603,589.59	152,006,869.35
Low price consumable	146,018.01		146,018.01	25,215.87		25,215.87
OEM materials	2,022,252.83		2,022,252.83	2,640,270.67		2,640,270.67
Development cost	365,194,941.67		365,194,941.67	232,622,862.96		232,622,862.96
Development products	99,770,918.78		99,770,918.78	235,332,474.86	62,777,961.10	172,554,513.76
Total	735,704,518.80	1,993,375.34	733,711,143.46	716,395,787.97	64,989,955.68	651,405,832.29

(2) Inventory depreciation provision

In 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			45,391.57		563,013.42
Assets unsettled for finished construction contracts	1,603,589.59			173,227.67		1,430,361.92
Development products	62,777,961.10			62,777,961.10		
Total	64,989,955.68			62,996,580.34		1,993,375.34

The development product is the corresponding product has been sold, the corresponding impairment is prepared to be resold.

(3) Balance at the end of the period includes capitalization of borrowing expense

As at 31 December 2019, the amount of the capitalization of borrowing costs in the balance of the end-of-period inventory was RMB7,112, 318.44.

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

In RMB

Item	Amount
Accumulative occurred costs	7,968,551,626.71
Accumulative recognized gross margin	1,160,860,682.67
Less: estimated loss	1,430,361.92
Settled amount	8,996,410,218.47
Assets unsettled for finished construction contracts	131,571,728.99

Others:

10. Assets held for sales

In RMB

Item	Closing balance of book value	Impairment provision	Closing book value	Fair value	Estimated disposal expense	Estimated disposal time

Others:

11. Non-current assets due in 1 year

In RMB

Item	Closing balance	Opening balance

Other debt investment

In RMB

Item	Closing balance				Opening balance			
	Par value	Interest rate	Interest rate (%)	Due date	Par value	Interest rate	Interest rate (%)	Due date

Others:

12. Other current assets

Whether the new revenue guidelines are implemented

□ Yes √ No

In RMB

Item	Closing balance	Opening balance
Tax to be input	25,724,810.99	12,498,193.14
Prepaid income tax	10,942,500.38	3,469.12
Structural loan	207,993,374.07	

Reclassification of VAT debit balance	79,104,900.46	39,046,408.88
Others		150,040.00
Total	323,765,585.90	51,698,111.14

Others:

Other current assets at the end of the period increased by 526.26% from the beginning of the period, mainly due to the large increase in the undue amount of structural deposits purchased and the balance of VAT debits.

13. Debt investment

□ Applicable √ Inapplicable

14. Other debt investment

□ Applicable √ Inapplicable

15. Long-term receivables

□ Applicable √ Inapplicable

16. Long-term share equity investment

In RMB

Invested entity	Opening book value	Change (+,-)								Closing book value	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. (Shenzhen Ganshang)	8,351,180.78		6,015,089.25	23,952.48						2,360,044.01	
Shenzhen Huihai Yirong Internet Service Co., Ltd.	6,071,585.28			-1,355,840.56					-4,715,744.72		
Jiangxi Business Innovative Property Joint Stock Co., Ltd.	55,682,891.82			-820,695.00						54,862,196.82	
Subtotal	70,105,657.88		6,015,089.25	-2,152,583.08					-4,715,744.72	57,222,240.83	
Total	70,105,657.88		6,015,089.25	-2,152,583.08					-4,715,744.72	57,222,240.83	

Other note

Because Shenzhen Huihai Yirong Internet Financial Services Co., Ltd. did not send any of the Company’s On behalf of, the Company no longer has a significant impact on it, so it is reclassified from long-term equity investment to other equity instrument investment.

17. Investment in other equity tools

In RMB

Item	Closing balance	Opening balance
(1) Investment in equity tools	20,660,181.44	21,674,008.23
Total	20,660,181.44	21,674,008.23

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

In 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
Shenyang Fangda			9,958,565.45			
Shenzhen Huihai Yirong Internet Service Co., Ltd.			2,421,391.86			

Others:

Other non-current financial assets

In RMB

Item	Closing balance	Opening balance
Financial assets measured at fair value with variations accounted into current income account	5,009,728.02	
Total	5,009,728.02	

Others:

XXIII. Investment real estates

(1) Investment real estate measured at costs

□ Applicable √ Inapplicable

(2) Investment real estate measured at fair value

√ Applicable □ Inapplicable

In RMB

Item	Houses & buildings	Land using right	Construction in process	Total
I. Opening balance	5,256,442,406.63			5,256,442,406.63
II. Change in this period	265,949,577.48			265,949,577.48
Add: external purchase				

Transfer-in from inventory\fixed assets\construction in progress				
Increase due to enterprise merger				
Less: disposal				
Other transfer-out	15,619,725.00			15,619,725.00
Change in fair value	42,608,311.58			42,608,311.58
Other increases	238,960,990.90			238,960,990.90
III. Closing balance	5,522,391,984.11			5,522,391,984.11

The Company must comply with disclosure requirements of the Shenzhen Stock Exchange Industry Information Disclosure Guideline No.3 – Listed Companies Engaged in Property Development.

Whether there is new investment real estate measured at fair value in the report period

□ Yes √ No

Whether there is new investment real estate measured at fair value in the report period

□ Yes √ No

(3) Investment real estate without ownership certificate

In RMB

Item	Book value	Reason
Jiangxi Phoenix Land project	194,300,196.90	Conditions for applying for property right are not met

20. Fixed assets

In RMB

Item	Closing balance	Opening balance
Fixed assets	477,332,830.92	455,274,241.83
Total	477,332,830.92	455,274,241.83

(1) Fixed assets

In RMB

Item	Houses & buildings	Mechanical equipment	Transportation facilities	Electronics and other devices	PV power plants	Total

I. Original book value:						
1. Opening balance	358,968,236.21	121,456,045.88	20,192,421.26	50,661,366.23	129,598,135.58	680,876,205.16
2. Increase in this period	55,928,727.12	10,012,466.19	1,491,210.04	2,081,683.19		69,514,086.54
(1) Purchase	11,013.19	1,383,165.64	1,422,170.22	1,811,519.85		4,627,868.90
(2) Transfer-in of construction in progress	30,283,265.46			254,310.34		30,537,575.80
(3) Increase due to enterprise merger						
(4) Other increases	25,634,448.47	8,629,300.55	69,039.82	15,853.00		34,348,641.84
3. Decrease in this period	17,407,839.09	1,789,335.28	324,288.61	8,134,341.08	1,700.74	27,657,504.80
(1) Disposal or retirement	17,407,839.09	1,789,335.28	219,760.12	791,531.59		20,208,466.08
(2) Other decrease			104,528.49	7,342,809.49	1,700.74	7,449,038.72
4. Closing balance	397,489,124.24	129,679,176.79	21,359,342.69	44,608,708.34	129,596,434.84	722,732,786.90
II. Accumulative depreciation						
1. Opening balance	64,933,358.20	97,725,735.85	14,703,576.75	27,741,708.68	16,053,677.73	221,158,057.21
2. Increase in this period	11,166,828.09	5,297,213.64	1,382,050.23	2,050,725.30	6,155,238.25	26,052,055.51
(1) Provision	9,565,197.28	4,239,866.38	1,382,050.23	2,040,292.96	6,155,238.25	23,382,645.10
(2) Other increases	1,601,630.81	1,057,347.26		10,432.34		2,669,410.41
3. Decrease in this period	522,267.50	827,976.90	451,107.20	1,363,194.64		3,164,546.24
(1) Disposal or retirement	522,267.50	827,976.90	173,481.58	760,679.60		2,284,405.58
(2) Other decrease			277,625.62	602,515.04		880,140.66

4. Closing balance	75,577,918.79	102,194,972.59	15,634,519.78	28,429,239.34	22,208,915.98	244,045,566.48
III. Impairment provision						
1. Opening balance	3,089,516.62	1,354,389.50				4,443,906.12
2. Increase in this period				56,767.69		56,767.69
(1) Provision						
(2) Other increases				56,767.69		56,767.69
3. Decrease in this period	3,089,516.62	56,767.69				3,146,284.31
(1) Disposal or retirement	3,089,516.62					3,089,516.62
(2) Other decrease		56,767.69				56,767.69
4. Closing balance		1,297,621.81		56,767.69		1,354,389.50
IV. Book value						
1. Closing book value	321,911,205.45	26,186,582.39	5,724,822.91	16,122,701.31	107,387,518.86	477,332,830.92
2. Opening book value	290,945,361.39	22,375,920.53	5,488,844.51	22,919,657.55	113,544,457.85	455,274,241.83

(2) Temporary idle fixed assets

None

(3) Fixed assets leased through financial leasing

None

(4) Fixed assets lend through financial leasing

None

(5) Fixed assets without ownership certificate

In RMB

Item	Book value	Reason
Houses in Urumuqi for offsetting debt	511,452.27	Historical reasons

Yuehai Office Building C 502	130,633.89	Historical reasons
Construction of Chengdu Xinjin Base	30,117,254.37	In the process of applying for property right certificate

Other note

6. Disposal of fixed assets

None

21. Construction in process

In RMB

Item	Closing balance	Opening balance
Construction in process	129,988,982.86	58,269,452.72
Total	129,988,982.86	58,269,452.72

(1) Construction in progress

In 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 project				14,150,785.10		14,150,785.10
Construction and decoration of self-use part of Building 1 of Fangda Town	54,275,503.95		54,275,503.95	42,648,816.23		42,648,816.23
Fangda Group East China Construction Base Project	75,473,740.65		75,473,740.65	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
Design of intelligent gluing robot	23,242.53		23,242.53			
Standard production line	216,495.73		216,495.73			
Total	129,988,982.86		129,988,982.86	58,269,452.72		58,269,452.72

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

In 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 wall project	36,935,429.00	14,150,785.10	16,132,480.36	30,283,265.46			89.00%	Completed	127,611.60	127,611.60	4.96%	Others

Construction and decoration of self-use part of Building 1 of Fangda Town	74,270,000.00	42,648,816.23	11,626,687.72			54,275,503.95	78.76%	78.76%	3,253,136.04			Others
Fangda Group East China Construction Base Project	102,586,625.00	1,368,127.25	74,105,613.40			75,473,740.65	73.57%	78.00%	387,840.67	387,840.67	5.46%	Others
Total	213,792,054.00	58,167,728.58	101,864,781.48	30,283,265.46		129,749,244.60	--	--	3,768,588.31	515,452.27		--

22. Productive biological assets

(1) Investment real estate measured at costs

□ Applicable √ Inapplicable

(2) Investment real estate measured at fair value

□ Applicable √ Inapplicable

23. Petrolum assets

□ Applicable √ Inapplicable

Use right assets

□ Applicable √ Inapplicable

25. Intangible assets

(1) Intangible assets

In RMB

Item	Land using right	Patent	Software		Total
I. Book value					
1. Opening balance	78,910,915.74	18,478,548.46	7,776,751.03		105,166,215.23
2. Increase in this period		36,380.38	10,116,113.46		10,152,493.84
(1) Purchase		36,380.38	1,773,903.09		1,810,283.47
(2) Internal R&D					
(3) Increase due to enterprise merger					
(4) Other increases			8,342,210.37		8,342,210.37
3. Decrease in this period	159,433.45	9,548,062.79			9,707,496.24
(1) Disposal	159,433.45	9,548,062.79			9,707,496.24
(2) Other decrease					
4. Closing balance	78,751,482.29	8,966,866.05	17,892,864.49		105,611,212.83
II. Accumulative amortization					
1. Opening balance	10,699,400.13	8,996,877.15	5,156,697.28		24,852,974.56
2. Increase in this period	2,262,269.60	608,338.58	1,301,458.86		4,172,067.04
(1) Provision	2,262,269.60	608,338.58	930,650.91		3,801,259.09
(2) Other increases			370,807.95		370,807.95
3. Decrease in this period	159,433.45	1,576,660.37			1,736,093.82
(1) Disposal					
(2) Other decrease	159,433.45	1,576,660.37			1,736,093.82
4. Closing balance	12,802,236.28	8,028,555.36	6,458,156.14		27,288,947.78
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	65,949,246.01	938,310.69	11,434,708.35		78,322,265.05
2. Opening book value	68,211,515.61	9,481,671.31	2,620,053.75		80,313,240.67

Proportion of intangible asset formed by internal R&D of the period in the closing total book value of intangible assets.

(2) Failure to obtain the land use right certificates

□ Applicable √ Inapplicable

R&D expense

□ Applicable √ Inapplicable

27. Goodwill

(1) Original book value of goodwill

In RMB

Invested entity or item of goodwill	Opening balance	Increase		Decrease		Closing balance
		Enterprise merger		Disposal		
Total						

(2) Goodwill impairment provision

□ Applicable √ Inapplicable

28. Long-term amortizable expenses

In 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		56,101.56		1,140,730.22
Reconstruction project of sample room		578,568.18	115,713.60		462,854.58
Membership fee	917,499.68		279,999.76		637,499.92
		492,947.45	32,863.16		460,084.29
Consultant costs		1,018,867.92	117,315.88		901,552.04
Reconstruction project of sample room		302,752.29	30,275.22		272,477.07
Total	2,114,331.46	2,393,135.84	632,269.18		3,875,198.12

29. Differed income tax assets and differed income tax liabilities

(1) Non-deducted deferred income tax assets

In RMB

Item	Closing balance		Opening balance	
	Deductible temporary difference	Deferred income tax assets	Deductible temporary difference	Deferred income tax assets
Assets impairment provision	93,590,747.27	23,063,418.45	614,923,096.35	109,638,281.01
Deductible loss	271,310,599.01	67,626,700.92	116,934,707.17	28,982,381.41
Unrealizable gross profit	119,543,729.80	29,233,320.47	171,832,174.62	42,958,043.66
Impairment provision	473,809,506.79	75,229,494.57		
Provided unpaid taxes	584,599,356.81	146,149,839.20	547,012,606.17	136,753,151.54
Anticipated liabilities	7,793,527.16	1,169,029.07	6,831,162.99	1,024,674.45
Donation	700,000.00	175,000.00	700,000.00	175,000.00
Reserved expense	1,742,978.53	261,446.78	172,319,511.23	42,910,136.64
Deferred earning	2,346,742.62	347,579.43	2,588,555.38	383,758.20

Arbitrage gain and loss			1,625,725.00	243,858.75
Change in fair value	96,767.62	14,515.14		
Advertisement fee	316,882.69	79,220.67		
Total	1,555,850,838.30	343,349,564.70	1,634,767,538.91	363,069,285.66

(2) Non-deducted deferred income tax liabilities

In RMB

Item	Closing balance		Opening balance	
	Taxable temporary difference	Deferred income tax liabilities	Taxable temporary difference	Deferred income tax liabilities
Change in fair value	4,101,290,434.14	1,025,322,608.53	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	132,104,998.74	33,026,249.69	108,771,380.35	27,192,845.09
	1,535,605.47	383,901.37		
Rental income in the report period	20,401,597.60	5,100,399.41		
Total	4,255,332,635.95	1,063,833,159.00	4,168,346,801.45	1,042,086,700.35

(3) Net deferred income tax assets or liabilities listed

In 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		343,349,564.70		363,069,285.66
Deferred income tax liabilities		1,063,833,159.00		1,042,086,700.35

(4) Details of unrecognized deferred income tax assets

In RMB

Item	Closing balance	Opening balance
Deductible temporary difference	446,874.58	144,013.55

Deductible loss	8,983,744.38	3,432,612.47
Total	9,430,618.96	3,576,626.02

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

In RMB

Year	Closing amount	Opening amount	Remark
2020	30,257.35		
2021			
2022	2,286,265.51	1,093,587.53	
2023	5,390,985.76	2,339,024.94	
2024	1,276,235.76		
Total	8,983,744.38	3,432,612.47	--

Others:

The unconfirmed deferred income tax asset amount at the end of the period increased by 161.72% compared with the beginning of the period, mainly due to the effect of the enterprise merger under the same control.

30. Other non-current assets

Whether the new revenue guidelines are implemented

□ Yes √ No

In RMB

Item	Closing balance	Opening balance
Prepaid house and equipment amount	28,446,802.00	19,296,006.00
Prepayment of intangible assets		64,077.67
Prepaid engineering amount	255,000.00	
Total	28,701,802.00	19,360,083.67

Others:

Other non-current assets at the end of the period increased by 48.25% from the beginning of the period, mainly due to the increase in the amount of prepaid housing and equipment.

31. Short-term borrowings

(1) Classification of short-term borrowings

In RMB

Item	Closing balance	Opening balance

Loan by pledge	200,318,605.55	
Guarantee loan	216,287,991.79	
Credit borrow	8,011,600.00	8,000,000.00
The Group's internal acceptance bills discounted borrowings	300,000,000.00	200,000,000.00
Total	724,618,197.34	208,000,000.00

Notes to classification of short-term borrowings

Short-term borrowing at the end of the period increased by 248.37% from the beginning of the period, mainly due to the increase in short-term borrowing this year to supplement daily operating requirements.

(2) Mature but not repaid short-term borrowings

□ Applicable √ Inapplicable

32. Transactional financial liabilities

□ Applicable √ Inapplicable

33. Derivative financial liabilities

In RMB

Item	Closing balance	Opening balance
Futures contracts		1,625,725.00
Forward foreign exchange contract	96,767.62	
Total	96,767.62	1,625,725.00

Others:

34. Notes payable

In RMB

Type	Closing balance	Opening balance
Commercial acceptance	129,241,328.76	89,593,075.92
Bank acceptance	449,574,698.68	418,271,442.27
Total	578,816,027.44	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.

35. Account payable

(1) Account payable

In RMB

Item	Closing balance	Opening balance
Account repayable and engineering repayables	811,680,369.67	735,661,625.17
Construction payable	75,375,776.11	17,976,531.41
Payable installation and implementation fees	297,516,473.34	280,338,258.89
Others	6,200,681.12	5,654,383.17
Total	1,190,773,300.24	1,039,630,798.64

(2) Significant payables aging more than 1 year

In RMB

Item	Closing balance	Reason
Supplier 1	47,481,709.04	Not mature
Supplier 2	17,655,833.07	Not mature
Supplier 3	11,011,440.33	Not mature
Supplier 4	8,018,282.54	Not mature
Supplier 5	7,381,161.50	Not mature
Total	91,548,426.48	--

Others:

36. Prepayment received

Whether the new revenue guidelines are implemented

□ Yes √ No

(1) Prepayment received

In RMB

Item	Closing balance	Opening balance
Curtain wall and screen door engineering payment	131,161,827.77	223,438,696.72
Material loan	825,494.07	3,988,573.19
Real estate sales payment	677,650.00	49,542,377.00

Others	3,675,132.89	1,608,201.63
Total	136,340,104.73	278,577,848.54

(2) Significant prepayment aged more than 1 year

None

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

None

Contract liabilities

None

38. Employees' wage payable

(1) Employees' wage payable

In RMB

Item	Opening balance	Increase	Decrease	Closing balance
1. Short-term remuneration	44,497,660.77	329,715,829.47	318,678,845.90	55,534,644.34
2. Retirement pension program-defined contribution plan	15,401.40	13,390,224.97	13,380,291.51	25,334.86
3. Dismiss compensation		1,884,496.92	1,597,341.92	287,155.00
Total	44,513,062.17	344,990,551.36	333,656,479.33	55,847,134.20

(2) Short-term remuneration

In RMB

Item	Opening balance	Increase	Decrease	Closing balance
1. Wage, bonus, allowance and subsidies	42,890,451.55	293,234,097.24	282,069,743.71	54,054,805.08
2. Employee welfare	36,000.00	11,106,542.33	11,142,542.33	
3. Social insurance		16,557,864.07	16,549,051.27	8,812.80
Including: medical insurance		4,468,805.15	4,459,992.35	8,812.80
Labor injury insurance		333,917.40	333,917.40	

Breeding insurance		556,996.43	556,996.43	
Unemployment insurance		11,198,145.09	11,198,145.09	
4. Housing fund	70,162.00	7,249,691.66	7,273,929.66	45,924.00
5. Labor union budget and staff education fund	1,501,047.22	1,567,634.17	1,643,578.93	1,425,102.46
Total	44,497,660.77	329,715,829.47	318,678,845.90	55,534,644.34

(3) Defined contribution plan

In RMB

Item	Opening balance	Increase	Decrease	Closing balance
1. Basic pension	15,401.40	12,970,116.94	12,960,183.48	25,334.86
2. Unemployment insurance		420,108.03	420,108.03	
Total	15,401.40	13,390,224.97	13,380,291.51	25,334.86

39. Taxes payable

In RMB

Item	Closing balance	Opening balance
VAT	5,138,273.83	7,964,966.19
Enterprise income tax	8,013,627.51	96,212,929.73
Personal income tax	1,111,213.06	793,577.50
City maintenance and construction tax	1,499,926.15	1,234,675.98
Land using tax	241,855.73	242,021.60
Property tax	265,016.74	248,910.70
Education surtax	736,138.35	609,781.62
Local education surtax	352,390.86	278,944.66
Land VAT	31,084.86	
Others	459,460.59	124,191.21
Total	17,848,987.68	107,709,999.19

Others:

The tax payable at the end of the period is 83.43% less than that at the beginning of the period, which is the result of the decrease of enterprise income tax.

40. Other payables

In RMB

Item	Closing balance	Opening balance
Interest payable		2,098,971.44
Other payables	701,432,408.28	811,019,728.40
Total	701,432,408.28	813,118,699.84

(1) Interest payable

In RMB

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

(2) Other payables

1) Other payables presented by nature

In RMB

Item	Closing balance	Opening balance
Performance and quality deposit	46,117,111.79	47,749,632.53
Deposit	4,885,326.38	152,313.10
Reserved expense	17,194,987.92	182,260,114.71
Tax withheld	584,599,356.81	547,012,606.17
Fangda Town pledge	300,000.00	22,236,150.00
Others	48,335,625.38	11,608,911.89
Total	701,432,408.28	811,019,728.40

(2) Significant payables aging more than 1 year

In RMB

Item	Closing balance	Reason
Shenzhen Yikang Real Estate Co. Ltd.	13,488,805.10	Affiliated party
Tax withheld	543,439,064.17	Land VAT

Total	556,927,869.27	--

Liabilities held for sales

None

42. Non-current liabilities due within 1 year

In RMB

Item	Closing balance	Opening balance
Long-term loans due within 1 year	922,346,563.72	200,000,000.00
Total	922,346,563.72	200,000,000.00

43. Other current liabilities

Whether the new revenue guidelines are implemented

□ Yes √ No

In RMB

Item	Closing balance	Opening balance
(7) De-recognized account receivable	169,688,481.80	
Substituted money on VAT	12,006,092.67	9,328,682.25
Total	181,694,574.47	9,328,682.25

44. Long-term borrowings

(1) Classification of long-term borrowings

In RMB

Item	Closing balance	Opening balance
Loan by pledge	293,978,153.39	693,978,153.39
Loan by pledge	182,523,338.17	
Guarantee loan	70,000,000.00	
Credit borrow		500,000,000.00
Total	546,501,491.56	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 period for long - term borrowing is adjusted at the agreed ratio -6.175%

45. Bond payable

None

Lease liabilities

None

47. Long-term payables

None

Long-term employees' wage payable

None

49. Anticipated liabilities

Whether the new revenue guidelines are implemented

□ Yes √ No

In RMB

Item	Closing balance	Opening balance	Reason
Maintenance fee	7,793,527.16	6,831,162.99	Contract agreement
Total	7,793,527.16	6,831,162.99	--

50. Deferred earning

In RMB

Item	Opening balance	Increase	Decrease	Closing balance	Reason
Government subsidy	10,401,161.30	800,000.00	383,913.90	10,817,247.40	See the following table
Total	10,401,161.30	800,000.00	383,913.90	10,817,247.40	--

Items involving government subsidies:

In 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

Railway transport screen door controlling system and information transmission technology	96,558.17			18,904.32			77,653.85	Assets-related
Major investment project prize from Industry and Trade Development Division of Dongguan Finance Bureau	1,680,952.70			57,142.80			1,623,809.90	Assets-related
Distributed PV power generation project subsidy sponsored by Dongguan Reform and Development Commission	418,750.13			24,999.96			393,750.17	Assets-related
	181,004.51			3,725.64			177,278.87	Assets-related
Special subsidy for industrial transformation, upgrading and development		800,000.00					800,000.00	Assets-related

Shenzhen SME Service Bureau enterprise IT construction subsidy	500,000.00			12,000.00		-20,000.00	468,000.00	Assets-related
National Industry Revitalization and Technology Renovation Project fund	7,393,855.79			117,101.18			7,276,754.61	Assets-related
Shenzhen Science and Technology Innovation Committee Technology Innovation Subsidy	130,040.00			130,040.00				Earning-related

Others:

51. Other non-current liabilities

Whether the new revenue guidelines are implemented

□ Yes √ No

None

52. Capital share

In RMB

	Opening balance	Change (+,-)					Closing balance
		Issued new shares	Bonus shares	Transferred from reserves	Others	Subtotal	
Total of capital shares	1,155,481,686.00				-32,097,497.00	-32,097,497.00	1,123,384,189.00

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.

Other equity tools

None

54. Capital reserve

In 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

55. Shares in stock

In RMB

Item	Opening balance	Increase	Decrease	Closing balance
Less: Shares in stock	10,831,437.66	88,223,945.70	99,055,383.36	
Total	10,831,437.66	88,223,945.70	99,055,383.36	

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

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). As at December 31, 2019, a total of 32,097,497 shares were repurchased by centralized bidding, and the highest price was HK $3.58/share, the lowest price was HK $3.24/share, the actual cumulative payment was HK $113, 012, 632.21 (including transaction costs), which was included in the inventory shares in the amount of HK $88,223, 945.70.

(2) 32,097,497 shares of share capital reduced as a result of the write-off of treasury shares;

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.

56. Other miscellaneous income

In RMB

Item	Opening	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	balance
1. Other misc. incomes that cannot be re-classified into gain and loss	-5,166,425.58	-4,793,104.31			-767,499.51	-4,025,604.80		-9,192,030.38
Fair value change of investment in other equity tools	-5,166,425.58	-4,793,104.31			-767,499.51	-4,025,604.80		-9,192,030.38
2. Other misc. incomes that will be re-classified into gain and loss	7,382,087.59	29,272.14	-1,290,746.25		-14,515.15	1,334,533.54		8,716,621.13
Cash flow hedge reserve	-1,290,746.25	-96,767.62	-1,290,746.25		-14,515.15	1,208,493.78		-82,252.47
Translation difference of foreign exchange statement	-83,719.62	126,039.76				126,039.76		42,320.14
Investment real estate measured at fair value	8,756,553.46							8,756,553.46
Other miscellaneous income	2,215,662.01	-4,763,832.17	-1,290,746.25		-782,014.66	-2,691,071.26		-475,409.25

57. Special reserves

None

58. Surplus reserves

In RMB

Item	Opening balance	Increase	Decrease	Closing balance
Statutory surplus reserves	121,000,081.43	105,763,735.27	66,957,886.36	159,805,930.34
Total	121,000,081.43	105,763,735.27	66,957,886.36	159,805,930.34

Note, including explanation about the reason of the change:

(1) The increase in the surplus reserve in the current period is the withdrawal of the statutory surplus reserve from the Company in accordance with the Company Law and the relevant provisions of the Articles of Association.

Note: The decrease in the surplus reserve for the current period is due to the fact that the cost of the treasury shares cancelled is higher than the corresponding cost of the share capital which is offset by the capital reserve and surplus reserve.

59. Retained profit

In 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)	-39,930,304.63	
Retained profit adjusted at beginning of year	3,881,295,568.33	1,863,191,218.58
Plus: Net profit attributable to owners of the parent	347,771,182.73	2,246,164,571.68
Less: Statutory surplus reserves	105,763,735.27	10,583,579.20
Common share dividend payable	224,676,837.80	177,546,338.10
Closing retained profit	3,898,626,177.99	3,921,225,872.96

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 RMB.

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 RMB.

4) Change of consolidation range caused by merger of entities under common control, influenced the retained profit by RMB.

5) Other adjustment influenced the retained profit by RMB.

60. Operational revenue and costs

In RMB

Item	Amount occurred in the current period		Occurred in previous period	
	Income	Cost	Income	Cost
Main business	2,908,727,515.24	2,153,447,678.94	2,987,575,699.48	2,314,151,985.65
Other businesses	97,022,043.42	15,728,616.33	61,104,452.58	23,796,024.77
Total	3,005,749,558.66	2,169,176,295.27	3,048,680,152.06	2,337,948,010.42

Whether the new revenue guidelines are implemented

□ Yes √ No

Other note

The Company must comply with disclosure requirements of the Shenzhen Stock Exchange Industry Information Disclosure Guideline No.3 – Listed Companies Engaged in Property Development.

Top-5 projects in terms of income received and recognized in the reporting period:

In RMB

No.	Project	Balanace
1	Fangda Town	307,563,025.40

61. Taxes and surcharges

In RMB

Item	Amount occurred in the current period	Occurred in previous period
City maintenance and construction tax	6,853,739.29	7,984,304.25
Education surtax	5,044,690.90	5,756,258.86
Property tax	4,446,647.69	6,220,032.07
Land using tax	1,615,266.99	1,738,269.03
Stamp tax	1,978,440.89	1,946,004.29
Land VAT	41,191,377.50	128,891,545.18
Others	833,007.72	145,514.11
Total	61,963,170.98	152,681,927.79

Others:

The tax payable at the end of the period is 59.42% less than that at the beginning of the period, which is the result of the decrease of enterprise income tax.

62. Sales expense

In RMB

Item	Amount occurred in the current period	Occurred in previous period
Labor costs	30,325,279.44	20,260,198.42
Sales agency fee	9,693,525.80	14,128,431.60
Freight and miscellaneous charges	6,262,470.96	5,041,135.44
Entertainment expense	2,614,670.15	1,991,769.30
Travel expense	2,159,434.19	1,852,326.67
Advertisement and promotion fee	2,060,937.53	917,550.20
Rental	898,832.44	781,210.79
Office costs	700,706.25	1,081,976.69
Material consumption	129,520.06	564,173.89
Others	2,738,809.38	3,215,172.89
Total	57,584,186.20	49,833,945.89

Others:

63. Management expenses

In RMB

Item	Amount occurred in the current period	Occurred in previous period
Labor costs	111,321,743.46	86,778,163.52
Maintenance costs	14,103,293.81	9,669,303.38
Agencies	12,038,870.33	8,486,136.13
Depreciation and amortization	9,361,818.02	11,119,225.43
Office expense	4,978,201.91	3,506,152.86
Entertainment expense	4,578,811.46	3,313,697.59
Rental	4,131,226.97	3,489,288.27
Lawsuit	2,774,432.84	463,766.14
Travel expense	2,440,786.53	2,518,992.57
Property management fee	2,232,683.37	689,894.03
Water and electricity	588,536.13	622,744.97
Material consumption	470,194.27	255,851.35
Others	1,423,196.40	9,089,408.55
Total	170,443,795.50	140,002,624.79

64. R&D cost

In RMB

Item	Amount occurred in the current period	Occurred in previous period
Labor costs	36,774,721.22	14,718,049.77
Material costs	11,283,307.86	1,596,850.18
Rental	2,372,103.83	1,770,437.76
Depreciation costs	883,118.20	397,092.74
Agencies	5,384,796.63	308,497.20
Amortization of intangible assets	508,353.71	88,515.55
Travel expense	162,799.41	99,589.29
Maintenance costs		144,199.46
Others	2,385,770.34	731,012.63
Total	59,754,971.20	19,854,244.58

Others:

This year's R & D costs increased by 200.79% compared with the previous year, mainly due to increased R & D projects.

65. Financial expenses

In RMB

Item	Amount occurred in the current period	Occurred in previous period
Interest expense	90,149,816.27	83,226,880.85
Less: interest capitalization	5,819,400.10	7,292,522.11
Less: discount government subsidies	862,000.00	250,000.00
Less: Interest income	10,770,653.40	9,255,120.60
Exchange gain/loss	-777,417.48	-2,391,402.94
Acceptant discount	8,581,333.33	10,241,203.18
Commission charges and others	2,107,155.76	8,049,350.51
Total	82,608,834.38	82,328,388.89

66. Other gains

In RMB

Source	Amount occurred in the current period	Occurred in previous period
Major investment project prize from Industry and Trade Development Division of Dongguan Finance Bureau	57,142.80	57,142.80
Distributed PV power generation project subsidy sponsored by Dongguan Reform and Development Commission	24,999.96	24,999.96
Massive production project of air-breathing double-layer hollow glass energy-saving curtain call	117,101.18	123,987.24
Shenzhen SME Service Bureau enterprise IT construction subsidy	12,000.00	
Railway transport screen door controlling system and information transmission technology	18,904.32	28,507.00
Luxi county Xuanfeng town government business introduction subsidy	3,725.64	3,725.64
Shenzhen Science and Technology Innovation Committee Technology Innovation Subsidy	130,040.00	69,960.00
VAT rebated into revenue	3,067,768.44	2,280,640.07

Second batch of the 2017 Corporate Research and Development Funding Scheme		1,113,000.00
Nanchang High-tech Development Zone Management Committee Finance Bureau allocates industrial incentives		300,000.00
National standard preparation subsidy		300,000.00
Nanshan District independent innovation industry development special fund	500,000.00	
It is a national high-tech enterprise	30,000.00	
Integration sponsorship	200,000.00	
Nanchang hi-tech finance bureau industry development zone committee exhibition subsidy	53,600.00	
Nanchang Hi-tech Industry Park management committee, Finance Bureau	100,000.00	
Nanchang Hi-tech Industry Park management committee, Finance Bureau	100,000.00	
Nanchang High-Tech Development Zone Entrepreneurship Service Center National Standard Revision Supplement	160,000.00	
Technical Innovation Award for Scientific Research Staff of Nanchang High-tech Development Zone Entrepreneurship Service Center	36,500.00	
Nanchang Labor and Information Commission 2017 Single Champion Government Funds	300,000.00	
Nanshan District independent innovation industry development special fund	508,000.00	
Supporting Funds for Construction Enterprises in Shanghai Songjiang Jingkai District	194,000.00	
Subsidy for Multiplier Support Scheme for National High-tech Enterprises of Nanshan District Science and Technology Innovation Bureau of Shenzhen City	200,000.00	
Intellectual property right project subsidy by Shenzhen market and quality supervision and management committee	102,000.00	

Shenzhen Science and Technology Innovation Committee	696,000.00	
Childbearing subsidy	157,864.80	
Employment subsidy	260,737.20	238,968.31
Income tax commission	337,688.80	376,916.38
Others	248,699.15	764,089.75

67. Investment income

In RMB

Item	Amount occurred in the current period	Occurred in previous period
Gains from long-term equity investment measured by equity	-2,152,583.08	-836,397.74
Investment income of trading financial assets during the holding period	51,600,871.08	57,856,845.60
Investment income from disposal of trading financial assets	-43,598,838.65	-56,309,694.76
Investment gain obtained from disposal of long-term equity investment	-8,047,524.45	
Investment gain of financial products		27,065,331.33
Others	288,430.55	
Total	-1,909,644.55	27,776,084.43

Net open hedge gains (“-” for loss)

None

69. Income from fair value fluctuation

In RMB

Source of income from fluctuation of fair value	Amount occurred in the current period	Occurred in previous period
Investment real estate measured at fair value	42,608,311.58	2,916,598,485.48
Other non-current financial assets	9,728.02	
Effective part in the gain and loss of arbitrage of cash flow		-2,739,924.91
Total	42,618,039.60	2,913,858,560.57

Credit impairment loss

In RMB

Item	Amount occurred in the current period	Occurred in previous period
Bad debt loss of other receivables	12,587,644.72	
Bad debt of account receivable	-47,106,079.08	
Total	-34,518,434.36	

71. Assets impairment loss

Whether the new revenue guidelines are implemented

□ Yes √ No

In RMB

Item	Amount occurred in the current period	Occurred in previous period
1. Bad debt loss		-164,953,654.42
2. Inventory depreciation loss	218,619.24	-64,934,772.82
3. Impairment loss on available-for-sale financial assets		-6,888,567.44
7. Fixed assets impairment loss		-3,089,516.62
Total	218,619.24	-239,866,511.30

72. Assets disposal gains

In RMB

Source	Amount occurred in the current period	Occurred in previous period
Gain and loss from disposal of fixed assets ("-" for loss)	-101,676.86	-3,516,357.91

73. Non-business income

In RMB

Item	Amount occurred in the current period	Occurred in previous period	Amount accounted into the current accidental gain/loss
Penalty income	778,191.18	605,723.88	778,191.18
Compensation received	13,377.69	2,993,898.33	13,377.69
Others	2,065,608.87	112,971.88	2,065,608.87
Total	2,857,177.74	3,712,594.09	2,857,177.74

74. Non-business expenses

In RMB

Item	Amount occurred in the current period	Occurred in previous period	Amount accounted into the current accidental gain/loss
Donation	2,272,000.00	622,950.00	2,272,000.00
Loss from retirement os damaged non-current assets	171,065.09	1,785,203.11	171,065.09
Penalty and overdue fine	117,548.22	827,560.09	117,548.22
Others	1,405,252.17	610,489.60	1,405,252.17
Total	3,965,865.48	3,846,202.80	3,965,865.48

75. Income tax expenses

(1) Details about income tax expense

In RMB

Item	Amount occurred in the current period	Occurred in previous period
Income tax expenses in this period	28,267,352.94	121,573,588.89
Deferred income tax expenses	42,004,335.51	602,092,953.36
Total	70,271,688.45	723,666,542.25

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

In RMB

Item	Amount occurred in the current period
Total profit	417,033,292.75
Income tax expenses calculated based on the legal (or applicable) tax rates	104,258,323.19
Impacts of different tax rates applicable for some subsidiaries	-21,275,615.38
Impacts of income tax before adjustment	480,743.31
Impact of non-taxable income	-12,919,217.76
Impacts of non-deductible cost, expense and loss	4,980,468.06
Impacts of using deductible loss of unrecognized deferred income tax assets	-409,563.38
Deductible temporary difference and deductible loss of unrecognized deferred income tax assets	353,971.60
Taxation impact of R&D expense	-6,852,260.04

Profit and loss of associates and joint ventures calculated using the equity method	1,654,838.85
Income tax expenses	70,271,688.45

Other note

The tax payable at the end of the period is 90.29% less than that at the beginning of the period, which is the result of the decrease of enterprise income tax.

76. Other miscellaneous income

See Note VII 57.

77. Notes to the cash flow statement

(1) Other cash inflow related to operation

In RMB

Item	Amount occurred in the current period	Occurred in previous period
Interest income	10,184,892.89	8,316,874.92
Subsidy income	8,478,772.29	5,681,937.15
Retrieving of deposits for exchange bills	40,000,000.00	32,714,226.95
Retrieving of bidding deposits	21,572,620.86	33,349,895.41
Other operating accounts	11,658,195.14	26,996,640.74
Total	91,894,481.18	107,059,575.17

Notes to other cash inflow related to operation:

(2) Other cash paid related to operation

In RMB

Item	Amount occurred in the current period	Occurred in previous period
Sales expense	26,841,869.91	29,750,837.95
Administrative expense	60,065,704.23	58,067,357.63
Bidding deposit paid		99,763,670.34
Net draft deposit net paid	116,999,688.37	128,198,940.32
Lawsuit freezing funds	22,944,733.36	
Other trades	7,671,819.08	23,353,211.96
Total	234,523,814.95	339,134,018.20

Notes to other cash paid related to operation:

(3) Other cash received related to investment activities

None

Notes to other cash received related to investment activities:

(4) Other cash paid related to investment activities

None

(5) Other cash received related to financing

In RMB

Item	Amount occurred in the current period	Occurred in previous period
B shares repurchased excess fund recovery	88,312,942.36	
Total	88,312,942.36	

Notes to other cash received related to financing:

(6) Other cash paid related to financing

In RMB

Item	Amount occurred in the current period	Occurred in previous period
Repurchase amout of B shares	88,428,226.25	111,166,053.48
Payment note discounted loan guarantee	40,000,000.00	
B share account limited fund		88,273,535.75
Total	128,428,226.25	199,439,589.23

78. Supplementary data of cash flow statement

(1) Supplementary data of cash flow statement

In RMB

Supplementary information	Amount of the Current Term	Amount of the Previous Term
1. Net profit adjusted to cash flow related to business operations:	--	--
Net profit	346,761,604.30	2,246,164,571.68
Plus: Asset impairment provision	34,299,815.12	239,866,511.30

Fixed asset depreciation, gas and petrol depreciation, production goods depreciation	24,226,272.74	24,664,826.19
Use right assets		
Amortization of intangible assets	2,680,311.61	3,189,135.78
Amortization of long-term amortizable expenses	632,269.18	531,870.83
Loss from disposal of fixed assets, intangible assets, and other long-term assets (“-“ for gains)	101,676.86	3,516,357.91
Loss from fixed asset discard (“-“ for gains)	171,065.09	1,785,203.11
Loss from fair value fluctuation (“-“ for gains)	42,618,039.60	-2,913,858,560.57
Financial expenses (“-“ for gains)	91,603,140.07	84,126,977.13
Investment losses (“-“ for gains)	-6,137,879.90	-27,776,084.43
Decrease of deferred income tax asset (“-“ for increase)	20,257,876.84	-125,877,335.18
Increase of deferred income tax asset (“-“ for increase)	21,746,458.65	727,763,659.79
Decrease of inventory (“-“ for increase)	-64,556,366.16	103,270,355.56
Decrease of operational receivable items (“-“ for increase)	-345,194,864.61	-567,106,379.14
Increase of operational receivable items (“-“ for decrease)	10,686,250.77	682,326,319.97
Others	-99,944,421.73	-95,484,710.36
Cash flow generated by business operations, net	-5,284,830.77	387,102,719.57
2. Major investment and financing activities with no cash involved:	--	--
Debt transferred to assets		
Convertible corporate bonds due within one year		
Fixed assets under finance leases		
3. Net change in cash and cash equivalents:	--	--
Balance of cash at period end	725,269,902.90	956,190,890.68
Less: Initial balance of cash	956,190,890.68	931,285,535.55

Add: Ending balance of cash equivalents		
Less: Ending balance of cash equivalents		
Net increase in cash and cash equivalents	-230,920,987.78	24,905,355.13

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

In RMB

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

Others:

(3) Net cash from disposal of subsidiaries received in this period

None

(4) Composition of cash and cash equivalents

In RMB

Item	Closing balance	Opening balance
I. Cash	725,269,902.90	956,190,890.68
Including: Cash in stock	4,244.86	5,167.01
Bank savings can be used at any time	725,255,753.53	953,231,178.60

Other monetary capital can be used at any time	9,904.51	2,954,545.07
Bank savings can be used at any time		
Net increase of savings in central bank and brother company		
Dismantling of interbank funds		
2. Cash equivalents		
Including: bond investment due within three months		
III. Balance of cash and cash equivalents at end of term	725,269,902.90	956,190,890.68
Including: restricted cash and cash equivalent used by parent company or subsidiaries in the Group	484,542,076.05	432,871,193.08

79. Notes to statement of change in owners’ equity

None

80. Ownership- or use-right-restricted assets

In RMB

Item	Closing book value	Reason
Monetary capital	484,542,076.05	Margin, pledged deposits, etc.
Inventory	99,936,207.50	Credit guarantee
Fixed assets	65,256,230.83	Credit guarantee
Intangible assets	20,550,703.78	Credit guarantee
100% stake in Fangda Property Development held by the Company	200,000,000.00	Loan by pledge
Investment real estate	394,971,924.50	Credit Mortgage, Mortgage Loan
Other current assets	207,993,374.07	Financing
Total	1,473,250,516.73	--

81. Foreign currency monetary items

(1) Foreign currency monetary items

In RMB

Item	Closing foreign currency balance	Exchange rate	Closing RMB balance
Monetary capital	--	--	57,765,564.37
Including: USD	2,126,259.48	6.9762	14,833,211.38
Euro			
HK Dollar	35,573,204.80	0.8958	31,865,765.44
INR	9,554,598.90	0.0978	934,583.09
Vietnam	3,225,900,653.00	0.000301	971,173.94
SGD	0.30	5.1739	1.55
AUD	1,875,566.40	4.8843	9,160,828.97
Account receivable	--	--	62,789,565.94
Including: USD	7,764,144.49	6.9762	54,164,224.79
Euro			
HK Dollar	2,155,386.72	0.8958	1,930,795.42
INR	26,439,727.61	0.0978	2,585,805.36
AUD	841,213.76	4.8843	4,108,740.37
Long-term loans	--	--	
Including: USD			
Euro			
HK Dollar			
Other receivables			1,695,146.68
Including: USD	111,620.31	6.9762	778,685.61
HK Dollar	817,604.90	0.8958	732,410.47
INR	1,881,908.00	0.0978	184,050.60
Account payable			4,008,934.71
Including: USD	564,283.11	6.9762	3,936,551.83
AUD	14,819.50	4.8843	72,382.88
Other payables			89.58
Including: HKD	100.00	0.8958	89.58

(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

82. Hedging

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

Cash flow hedging Aluminum plate futures transaction Aluminum futures contract Rise on raw material prices, causing purchase cost increase

83. Government subsidy

(1) Government subsidy profiles

In RMB

Type	Amount	Item	Amount accounted into the current gain/loss
Assets-related	10,817,247.40	Deferred earning	233,873.90
Earning-related	130,040.00	Deferred earning	130,040.00
Earning-related	6,915,169.59	Other gains	6,915,169.59
Earning-related	862,000.00	Financial expenses	862,000.00

(2) Government subsidy refund

□ Applicable √ Inapplicable

84. 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

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

Zhongrong Litai		61,937,324.17	55.00%	Cash		Date of obtaining the actual control right of the acquired party	39,105.50	-2,243,507.63

Others:

According to the agreement on transfer of shares signed on 11 September 2018 between the Company and Shenzhen City Yongkang Holdings Co., Ltd., Shenzhen City Qianhaizhong Certified Dingfeng No. 6 Investment Enterprise (limited partnership), Shenzhen City Yongkang Holdings Co., Ltd., Shenzhen City Qianhaizhong Certified Dingfeng No. 6 Investment Enterprise (limited partnership) holds 100% share of Zhongfanlitai Corporation, divided into three purchases. As of December 31, 2019, the Company has paid the transfer price for the first period of shares, has registered for industrial and commercial changes, enjoys the share of 55.00% and can control it.

(2) Combination costs and goodwill

In RMB

Combination costs	
--Cash	61,937,324.17
Total combination costs	61,937,324.17
Less: fair share of identifiable net assets acquired	61,937,324.17

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

In RMB

	Fair value on the day of acquisition	Book value on the day of acquisition
Monetary capital	2,493.86	2,493.86
Receivables	36,513,600.01	36,513,600.01
Inventory	135,185,505.10	132,393,495.15
Payable	59,088,282.29	59,088,282.29
Net assets	112,613,316.68	109,821,306.73
Less: minor shareholders’ equity	50,675,992.51	49,419,588.03
Acquired net assets	61,937,324.17	60,401,718.70

(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

2. Consolidation of entities under common control

None

3. Reverse purchase

None

4. Disposal of subsidiaries

Single disposal of a subsidiary that may lead to loss of control

□ Yes √ No

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

□ Yes √ No

5. 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) In the current period, three newly-controlled subsidiaries were established, namely Jianke Southeast Asia Company, Chengdu Curtain Wall Company and Shanghai Fangda Jianzhi Company. Enterprises under non-common control merged with Zhongrong Litai Company.

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

6. Others

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	10.00%	90.00%	Incorporation
Fangda New Material	Nanchang	Nanchang	Prodution and sales of new-type materialsm composite materials and production of curtain walls	75.00%	25.00%	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	99.00%	1.00%	Incorporation
Chengdu Fangda	Chengdu	Chengdu	Trusted processing of building curtain wall materials		100.00%	Incorporation
Shihui International	Virgin Islands	Virgin Islands	Investment	100.00%		Incorporation
Dongguan New Material	Dongguan	Dongguan	Installation and sales of building curtain walls		100.00%	Incorporation
Fangda Property Management	Shenzhen	Shenzhen	Property management		100.00%	Incorporation
Jiangxi Property Development	Nanchang	Nanchang	Real estate development and operation		100.00%	Incorporation
Luxin New Energy	Pingxiang	Pingxiang	Design and construction of PV power plants		100.00%	Incorporation
Xinjian New Energy	Nanchang	Nanchang	Design and construction of PV power plants		100.00%	Incorporation
Dongguan New Energy	Dongguan	Dongguan	Design and construction of PV power plants		100.00%	Incorporation

Kechuangyuan Software	Shenzhen	Shenzhen	Software development		100.00%	Incorporation
Fangda Automation (Hong Kong) Co., Ltd.	Hong Kong	Hong Kong	Metro screen door		100.00%	Incorporation
Hongjun Investment Company	Shenzhen	Shenzhen	Investment	98.00%	2.00%	Incorporation
Fangda Australia Co., Ltd.	Australia	Australia	Designing, manufacturing, and installation of curtain walls		100.00%	Incorporation
Fang Qingling	Shanghai	Shanghai	Intelligent technology, new energy, automated technology	30.00%	70.00%	Incorporation
Fangda Cloud Rail	Shenzhen	Shenzhen	Design, development and sales of cloud rail transport equipment		100.00%	Incorporation
Chengdu Fangda	Chengdu	Chengdu	Construction and decor industry		100.00%	Incorporation
Fangda Southeast Asia	Vietnam	Vietnam	Designing, manufacturing, and installation of curtain walls		100.00%	Incorporation
Fangda Jianke	Shanghai	Shanghai	Designing, manufacturing, and installation of curtain walls		100.00%	Incorporation
Zhongrong Litai	Shenzhen	Shenzhen	Business service		55.00%	Purchase

Others:

1. Chengdu curtain wall company, founded on October 16, 2019, Fang Da Jianke company and Chengdu Fang large company subscribe registered capital 50 million yuan, as of December 31, 2019, has not actually contributed capital.

2. Fonda Southeast Asia Corporation, incorporated in Vietnam on April 8, 2019, registered capital 10,000, 998,000.00 Vietnamese Shield, Fonda Jianke Corporation has paid sufficient capital.

3. Founded on September 27, 2019, Shanghai Fangda Jianzhi Co., Ltd. and Fangda Jianzhi Co., Ltd. have subscribed to the registered capital of RMB50 million and have not actually contributed capital as of December 31, 2019.

4. The Company holds 55.00% shares in Zhongfanlitai, which are incorporated into the merger. For details, see note 8 and 1 of this note.

(2) Major non wholly-owned subsidiaries

In RMB

Company	Shareholding of minority shareholders	Profit and loss attributed to minority shareholders	Dividend to be distributed to minority shareholders	Interest balance of minority shareholders in the end of the period
Zhongrong Litai	45.00%	-1,009,578.43		48,410,009.60

(3) Financial highlights of major non wholly owned subsidiaries

In RMB

Company	Closing balance						Opening balance					
	Current asset	Non-current assets	Total of assets	Current liabilities	Non-current liabilities	Total liabilities	Current asset	Non-current assets	Total of assets	Current liabilities	Non-current liabilities	Total liabilities
Zhongrong Litai	174,827,165.52	30,066.12	174,857,231.64	67,279,432.54		67,279,432.54						

In RMB

Company	Amount occurred in the current period				Occurred in previous period			
	Turnover	Net profit	Total of misc. incomes	Business operation cash flows	Turnover	Net profit	Total of misc. incomes	Business operation cash flows
Zhongrong Litai	39,105.50	-2,243,507.63	-2,243,507.63	4,267,633.70				

2. Change in the ownership share of the subsidiary and control of the transaction of the subsidiary

None

3. Interests in joint ventures or associates

(1) Financial summary of insignificant joint ventures and associates

None

(2) Financial summary of insignificant joint ventures and associates

None

(3) Financial summary of joint ventures

None

(4) Financial summary of insignificant joint ventures and associates

In 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	57,222,240.83	70,105,657.88
Total shareholding	--	--
Net profit	-2,152,583.08	-836,397.74
Total of misc. incomes	-2,152,583.08	-836,397.74

4. Important co-operation

None

5. Financial support or other support provided to structural entities to be consolidated

None

6. Others

X. Risks of Financial Tools

The risks associated with the financial instruments of the Company arise from the various financial assets and liabilities recognized by the Company in the course of its operations, including credit risks, liquidity risks and market risks.

The management objectives and policies of various risks related to financial instruments are governed by the management of the Company. Management is responsible for the daily risk management through the functional department (e.g. the Company reviews credit sales business on a case-by-case basis). The internal audit department of the Company supervises the implementation of the policies and procedures of risk management of the Company on a daily basis, and reports the relevant findings to the audit committee of the Company in time.

The overall objective of risk management is to formulate risk management policies to minimize all types of risks related to financial instruments without compromising company competitiveness and resilience.

1. Credit risk

Credit risk is caused by the failure of one party of a financial instrument in performing its obligations, causing the risk of financial loss for the other party. The credit risk of the Company mainly arises from currency funds, receivables, receivables, other receivables and long-term receivables. The credit risk of these financial assets is derived from the counterparty default and the maximum exposure is equal to the carrying amount of these instruments.

The Company's money and funds are mainly deposited in the commercial banks and other financial institutions. The Company believes that these commercial banks have higher reputation and asset status and have lower credit risk.

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

(1) Significant increases in credit risk

The credit risk of the financial instrument has not increased significantly since the initial confirmation. 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 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.

When triggering one or more of the following quantitative and qualitative criteria, we believe that the credit risk of the financial instruments has increased significantly: The quantitative criterion is mainly that the probability of default in the remaining period of the reporting date has increased by more than a certain proportion from the initial confirmation; The qualitative criteria are significant adverse changes in the operation or financial situation of the principal debtor.

(2) Definition of assets where credit impairment has occurred

In order to determine whether or not credit impairment occurs, the standard adopted by our company is consistent with the credit risk management target for related financial instruments, and quantitative and qualitative indicators are considered.

Major financial difficulties have occurred to the issuer or the debtor; Breach of contract by the debtor, such as payment of interest or default or overdue of principal; (B) The concession that the debtor would not make under any other circumstances for economic or contractual considerations relating to the financial difficulties of the debtor; The debtor is likely to be bankrupt or undertake other financial restructuring; The financial difficulties of the issuer or debtor lead to the disappearance of the active market for the financial asset; To purchase or generate a financial asset at a substantial discount, which reflects the fact that a credit loss has occurred.

Credit impairment in financial assets may be caused by a combination of multiple events, not necessarily by events that can be identified separately.

(3) Expected credit loss measurement

Depending on whether there is a significant increase in credit risk and whether a credit impairment has occurred, the Company prepares different assets for a 12-month or full expected credit loss. The key parameters of expected credit loss measurement include default probability, default loss rate and default risk exposure. Taking into account the quantitative analysis and forward-looking information of historical statistics (such as counterparty ratings, guaranty methods, collateral categories, repayment methods, etc.), the Company establishes the default probability, default loss rate and default risk exposure model.

Definition:

The probability of default refers to the possibility that the debtor will not be able to fulfil its obligation to pay in the next 12 months or throughout the remaining period.

Breach Loss Rate means the extent of loss expected by the Company for breach risk exposure. Depending on the type of counterparty, the manner and priority of recourse, and the different collateral, the default loss rate is also different. The default loss rate is the percentage of risk exposure loss at the time of default, calculated on the basis of the next 12 months or the entire lifetime;

Exposure to default is the amount payable to the Company at the time of default in the next 12 months or throughout the remaining life. Prospective information credit risks significantly increased and expected credit losses were calculated. Through the analysis of historical data, the Company has identified the key economic indexes that affect the credit risk of each business type and the expected credit loss.

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 17.66% of the total accounts receivable (2018: 18.60%); among other receivables, other receivables from top 5 customers account for 71.29% 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 Company is responsible for the cash management of its subsidiaries, including short-term investments in cash surpluses and loans to meet projected cash requirements. The Company's policy is to regularly monitor short and long-term liquidity requirements and compliance with borrowing agreements to ensure adequate cash reserves and readily available securities.

The expiry period of the Company's financial liabilities is as follows:

Contract amount: RMB

	December 31, 2019			
Item	Less than 1 year	Within 1-3 years	Over 3 years	Total
Short-term loans	72,461.82	-	-	72,461.82
Notes payable	57,881.60	-	-	57,881.60
Account payable	118,979.57	0.97	96.79	119,077.33
Employees' wage payable	5,584.71	-	-	5,584.71
Other payables	68,410.66	1,170.99	561.59	70,143.24
Non-current liabilities due in 1 year	92,234.66	-	-	92,234.66
Other current liabilities	18,169.46	-	-	18,169.46
Long-term loans	-	39,650.15	15,000.00	54,650.15
Total liabilities	433,722.48	40,822.11	15,658.38	490,202.97

The expiry period of the Company's financial liabilities is as follows:

Contract amount: RMB

	December 31, 2018			
Item	Less than 1 year	Within 1-3 years	Over 3 years	Total
Short-term loans	20,800.00	-	-	20,800.00
Notes payable	50,786.45	-	-	50,786.45
Account payable	89,201.31	14,588.41	173.36	103,963.08
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

3. Market risks and measures

(1) Credit risks

The exchange rate risk of the Company mainly comes from the assets and liabilities of the Company and its subsidiaries in foreign currency not denominated in its functional currency. Except for the use of Hong Kong dollars, United States dollars, Australian dollars, Vietnamese shields, Indian rupees or Singapore currencies by its subsidiaries established in and outside the Hong Kong Special Administrative Region, other major businesses of the Company shall be denominated in Renminbi.

As of December 31, 2019, the Company's ending foreign currency financial assets and foreign currency financial liabilities are listed in Note 7 of this note item, 58 foreign currency monetary item description.

The Company pays close attention to the impact of exchange rate changes on the Company's exchange rate risk. The Company continuously monitors the scale of foreign currency transactions and foreign currency assets and liabilities to minimize foreign exchange risks. To this end, the Company may avoid foreign exchange risks by signing forward foreign exchange contracts or currency swap contracts.

(2) Interest risk

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 Finance Department of the Company continuously monitors the Group interest rate level. The rising interest rate will increase the cost of the new interest-bearing debt and the interest expenditure on interest-bearing debt which has not yet been paid by the Company at the floating rate, and will have a significant adverse effect on the Company's financial performance. Management will make adjustments in time according to the latest market conditions.

As of December 31, 2019, the current floating interest rate borrows 18.896 billion yuan. If the interest rate of the loan at the floating interest rate rises or falls by 50 basis points, the net profit of the current year will fall or increase by 70.86 million yuan (December 31, 2018: 9.08 million yuan).

XI. Fair Value

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

In RMB

Item	Closing fair value			
	First level fair value	Second level fair value	Third level fair value	Total

1. Continuous fair value measurement	--	--	--	--
1. Financial assets measured at fair value with variations accounted into current income account			15,339,790.20	15,339,790.20
(2) Investment in equity tools			5,009,728.02	5,009,728.02
3. Derivative financial assets			10,330,062.18	10,330,062.18
(2) Other debt investment			2,954,029.00	2,954,029.00
(3) Investment in other equity tools			20,660,181.44	20,660,181.44
(4) Investment real estate		5,306,116,360.12		5,306,116,360.12
2. Leased building		5,306,116,360.12		5,306,116,360.12
Total assets measured at fair value continuously		5,306,116,360.12	38,954,000.64	5,345,070,360.76
(6) Transactional financial liabilities	96,767.62			96,767.62
Derivative financial liabilities	96,767.62			96,767.62
Total assets measured at fair value continuously	96,767.62			96,767.62
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

If there is no active market, the Company uses evaluation techniques to determine the fair value. The valuation models are mainly cash flow discount model and market comparable company model. The input value of valuation technology mainly includes risk-free interest rate, benchmark interest rate, exchange rate, credit point difference, liquidity premium, lack of liquidity discount, etc.

5. Sensitivity analysis of adjusting information and unobservable parameters between the third level fair value item, the beginning and the end of the period

None

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

The Company takes the occurrence date of the events leading to the transition between levels as the time point to confirm the transition between levels. In the period, there is no switch in the financial assets measured at fair value between the first and second level or transfer in or out of the third level.

7. Changes in valuation techniques and reasons for such changes in the current period

None

8. 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.

9. Others

XII. Related Parties and Transactions

1. Parent of the Company

Parent	Registered address	Business	Registered capital (in RMB10,000)	Share of the parent co. in the Company	Voting power of the parent company
Shenzhen Banglin Technologies Development Co., Ltd.	Shenzhen	Industrial investment	3,000.00	10.22%	10.22%

Gong Qing Cheng Shi Li He Investment Management Partnership Enterprise (limited partner)	Jiujiang	Industrial investment	1,978.0992	2.38%	2.38%
Shengjiu Investment Ltd.	Hong Kong	Industrial investment	HKD1.00	9.23%	9.23%

Particulars about the parent of the Company

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

2. Among the top 10 shareholders, Shenzhen Banglin Technology Development Co., Ltd. and Shengjiu Investment Co., Ltd. are parties action-in-concert. Shenzhen Banglin Technology Development Co., Ltd. and 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.

The final controller of the Company is Xiong Jianming.

Others:

2. Subsidiaries of the Company

See Note IX. 1.

3. Joint ventures and associates

See Note IX. 3 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

4. Other associates

Other related parties	Relationship with the Company
Ganshang Joint Investment	Associate
Jiangxi Business Innovative Property Joint Stock Co., Ltd.	Associate
Shenzhen Qijian Technology Co., Ltd. (Qijian Technology)	Common actual controller
Shenyang Fangda Semi-conductor Lighting Co., Ltd. (hereinafter Shenyang Fangda)	Subsidiary in liquidation

Zhongrong Litai	Controlled by the Group on 12 June 2019 to become a controlling subsidiary
Shenzhen Woke Semi-conductor Lighting Co., Ltd. (hereinafter Shenzhen Woke)	Subsidiary in liquidation
Shenzhen Fangda Property Development Co., Ltd. (hereinafter Fangda Property Development)	Controlled subsidiaries
Director, manager and secretary of the Board	Key management

5. Related transactions

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

Sales of goods and services

In RMB

Affiliated party	Related transaction	Amount occurred in the current period	Occurred in previous period
Qijian Technology	Property service and sales of goods	49,494.36	33,117.82
Ganshang Joint Investment	Property service and sales of goods	9,834.99	10,121.77

Related trust management / contracting and entrusted management / outsourcing

None

(3) Related leasing

The Company is the leasor:

In RMB

Name of the leasee	Category of asset for lease	Rental recognized in the period	Rental recognized in the period
Qijian Technology	Houses & buildings	414,732.00	303,164.32
Ganshang Joint Investment	Houses & buildings	121,872.30	131,516.47

(4) Related guarantees

The Company is the guarantor:

In RMB

Beneficiary party	Amount guaranteed	Start date	Due date	Completed or not
Fangda Jianke	300,000,000.00	18 August 2018	31 July 2020	No
Fangda Zhichuang	216,000,000.00	6 August 2018	12 July 2020	No

Fangda Property	1,300,000,000.00	3 February 2015	2 February 2023	No
Fangda Jianke	100,000,000.00	21 June 2019	20 June 2020	No
Fangda Jianke	250,000,000.00	20 August 2019	19 August 2020	No
Fangda Jianke	400,000,000.00	26 March 2019	26 March 2020	No
Fangda Jianke	300,000,000.00	1 August 2019	31 July 2020	No
Fangda Jianke	400,000,000.00	17 April 2019	17 April 2020	No
Fangda New Material	65,000,000.00	27 June 2019	27 June 2020	No
Fangda New Material	80,000,000.00	24 April 2019	23 April 2020	No
Fang Qingling	80,000,000.00	31 July 2019	10 July 2024	No
Fangda Zhichuang	150,000,000.00	27 May 2019	27 May 2020	No
Fangda Zhichuang	120,000,000.00	26 March 2019	26 March 2020	No
Fangda Zhichuang	200,000,000.00	1 August 2019	31 July 2020	No
Jiangxi Property Development	200,000,000.00	19 June 2019	23 June 2023	No
Fangda Jianke and Fangda Zhichuang	140,000,000.00	18 December 2019		No

The Company is the guarantied party:

In RMB

Guarantor	Amount guaranteed	Start date	Due date	Completed or not
Fangda Jianke	500,000,000.00	26 March 2019	26 March 2020	No
Fangda Jianke, Fangda New Energy	100,000,000.00	26 March 2019	20 March 2021	No

Note to related guarantees

1. The above-mentioned guarantees are all associated guarantees within interested entities of the Group.

2. HSBC has a total credit of RMB 140 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 140 million yuan to grant credit;

Fangda Jianke has non-committed combined revolving credits of not more than RMB140 million including revolving loans of up to RMB90 million, non-financial bank guarantees of up to RMB140 million and bank acceptances of up to RMB140 million.

Fangda Jianke has non-committed combined revolving credits of not more than RMB140 million including revolving loans of up to RMB50 million, non-financial bank guarantees of up to RMB140 million and bank acceptances of up to RMB140 million.

（3） Xingye Bank total credit to this company, Fangda Jianke company, Zhixin technology company 90000 million yuan, of which Fangda Jianke company no more than 400 million yuan, Zhixin technology company no more than 12 million yuan, the Company no more than 600 million yuan.

(5) Capital borrowing with related parties

None

(6) Asset transferring and debt reconstruction with related parties

None

(7) Remuneration of key management

In RMB

Item	Amount occurred in the current period	Occurred in previous period
Directors, supervisors and senior management	8,656,154.32	7,215,982.18

6. Receivable and payables due with related parties

(1) Receivable interest

In RMB

Project	Affiliated party	Closing balance		Opening balance	
		Remaining book value	Bad debt provision	Remaining book value	Bad debt provision
Account receivable	Qijian Technology	1,212.89	12.13	957.79	28.73
Other receivables	Shenyang Fangda	42,877.00	42,877.00	42,877.00	42,877.00
Other receivables	Shenzhen Woke	867,442.94	867,442.94	867,442.94	867,442.94
Other receivables	Ganshang Joint Investment	5,015,089.25	74,724.83		
Other receivables	Shenzhen Yikang Real Estate Co. Ltd.	72,000,000.00	1,072,800.00		
Other receivables	Zhongrong Litai			8,580,127.08	257,403.81

(2) Receivable interest

In RMB

Project	Affiliated party	Closing balance of book value	Opening balance of book value
Other payables	Shenzhen Yikang Real Estate Co. Ltd.	21,581,724.49	

XIII. Share Payment

1. Overall share payment

□ Applicable √ Inapplicable

2. Share payment settled by equity

□ Applicable √ Inapplicable

3. Share payment settled by cash

□ Applicable √ Inapplicable

4. Revising and termination of share payment

None

XIV. Commitment and Contingent Events

1. Major commitments

Major commitments that exist on the balance sheet day

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 December 31, 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 December 31, 2019, Fangda Real Estate Company had paid a deposit of RMB 50 million to Party B and the project company, and had paid a service fee of RMB 20 million.

(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 December 31, 2019 is 530 sets.

As of December 31, 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

Plaintiff	Defender	Case	Court	Target amount	Progress
2019					
Fangda Jianke	Fujian Huapu Real Estate Development Co., Ltd.	Engineering contract dispute	Fuzhou Taijiang District People's Court	RMB14,183,623.83	At trial
Fangda Jianke	Defendant 1: Nanjing Suhao Real Estate Development Co., Ltd. Defendant 2: Nanjing Jingao Real Estate Development Co., Ltd.	Engineering contract dispute	People's Court of Jianye District, Nanjing	RMB7,799, 803.69	At trial
Fangda Jianke	Changchun Hongtu Real Estate Development Co., Ltd.	Engineering contract dispute	The First Intermediate People's Court of Hainan Province	RMB10,101,853.29	At trial
Fangda Jianke	Zhejiang Jiayue Industrial Co., Ltd.	Engineering contract dispute	People's Court of Coqiao District, Shaoxing City	RMB32,318,994.15	At trial
Langfang Aomei Jiye Real Estate Development Co., Ltd.	Fangda Jianke	Engineering contract dispute	Langfang Development Zone People's Court	Claim: RMB19,721, 315.00 Counterclaim: RMB13,920, 000.70	At trial

Notes:

① 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 373,380.16 totaling RMB 14,183,623.83 to the Taijiang District People's Court of Fuzhou City. The case has not been decided. On 10 May 2019, the court ruled against the prosecution; On 16 May 2019, Fang Da Jianke filed an appeal; On 26 August 2019, the court of second instance ordered the court of first instance to revoke the first instance decision; On 8 October 2019, it was sent back to the court of first instance, case number: (2019) Min 0103 Republic of China 4282. The trial is pending on the report date.

② In November 2019, Fangda Jianke Company sued Nanjing Soho Real Estate Development Co., Ltd. and Nanjing Jingao Real Estate Development Co., Ltd. against Nanjing Soho Real Estate Development Co., Ltd. for payment of RMB 7,431,277.40 for the construction of Nanjing Jinrun Plaza Project and its overdue interest payment was provisionally RMB 368,526.29, totaling 7,799,803.69 yuan. As of the present reporting date, the case has not yet been scheduled for trial.

In December ③2019, Fang Da Jianke Company sued Changchun Hongtu Real Estate Development Co., Ltd. of Changchun City to pay 10,101,8#*@$ yuan for Changchun Sea Navigation Time Center Project. As of this report date, the court of this case has not been scheduled for trial.

In December of ④2019, Fang Da Jianke Company paid 20,158, 046.00 yuan for the project of Shaoxing Jiayue Plaza to the people's court of Shaoxing Ke Qiao District, 4,660, 400.00 yuan for provisional interest, 3,699, 100.00 yuan for refund of performance bond, and 2,144, 400.00 yuan for damages, totalling 30,661, 900.00 yuan. Thereafter, Fang Da Jianke increased the number of claims, totalling 32,318, 994.15 yuan. Affected by epidemic, the court decided that the case had been suspended and that, as at the date of the present report, it had not yet been heard.

(5) Langfang Australian-American Foundation Real Estate Development Co., Ltd. filed a lawsuit on June 19, 2019, and filed an application for evaluation of quality, repair cost and unfinished construction cost on December 26, 2019; Fang Da Jianke filed a counterclaim on September 11, 2019 and submitted an application for cost appraisal on November 22, 2019. As of the date of this report, the case is still under appraisal procedure.

As of December 31, 2019, the Fang Dacheng City Project developed by Fang Dacheng City has failed to handle the property rights certificate on time due to the provisions of "Shenzhen Municipal Industrial Building Transfer Management Measures (Trial)" and "Municipal Planning and Land Resources Commission Notice on Industrial Building Transfer Management" implemented by the Shenzhen Municipal People's Government. Therefore, 36 Fang Dacheng Owners sued Fang Dacheng City Co., Ltd.

(2) Pending major 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, Fangda Jianke has applied for execution and has not received the relevant payment.

On November 15, 2019, Chenghua District People's Court of Chengdu (2019), Sichuan Province, Sichuan Province, Sichuan Province, Hengyuan Industrial Co., Ltd. decided to pay interest to the Company within ten days of the effective date of judgment (based on 6, 013, 841.233 yuan, from May 29, 2015 to the date of payment) 0108 Based on $841,#*@$7 3,235, from 28 May 2015 to the date of payment. Based on $841, 876.3235, from 28 May 2016 to the date of payment). The Company has priority right to be paid for the discounted or auctioned price of project C of Sichuan Tower Project (Television Culture Plaza) within the scope of 7,697,4#*@$ Yuan.

(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)	Term
Fangda Property	Pledge guarantee	2,500.10	2016/4/27 to 2023/2/11
Fangda Property	Pledge guarantee	1,157.69	2016/5/22 to 2023/2/11
Fangda Property	Pledge guarantee	414.66	2016/5/30 to 2023/2/11
Fangda Property	Pledge guarantee	3,113.99	2016/6/13 to 2023/2/11
Fangda Property	Pledge guarantee	1,465.99	2016/6/24 to 2023/2/11
Fangda Property	Pledge guarantee	4,415.64	2016/7/26 to 2023/2/11
Fangda Property	Pledge guarantee	4,813.23	2016/8/15 to 2023/2/11

Fangda Property	Pledge guarantee	5,519.40	2016/9/7 to 2023/2/11
Fangda Property	Pledge guarantee	15,048.01	2016/10/8 to 2023/2/11
Fangda Property	Pledge guarantee	7,628.15	2016/11/7 to 2023/2/11
Fangda Property	Pledge guarantee	6,140.11	2016/11/30 to 2023/2/11
Fangda Property	Pledge guarantee	9,889.21	2017/1/19 to 2023/2/11
Fangda Property	Pledge guarantee	1,830.24	2017/5/31 to 2023/2/11
Fangda Property	Pledge guarantee	2,581.45	2017/6/28 to 2023/2/11
Fangda Property	Pledge guarantee	2,879.95	2017/8/30 to 2023/2/11
Fangda Jianke	Guarantor	5,000.00	2019/6/4 to 2020/6/4
Fangda Zhichuang	Guarantor	5,000.00	2019/6/3 to 2020/6/3
Fangda Zhichuang	Guarantor	1,600.00	2019/8/7 to 2020/8/6
Fangda Property	Credit/mortgage guarantee	2,500.00	2019/7/22 to 2023/7/22
Fangda Property	Credit/mortgage guarantee	2,500.00	2019/9/12 to 2023/7/22
Fangda Property	Credit/mortgage guarantee	3,000.00	2019/9/26 to 2023/7/22
Fangda Property	Credit/mortgage guarantee	2,000.00	2019/9/29 to 2023/7/22
Fangda Property	Credit/mortgage guarantee	5,000.00	2019/10/31 to 2023/7/22
Fang Qingling	Credit/mortgage guarantee	723.78	2019/7/31 to 2024/7/10
Fang Qingling	Credit/mortgage guarantee	586.24	2019/8/27 to 2024/7/10
Fang Qingling	Credit/mortgage guarantee	211.98	2019/9/27 to 2024/7/10
Fang Qingling	Credit/mortgage guarantee	892.92	2019/11/18 to 2024/7/10
Fang Qingling	Credit/mortgage guarantee	837.41	2019/12/20 to 2024/7/10
Fangda Group, the Company	Guarantor	9,000.00	2019/3/26 to 2021/3/20
Fangda Group, the Company	Guarantee	10,000.00	2019/3/26 to 2020/3/26
Total		118,250.15	

Note: Contingent liabilities caused by guarantees provided for other entities are all related guarantees between interested entities in the Group.

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

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 December 31, 2019, the Company assumed the above-mentioned phased guarantee amount of RMB 849 million.

As of December 31, 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

3. Others

As of December 31, 2019:

Currency	Guarantee balance (original currency)	Deposit (RMB)	Credit line used (RMB)
RMB (CNY)	540,518,870.28	3,332,385.95	430,113,680.82
Indian rupee (INR)	79,935,344.00	-	7,898,970.89
HK $ (HKD)	15,349,982.00	-	13,973,088.61
United States dollars (USD)	7,258,333.02	-	51,171,247.79
Total	643,062,529.30	3,332,385.95	503,156,988.11

XV. Post-balance-sheet events

1. Profit distribution

In RMB

Profit or dividend to be distributed	56,033,924.45
Profit or dividend approved to be distributed	56,033,924.45

2. Notes to other issues in post balance sheet period

The Company convened the Nineteenth Meeting of the Board of Directors on 28 November 2019 and the First Provisional Shareholders' Meeting on 16 December 2019 to consider the proposal to repurchase some of the listed foreign shares (B shares) of the Company. On 3 April 2020, the Company first repurchased 2,705,700 shares of the Company's B shares by means of centralized bid transaction, accounting for 0.24% of the total share capital of the Company. The highest purchase price is HK $2.67/share and the lowest purchase price is HK $2.45/share, with a total payment of HK $7,144 and HK $091.82 (excluding transaction costs).

As of April 16, 2020 (the report date approved by the board of directors), the Company has no other matters that should be disclosed after the balance sheet date.

XVI. Other material events

1. Suspension of operations

In RMB

Item	Income	Expense	Total profit	Income tax expenses	Net profit	Suspended operation profit attributable to the owners of parent company
Suspension of operations		484,622.92	-484,622.92		-484,622.92	-484,622.92

Other note

(1) Kexunda completed tax write-off in November 2018 and business write-off on 28 January 2019. Xiangdong New Energy Co., Ltd. completed the business cancellation formalities on October 16, 2019.

(2) The net profit of discontinued operations in 2019 includes: Kexunda's net profit for the period is -6,517.75 yuan, and Xiangdong New Energy's net profit for the period is -478,105.17 yuan.

(3) The net profit from the end-of-business for 2018 includes -220, 214.40 for Kexunda and -1,990, 649.12 for Xiangdong New Energy.

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, production and sales of curtain wall materials, construction curtain wall design, production and installation;

(2) Rail transport segment: assembly and processing of metro screen doors;

(3) Real estate segment: development and operating of real estate on land of which land use right is legally obtained by the Company; property management;

(4) New energy segment: photovoltaic power generation, photovoltaic power plant sales, photovoltaic equipment R & D, installation, and sales, and photovoltaic power plant engineering design and installation

(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

Item	Curtain wall	Rail transport	Real estate	New energy	Others	Offset between segments	Total
Turnover	2,199,329,773.25	460,906,724.26	310,874,583.95	20,940,031.18	29,161,893.98	15,463,447.96	3,005,749,558.66
Including: external transaction income	2,196,425,708.75	460,906,724.26	307,563,025.40	20,103,218.63	20,750,881.62		3,005,749,558.66
Inter-segment transaction income	2,904,064.50		3,311,558.55	836,812.55	8,411,012.36	15,463,447.96	
Including: major business turnover	2,173,281,981.69	458,089,958.23	260,633,776.12	20,940,031.18		4,218,231.98	2,908,727,515.24
Operation cost	1,864,441,702.54	346,744,770.21	-35,214,776.43	7,864,665.04	773,571.29	15,433,637.38	2,169,176,295.27
Including: major business cost	1,850,600,895.40	346,256,883.95	-52,451,934.20	7,864,665.04		3,759,622.99	2,148,510,887.20
Operation cost	155,885,519.11	43,885,586.68	109,356,557.87	1,433,890.94	-1,025,817,686.77	-1,148,195,785.49	432,939,653.32
Operating profit/(loss)	179,002,551.60	70,276,367.37	236,732,802.51	11,641,475.20	1,054,206,009.46	1,133,717,225.65	418,141,980.49
Total assets	3,395,698,923.00	619,628,096.80	6,647,256,206.91	169,902,100.46	3,621,887,549.78	3,084,408,296.84	11,369,964,580.11
Total liabilities	2,168,899,194.79	418,116,375.97	4,228,112,221.35	82,920,335.47	1,195,928,403.59	1,955,217,040.33	6,138,759,490.84

(3) If the Company has not reported a segment or cannot disclose the total assets and liabilities of segments, the Company should explain reasons.

None

(4) Others

The operating cost of the Real Estate Division in this period is a large negative number, according to the Shenzhen Municipal People's Government Office's Regulations [2020]2 issued by Shenzhen Municipal People's Government Office on January 20, 2020, "Shenzhen Municipal People's Government Office's Office's Notice on the Administration of Industrial Building and Auxiliary Building Transfer Measures", the Industrial Building and Auxiliary Building will no longer receive the value-added income, before implementation, the Industrial Building or Auxiliary Building Transfer Agreement has been signed, but no value-added income will be paid. In accordance with this provision, we shall refund the amount of value-added income accrued in the previous year in 2019. Since more than 90% of the Group's revenue comes from Chinese customer and 90% of the Group's assets are in China, no detailed regional information is needed.

XVII. Notes to Financial Statements of the Parent

1. Account receivable

(1) Account receivable disclosed by categories

In RMB

Type	Closing balance					Opening balance				
	Remaining book value		Bad debt provision		Book value	Remaining book value		Bad debt provision		Book value
	Amount	Proportion	Amount	Provision rate		Amount	Proportion	Amount	Provision rate	
Including:										
Account receivable for which bad debt provision is made by group	301,522.49	100.00%	3,708.73	1.23%	297,813.76	485,607.34	100.00%	5,972.97	1.23%	479,634.37
Including:										
Recognition and providing of bad debt provisions on groups	301,522.49	100.00%	3,708.73	1.23%	297,813.76	485,607.34	100.00%	5,972.97	1.23%	479,634.37
Total	301,522.49	100.00%	3,708.73	1.23%	297,813.76	485,607.34	100.00%	5,972.97	1.23%	479,634.37

Separate bad debt provision:

None

Provision for bad debts by combination:

In RMB

Name	Closing balance		
	Remaining book value	Bad debt provision	Provision rate
Portfolio 3. Others	301,522.49	3,708.73	1.23%
Total	301,522.49	3,708.73	--

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

Age	Remaining book value
Within 1 year (inclusive)	301,522.49
Total	301,522.49

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

Bad debt provision made in the period:

In RMB

Type	Opening balance	Change in the period				Closing balance
		Provision	Written-back or recovered	Canceled	Others	
Portfolio 3. Others	5,972.97		2,264.24			3,708.73
Total	5,972.97		2,264.24			3,708.73

Including significant recovery or reversal:

(3) Written-off account receivable during the period

No written-off account receivable during the period

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

In RMB

Entity	Closing balance of accounts receivable	Percentage (%)	Balance of bad debt provision at the end of the period
Top five summary	281,702.92	93.43%	3,464.95
Total	281,702.92	93.43%	

2. Other receivables

In RMB

Item	Closing balance	Opening balance
Dividend receivable		100,000,000.00
Other receivables	1,973,381,342.74	722,644,623.99
Total	1,973,381,342.74	822,644,623.99

(1) Receivable interest

□ Applicable √ Inapplicable

2. Receivable dividend

1) Receivable dividend

In RMB

Item (or invested entity)	Closing balance	Opening balance
Fangda Property		100,000,000.00
Total		100,000,000.00

(2) Significant prepayment aged more than 1 year

□ Applicable √ Inapplicable

3) Method of bad debt provision

□ Applicable √ Inapplicable

(3) Other receivables

1) Other receivables are disclosed by nature

In RMB

By nature	Closing balance of book value	Opening balance of book value
Deposit	70,699.54	100,699.54
Staff borrowing and petty cash	15,881.12	52,722.64
Debt by Luo Huichi	12,992,291.48	13,030,000.00
Others	983,435.52	973,297.25
Associate accounts	1,973,222,410.41	722,429,833.29
Total	1,987,284,718.07	736,586,552.72

2) Method of bad debt provision

In 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	——	——	——	——
Transferred back in the current period	844.88		37,708.52	38,553.40
Balance on December 31, 2019	2,403.91		13,900,971.42	13,903,375.33

Changes in book balances with significant changes in the current period

□ Applicable √ Inapplicable

Account age

In RMB

Age	Remaining book value
Within 1 year (inclusive)	1,973,297,165.99
1-2 years	15,881.12
2-3 years	42,877.00
Over 3 years	13,928,793.96
3-4 years	865,802.94
4-5 years	12,992,291.48
Over 5 years	70,699.54
Total	1,987,284,718.07

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

Bad debt provision made in the period:

In RMB

Type	Opening balance	Change in the period				Closing balance
		Provision	Written-back or recovered	Canceled	Others	
Other receivables and bad debt provision	13,941,928.73		38,553.40			13,903,375.33
Total	13,941,928.73		38,553.40			13,903,375.33

No major bad debts are prepared to be recovered or transferred back in the current period.

4) Other receivable written off in the current period

Other receivable written off in the current period

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

In RMB

Entity	By nature	Closing balance	Age	Percentage (%)	Balance of bad debt provision at the end of the period
Fangda Property	Associate accounts	1,478,597,853.45	Less than 1 year	74.40%	
Fangda Jianke	Associate accounts	387,976,958.47	Less than 1 year	19.52%	
Fangda New Energy	Associate accounts	75,732,377.09	Less than 1 year	3.81%	
Shihui International	Associate accounts	30,459,793.09	Less than 1 year	1.53%	
Luo Huichi	Debt by SOZN	12,992,291.48	4-5 years	0.65%	12,992,291.48
Total	--	1,985,759,273.58	--	99.91%	12,992,291.48

3. Long-term share equity investment

In RMB

Item	Closing balance			Opening balance		
	Remaining book value	Impairment provision	Book value	Remaining book value	Impairment provision	Book value
Investment in subsidiaries	963,508,253.00		963,508,253.00	983,339,494.35		983,339,494.35
Total	963,508,253.00		963,508,253.00	983,339,494.35		983,339,494.35

(1) Investment in subsidiaries

In RMB

Invested entity	Opening book value	Change (+,-)				Closing book value	Balance of impairment provision at the end of the period
		Increased investment	Decreased investment	Impairment provision	Others		
Fangda Jianke	491,950,000.00					491,950,000.00	
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	

Fangda New Energy	100,000,000.00		1,000,000.00			99,000,000.00	
Hongjun Investment Company	98,000,000.00					98,000,000.00	
Fangda Zhichuang	18,831,241.35				-18,831,241.35		
Total	983,339,494.35		1,000,000.00		-18,831,241.35	963,508,253.00	

4. Operational revenue and costs

In RMB

Item	Amount occurred in the current period		Occurred in previous period	
	Income	Cost	Income	Cost
Other businesses	28,729,890.94	773,571.29	30,830,762.76	1,604,559.26
Total	28,729,890.94	773,571.29	30,830,762.76	1,604,559.26

Whether the new revenue guidelines are implemented

□ Yes √ No

5. Investment income

In RMB

Item	Amount occurred in the current period	Occurred in previous period
Gains from long-term equity investment measured by costs	1,084,912,000.00	117,000,000.00
Investment income of trading financial assets during the holding period		23,142,680.38
Investment income from disposal of trading financial assets	2,221,456.16	-22,524,021.60
Investment gain of financial products		6,515,338.51
Total	1,087,133,456.16	124,133,997.29

XVIII. Supplementary Materials

1. Detailed accidental gain/loss

√ Applicable □ Inapplicable

In RMB

Item	Amount	Notes
Gain/loss of non-current assets	-101,676.86	
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)	5,411,736.29	
Capital using expense charged to non-financial enterprises and accounted into the current income account	585,760.51	
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	9,236,658.20	
Write-back of impairment provision of receivables and contract assets for which impairment test is performed individually	100,023.62	
Gain/loss from commissioned loans	442,060.24	
Gain/loss from change of fair value of investment property measured at fair value in follow-up measurement	42,608,311.58	
Other non-business income and expenditures other than the above	-1,108,687.74	
Other gain/loss items satisfying the definition of non-recurring gain/loss account	-936,467.20	
Less: Influenced amount of income tax	164,700.18	
Influenced amount of minority shareholders' equity	-248,850.00	
Total	56,321,868.46	--

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	6.82%	0.310	0.310
Net profit attributable to the common owners of the PLC after deducting of non-recurring gains/losses	5.72%	0.26	0.26

3. Differences in accounting data under domestic and foreign accounting standards

□ Applicable √ Inapplicable

Chapter 13 Documents for Reference

1. The Annual Report 2019 and the Summary with signature of the legal representative (Chinese and English);

2. Accounting Statements with signatures and seals of the legal representative and financial principal and chief of accounting department;

3. Original copy of the Auditors' Report under the seal of the CPA and signed by and under the seal of certified accountants;

4. Originals of all documents and manuscripts of Public Notices of the Company disclosed in public in the newspapers as designated by China Securities Regulatory Commission.