China Fangda Group Co., Ltd.

2020 Interim Report

August 2020

Chapter I Important Statement, Table of Contents and Definitions

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

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

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

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

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

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

Table of Contents

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 Investment Ltd.	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 Energy	Refers to	Shenzhen Fangda New Energy Co., Ltd.
Fangda Property	Refers to	Shenzhen Fangda Property Development Co., Ltd.
Chengdu Fangda	Refers to	Chengda Fangda Construction Technology Co., Ltd.
Dongguan New Material	Refers to	Dongguan Fangda New Material Co., Ltd.
Kechuangyuan Software	Refers to	Shenzhen Qianhai Kechuangyuan Software Co., Ltd.

Fangda Property Management	Refers to	Shenzhen Fangda Property Management Co., Ltd.
Jiangxi Property Development	Refers to	Fangda (Jiangxi) Property Development Co., Ltd.
Hongjun Investment Company	Refers to	Shenzhen Hongjun Investment Co., Ltd.
Fang Qingling	Refers to	Shanghai Fangda Qingling Technology Co., Ltd.
Fangda Cloud Rail	Refers to	Shenzhen Fangda Cloud Rail Technology Co., Ltd.
Fangda Australia Co., Ltd.	Refers to	Fangda Australia Pty Ltd
Zhichuang Technology Hong Kong	Refers to	Fangda Zhichuang Science and Technology (Hong Kong) Co., Ltd.
Shihui International	Refers to	Shihui International Holding Co., Ltd.
Fangda Southeast Asia	Refers to	Fangda Southeast Asia Co., Ltd.
Chengda Curtain Wall Company	Refers to	Chengda Fangda Curtain Wall Technology Co., Ltd.
Fangda Jianzhi	Refers to	Shanghai Fangda Jianzhi Technology Co., Ltd.
Jianke Hong Kong	Refers to	Fangda Jianke Hong Kong 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 II About the Company and Financial Highlights

1. Company Profile

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

2. Contacts and liaisons

	Secretary of the Board	Representative of Stock Affairs
PRINTED NAME	Xiao Yangjian	Guo Linchen
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Email	zqb@fangda.com	zqb@fangda.com

3. Other Information

1. Liaison

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

□ Applicable √ Inapplicable

Company's registration address, office address, post code, website or email have not changed during the report period. See Annual Report 2019 for details.

2. Information disclosure and inquiring

Changes to the information disclosure and inquiring place

□ Applicable √ Inapplicable

Please refer to the 2019 annual report for the newspapers and websites where the Company's information is disclosed. The inquiry address of the interim report has remained unchanged during the report period.

4. Financial Highlight

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

□ Yes √ No

	This report period	Same period last year	Year-on-year change (%)
Turnover (yuan)	1,251,608,064.42	1,425,890,946.99	-12.22%
Net profit attributable to shareholders of the listed company (yuan)	146,839,884.57	128,581,755.01	14.20%
Net profit attributable to the shareholders of the listed company and after deducting of non-recurring gain/loss (RMB)	146,292,847.94	113,377,064.06	29.03%
Net cash flow generated by business operation (RMB)	-136,985,479.40	-372,725,003.11	63.25%
Basic earnings per share (yuan/share)	0.13	0.11	18.18%
Diluted Earnings per share (yuan/share)	0.13	0.11	18.18%
Weighted average net income/asset ratio	2.81%	2.55%	0.26%
	End of the report period	End of last year	Year-on-year change
Total asset (RMB)	11,481,781,127.67	11,369,964,580.11	0.98%
Net profit attributable to the shareholders of the listed company (RMB)	5,176,776,062.41	5,182,795,079.67	-0.12%

In the current period, the net profit of the current period is increased by about RMB80,739,565.80 as a result of changes in the accounting estimates of accounts receivable and the expected credit loss rate of contractual assets.

5. Differences in accounting data under domestic and foreign accounting standards

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

□ Applicable √ Inapplicable

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

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

□ Applicable √ Inapplicable

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

6. Accidental gain/loss item and amount

√ Applicable □ Inapplicable

In RMB

Item	Amount	Notes
Non-current asset disposal gain/loss (including the write-off part for which assets impairment provision is made)	-1,981.72	
Subsidies accounted into the current income account (except the government subsidy closely related to the enterprise's business and based on unified national standard quota)	3,564,328.35	
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	1,926,439.93	
Gain/loss from commissioned loans	397,420.84	
Other non-business income and expenditures other than the above	-5,000,026.69	
Less: Influenced amount of income tax	339,144.08	
Total	547,036.63	--

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 III Business Introduction

1. Major businesses of the Company during the report period

Headquartered in Nanshan District, Shenzhen, the Company's main businesses include high-end curtain systems and materials, rail transport screen doors, new energy, and real estate development. The Company 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 to provide high-quality products and services in the relevant industries. Currently, five major business subsidiaries of the Company are national high-tech enterprises with modern production bases in Shanghai, Chengdu, Nanchang, and Dongguan. 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, graphene aluminum plate, and Nano aluminum plate materials. Construction curtain walls are mainly used on high-level buildings (such as information centers, data centers, technology industry headquarters, R&D centers, office buildings, etc.), 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 peripheral protection, energy saving, environmental protection 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

The emerging new epidemic has an inevitable impact on China's economy in the medium and short term. However, China's economy has strong toughness, great potential and wide scope of circulation. During the two sessions this year, the country put forward the economic policy of "six stabilizes" and "six guarantees", which will bring more development opportunities to the development of the curtain wall and material industry by cultivating the economic growth point of the new industry and increasing the investment in the new infrastructure. In 2020, it is the 40th anniversary of the establishment of Shenzhen Special Economic Zone. It is the year for the construction of Guangdong, Hong Kong, Macau and Shenzhen to spread out and push forward the construction of socialism with Chinese characteristics in an all-round way. The "chemical effect" and "multiplier effect" will be released in a new era of the "two zones" drive force. Shenzhen, as an important curtain wall market of the company, will also take full advantage of the unique advantages of Guangdong, Hong Kong and Macao Great Bay, reform and opening-up demonstration area, in order to further consolidate and increase market share.

In the future, the company will focus on resources and advantages to further expand the competitive domestic market of "home door" such as Guangdong, Hong Kong, Macao, Macau, Changjiang and Chengdu-Chongqing. At the same time, it will take account of overseas market, set up long-term development mechanism of team, continuously promote brand image, focus on key customers, enrich quality resources, establish strategic alliance with excellent enterprises, increase investment in software and hardware, promote the construction of intelligent factory, it will bring advanced science technology, such as AR, 5G, AI, VR, big data and so on into production and management, abandon manpower tactics, reduce production costs, reduce labor costs, improve product quality and enterprise benefits, form a new business pattern with big and international cycle, promote each other, maintain sustainable development.

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

The high-end curtain wall 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 curtain wall project of the company adopts the technology of standard design, factory production and assemble construction, which has the advantages of good construction quality, high installation precision and green environment protection. It solves the difficulties of traditional construction and reduces the manual dependence greatly.

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

Affected by the epidemic this year, 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 and has presided over and participated in the compilation of more than ten national or industry standards such as Design Standards for Energy Efficiency of Public Buildings. 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 495 patents, including 57 intention patents and 11 software copyrights. The Company also made 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.

No.	Qualification	Effectiveness
1	Construction curtain wall designing class A	Until March 16, 2025
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

(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 screen door 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 urban rail transport 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 R&D, designing, production, installation engineering and after-sales services. The business model has not changed during the reporting 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's rail transit shielding door system adopts the original technology of the company and has the product with the independent intellectual property right. The company has compiled the first industry standard of the rail transit station shielding door in our country and compiled the national standard of evaluation method of energy consumption and emission index of urban rail transit (GB/T 37420-2019). At present, the Company has 285 patents on subway shield doors, including 93 invention patents and 11 PCT patents. The total number of patents accounts for the largest share 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. The Fangda screen door system with technical standards at the international advanced level has been used in rail transit in more than 40 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. 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 2020 H1, it achieved sales revenue growth of 28.90% over 2019 H1, and an operating profit growth of 74.67% over 2019 H1. 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 6.84% 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 leading high-end curtain wall system supplier and service provider, 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 495 patents (including 57 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 southern China and overseas, 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 expansion 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 screen door 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). According to statistics from the China Urban Rail Transit Association, as of June 30, 2020 , a total of 41 cities in mainland China have opened 6917.62 kilometers of urban rail transit operating lines. In 2020 H1, the State Development and Reform Commission approved the addition of 272.54 km of urban rail transit routes, with an additional investment of RMB230.615 billion. With the development of urbanization and population gathering in the central cities, China's urban rail transit will continue to grow in recent years. 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 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 285 patents on subway shield doors, including 93 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. The Company has become a leading railway screen door supplier in the world. 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 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 IV Operation Discussion and Analysis

1. Summary

In 2020 H1, the COVID-19 epidemic has been rampant in the world. The epidemic abroad has not seen any turning point, social and economic industries have been greatly impacted, domestic and international economic negative growth, demand decline, which has brought great challenges to the company operation. Under the adverse circumstance, the Company always insists on grasping epidemic prevention and control, grasping rework and production, marketing, sales, collection, cost control and other production and operation work. Under the leadership of the board of directors, through the efforts of all the staff, the Company basically completed the business target of 2020 H1. The order reserve, net profit and other important business indexes not only did not decline, but also achieved a certain increase, which is very difficult.

During the reporting period, the net profit attributed to the owner of the parent company was 14,8#*@$ million yuan, up 14.20% from the same period of the previous year, and the net profit attributed to the owner of the parent company after deducting the non-recurrent profit and loss was 14,#*@$9 million yuan, up 29.03% from the same period of the previous year. The company realized 125,5#*@$ million yuan of operating income, which was affected by epidemic, which was 12.22% lower than the same period in the previous year, but recovered strong in the second quarter. The company realized 83,#*@$4 million yuan of operating income in the second quarter, up 10.90% year-on-year. As of the end of the reporting period, the company's order reserve was RMB4,808,923,100 (excluding real estate sales), an increase of 5.99% compared with the beginning of the year, which was 3.84 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.

At present and in the future, epidemic and economic situation are more uncertain. China is speeding up to form a new development pattern with domestic consumption cycle as the main body and domestic and international double cycle promoting each other. The Company will make full use of the top brand advantages at home, rely more on scientific and technological innovation, empower advanced science and technology into production and operation, continuously improve product quality and enterprise benefit, and maintain sustainable development of the company.

1. High-end curtain wall system and material business

In 2020, it is the 40th anniversary of the establishment of Shenzhen Special Economic Zone. It is the year for the construction of Guangdong, Hong Kong, Macau and the Dabie District of Shenzhen to open and push forward the construction of socialism with Chinese characteristics in an all-round way. In the new era of "double zone" good superposition and "double zone" driving force, the company firmly grasps the opportunity, makes full use of the advantages of Shenzhen in the core region of Guangdong, Hong Kong and Macao, adheres to the management concept of "technology-based, innovation-based", adheres to the spirit of "square craftsmen" with the best quality, technical strength and brand influence. During the reporting period, the Company successively won the bid or signed contracts with Shenzhen CIMC Satellite Internet of Things Industrial Building, Shenzhen Chuangzhi Cloud City Phase III, Shenzhen Ruifeng Optoelectronic Building Project, Shenzhen Shenye Hetangling Garden, Guangzhou Vanke Expo Land No. 15, Dongguan Chang'an OPPO R&D Center Project, Tianhe Mingmen Hao Ting in Shantou City, Shanghai Qibao Vanke Ecological Business District Commercial Office Project, Hangzhou Fantasia 360 Project, Nanjing Science and Technology Development Island Southern Primary School, Eco-Tech Island Northern Junior High School Project , Nanchang Xinli Times Square 2# Building, Kunming Jinmao Yiting Business Center, Chengdu Merchants Damofang 12# Building, Ningxia Baofeng Hospital and Nursing Home Project, Geelong GMHBA Project in Australia, Rosella Project in Melbourne, Australia, Wills St Project in Melbourne, Australia, Thailand A large number of high-end curtain wall system and material projects such as the SAM project and the Saudi Metro FLASH bid section. The total amount of the winning bids and the newly signed orders was RMB1.499 billion, an increase of 27.25% over the same period last year. Among them, the Guangdong-Hong Kong-Macao Greater Bay Area project amounted to

RMB873 million, accounting for 58.24% of the aggregate. 2. In the reporting period, the curtain wall system and materials industry realized operating income of RMB841,699,200, an increase of 16.29% over the same period of the previous year; the net profit was RMB91,247,700, an increase of 88.56%; with a gross margin of 16.67%, up 0.89 percentages over the same period of last year; As of the end of the reporting period, the Company's curtain wall system and materials business orders reserve was RMB316,8661,400, which was 376% of the sales revenue of the curtain wall system and materials business in 2019 H1.

In order to meet the increasing demand for orders, the Company started construction in 2019 and built a new production base in East China in Shanghai Songjiang. It is planned to be put into use in the second half of the year. The base occupies 2.38 000 square meters and has a total construction area of about 43,000 square meters. After completion, the Company's curtain wall system and materials industry are formed with Shenzhen as the headquarters South China with Dongguan Songshan Lake and Foshan as the base Southwest China with Chengdu as the base East China with Shanghai and Central China with Nanchang. As the base of the national industrial layout, it provides an important guarantee for improving market share and comprehensive competitiveness.

During the reporting period, the company strengthened management innovation, through intelligent factory construction, technology innovation, marketing system reform, project refined management and other reform and innovation measures, began to put advanced science and technology into the enterprise work, abandon the human sea tactics, change production mode, optimize production process, improve production efficiency, accelerate the company from "manufacturing" to "intellectual manufacturing". It is expected that the first smart factory will be built at Dongguan Songshan Lake Base at the end of this year to the first half of next year.

2. Rail transport screen door business

Facing the severe test and complicated and changeable domestic and international environment brought by the new crown epidemic, the company successively won the contract with the market occupation rate, brand influence, patent possession quantity, standard formulation and maintenance professional service and other leading advantages such as Xi'an metro line 5 phase 2, Nanning city rail transit line 5 phase 1 project (Guo Kai Avenue-Jin Qiao passenger station), Fuzhou rail transit line 5 and other shielding door system project orders, Shenzhen metro lines 1, 2, 5, 11, Nanchang rail transit line 2, etc. By the end of the report period, undelivered orders for screen doors are worth RMB1,640,261,600. 3. In the first quarter of 2020, the rail transit equipment industry realized operating income of RMB333,462,700, an increase of 68.47% over the same period of the previous year; the order reserve quantity is 4.92 times the operating income in the first half of the year; the net profit was RMB58,581,900, an increase of 64.42% over the same period of the previous year. The gross margin is 26.99%.

With the development of China ’s urban rail transit from scratch, from a single line to a network, and 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 the reporting period, the company achieved technical maintenance service income of RMB15,274,000, an increase of 28.70% 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.

During the reporting period, Hangzhou Metro Line 16 and Shenyang Metro Line 10, equipped with Fangda screen door system, were put into operation successively. At present, Fangda Shielding Door System has been applied in 42 cities of the world. More than 10 million people use Fangda Shielding Door System every day, maintaining the world's leading market share, and the city coverage rate of metro operation has reached over 80% in China. With the advanced original technology, independent brand and high quality service, Fangda Shielding Door System has promoted the rapid development of China's metro shielding door industry and established the global leading position of China's rail transit shielding door equipment industry.

As the largest supplier of rail transit equipment products in the world, the company has won widespread praise for its high-quality and efficient professional maintenance services. During the reporting period, the company won the title of 2020 (13th) Rail Transit and City International Summit "Quality Supplier of Shielded Gate in 2019", Xiamen Rail Transit Group Co., Ltd. "Advanced Subcontracting Maintenance Unit", Tianjin Rail Transit Group Co., Ltd. "Excellent Cooperative Subcontracting Unit", Huhhot Metro Line 1 Construction Management Co., Ltd. "Excellent Supplier", Wuhan Wuhan Railway Traffic Media Co., Ltd. "Excellent Subcontracting Maintenance Project". The recognition of the industry partners affirms the company's advanced technology and product quality in the field of urban rail transit shielding door equipment, and reflects Fangda's brand influence and maintenance professional service in China's rail transit shielding door industry.

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 achieved an increase of 28.90% over 2019 H1, and the operating profit achieved an increase of 74.67% over 2019 H1, exceeding expectations.

4. Real estate

(1) Property project development progress:

（1） Shenzhen Dacheng Project: The remaining small area of the project is to be sold. In the first half of the year, the tail sales business is affected by epidemic. The Fangda Town project realizes the subscription sales area of 1,434.57 square meters and the remaining area to be sold is 6172.26 square meters. The renting rate of commercial part is 99.46%, the new renting area of office building is 11,506.56 square meters, the renting rate is 48.50%.

（2） Nanchang Fangda Center: The project is located in the Fenghuangzhou District of the New District of Honggutan, Nanchang City. It covers a total area of 16,600 square metres and has a total building area of 66,432.61 square metres. It is a small and medium-sized commercial complex integrated with office, apartment, shopping, leisure and entertainment. The project is mainly sold and leased, with a sales area of 32,460.11 square metres. It was pre-sold on 28 December 2019. The pre-sale area was 1,644.14 square metres during the reporting period.

3. Shenzhen Fangda Bangshen Industrial Park: The project is located in Fuyong, Bao'an District, Shenzhen. It covers an area of 20,714.9 square meters and is currently an industrial plant. The project was approved in July 2019. During the reporting period, the company is actively promoting the special plan of Fangda BongShen project.

(4) Urban renewal project along the Dagang River in Henggang, Shenzhen: The project is located in Dakang Village, Yuanshan Street, Longgang District, Shenzhen. The area of the project to be demolished is about 72,000 square meters. The update direction is mainly residential function, and finally subject to government approval. The Company is currently pushing forward the approval progress of the urban renovation 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.

(2) New land reserve projects

Parcel or 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								

(3) 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)
Honggutan New District, Nanchang	Fangda Center	No.1516 Ganjiang North Avenue Fangda Center	Commercial	100.00%	1 May 2018	62.00%	62.00%	16,608.55	66,432.61	0	0	67,000	41,336

(5) Main production sales status

City/region	Project	Land location	Project form	Interests percentage	Building area (m^2)	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	R&D office commercial complex	100.00%	212,400	93,086.25	85,479.42			85,479.42		
Honggutan New District, Nanchang	Fangda Center	No.1516 Ganjiang North Avenue Fangda Center	Commercial	100.00%	65,388.42	32,460.11	1644.14	1644.14	2,301.87	1644.14		

(6) 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	R&D office commercial complex	100.00%	72,517.71	35,168.44	48.50%
Shenzhen Fangda Town	Shenzhen Nanshan District	Commercial	100.00%	22,775.52	22,652.59	99.46%

Jiangxi Nanchang Science and Technology Park	Nanchang, Jiangxi Province	Plant and office building	100.00%	9,832.20	9,832.20	100.00%
Fangda Building	Shenzhen Nanshan District	R&D office building	100.00%	17,792.47	12,858.46	72.27%

(7) First-level development of land

□ Applicable √ Inapplicable

(8) Financing source

Financing source	Ending financing balance (in RMB10,000)	Financing cost range / average financing cost	Term structure			
			Within 1 year	1-2 years	2-3 years	Over 3 years
Bank loan	118,000	Based on LPR interest rate, the upper limit is 6.175%	6,375.00	8,750.00	8,750.00	94,125.00
Total	118,000		6,375.00	8,750.00	8,750.00	94,125.00

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

√ Applicable □ Inapplicable

As of June 30, 2020, the balance of the Company's guarantee for commercial housing offenders due to bank mortgage loans was RMB492,341,700.

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

□ Applicable √ Inapplicable

2. Main business analysis

For details see Management Discussion and Analysis – 1. Profile

Year-on-year changes in major financial data

In RMB

	This report period	Same period last year	YOY change (%)	Reason
Turnover	1,251,608,064.42	1,425,890,946.99	-12.22%	
Operation cost	970,370,412.06	1,066,065,970.56	-8.98%	
Sales expense	20,978,235.09	27,175,638.50	-22.80%	
Administrative expense	62,559,463.16	82,678,777.56	-24.33%	
Financial expenses	44,884,568.71	49,481,340.36	-9.29%	
Income tax expenses	22,242,934.91	24,019,259.71	-7.40%	
R&D investment	51,599,310.87	14,702,673.12	250.95%	Mainly due to increased investment in research and development
Cash flow generated by	-136,985,479.40	-372,725,003.11	63.25%	It is mainly due to the

business operations, net				increase in cash flow of operating activities due to the gradual recovery of mortgage bonds in the current period and the decrease in tax and expense.
Cash flow generated by investment activities, net	-67,239,474.99	-579,720,478.07	88.40%	The net investment expenditure in the current period is mainly caused by the investment of the company's production base, fixed assets and investment real estate.
Net cash flow generated by financing activities	89,832,186.57	376,629,126.62	-76.15%	Mainly due to the increase in bank loans and the payment of cash dividends, and repurchase of B-shares in the current period.
Net increase in cash and cash equivalents	-113,108,512.86	-576,045,363.83	80.36%	
Taxes and surcharges	7,526,514.98	41,481,000.07	-81.86%	Mainly due to the decrease in real estate income which is due to the decrease in provision of the land VAT.
Credit impairment ("-" for loss)	74,854,185.26	-4,369,660.38	1,813.04%	Mainly due to changes in accounting estimates for accounts receivable and expected credit loss rate of contract assets in the current period

Major changes in profit composition or sources during the report period

□ Applicable √ Inapplicable

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

Turnover composition

In RMB

	This report period		Same period last year		YOY change (%)
	Amount	Proportion in operating costs (%)	Amount	Proportion in operating costs (%)	

Total turnover	1,251,608,064.42	100%	1,425,890,946.99	100%	-12.22%
Industry					
Metal production	841,699,185.33	67.25%	1,005,451,498.68	70.51%	-16.29%
Railroad industry	333,462,675.90	26.64%	197,936,254.53	13.88%	68.47%
New energy industry	9,727,737.59	0.78%	7,546,757.83	0.53%	28.90%
Real estate	58,349,363.38	4.66%	204,754,339.12	14.36%	-71.50%
Others	8,369,102.22	0.67%	10,202,096.83	0.72%	-17.97%
Product					
Curtain wall system and materials	841,699,185.33	67.25%	1,005,451,498.68	70.51%	-16.29%
Subway screen door and service	333,462,675.90	26.64%	197,936,254.53	13.88%	68.47%
PV power generation products	9,727,737.59	0.78%	7,546,757.83	0.53%	28.90%
Real estate sales	58,349,363.38	4.66%	204,754,339.12	14.36%	-71.50%
Others	8,369,102.22	0.67%	10,202,096.83	0.72%	-17.97%
District					
In China	1,194,913,950.21	95.47%	1,376,533,552.06	96.54%	-13.19%
Out of China	56,694,114.21	4.53%	49,357,394.93	3.46%	14.86%

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

√ Applicable □ Inapplicable

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	841,699,185.33	701,375,574.65	16.67%	-16.29%	-18.37%	2.12%
Railroad industry	333,462,675.90	243,449,579.62	26.99%	68.47%	70.82%	-1.01%
Real estate	58,349,363.38	21,785,200.61	62.66%	-71.50%	-62.11%	-9.26%
Product						
Metal production	841,699,185.33	701,375,574.65	16.67%	-16.29%	-18.37%	2.12%
Railroad industry	333,462,675.90	243,449,579.62	26.99%	68.47%	70.82%	-1.01%
Real estate sales	58,349,363.38	21,785,200.61	62.66%	-71.50%	-62.11%	-9.26%
District						
In China	1,194,913,950.21	932,671,017.14	21.95%	-13.19%	-9.51%	-3.17%

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

□ Applicable √ Inapplicable

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

√ Applicable □ Inapplicable

The operating revenue of the railway transportation industry in the current period rose year-on-year 68.47%. The operating revenue of real estate industry fell year-on-year 71.5% as the sales of major enterprises have come to an end, resulting in the decrease of real estate sales revenue in the current period.

3. Non-core business analysis

√ Applicable □ Inapplicable

In RMB

	Amount	Profit percentage	Reason	Whether continuous
Investment income	-713,663.54	-0.42%		No
Gain/loss caused by changes in fair value	9,107.28	0.01%		No
Credit impairment loss	74,854,185.26	44.28%	Provision for impairment of write-off receivables and contract assets	Yes
Non-operating revenue	275,841.64	0.16%		No
Non-business expenses	5,275,868.33	3.12%	Donation of COVID-19 epidemic and precision poverty alleviation	No

IV. Assets and Liabilities

1. Major changes in assets composition

In RMB

	End of the report period		Same period last year		Change (%)	Notes
	Amount	Proportion in total assets	Amount	Proportion in total assets		
Monetary capital	1,056,919,254.36	9.21%	1,072,726,726.45	9.80%	-0.59%	
Account receivable	564,418,018.59	4.92%	2,118,904,495.79	19.37%	-14.45%	This is due to the classification of payments that have not yet reached the contract collection period into contract asset accounts according to the new income standards

Inventory	779,903,495.46	6.79%	750,395,540.06	6.86%	-0.07%	
Investment real estate	5,517,829,915.07	48.06%	5,285,303,323.58	48.31%	-0.25%	
Long-term share equity investment	56,847,038.74	0.50%	69,779,924.33	0.64%	-0.14%	
Fixed assets	484,397,283.68	4.22%	431,948,450.66	3.95%	0.27%	
Construction in process	138,881,024.27	1.21%	90,993,650.25	0.83%	0.38%	
Short-term loans	1,280,635,666.66	11.15%	900,000,000.00	8.23%	2.92%	
Long-term loans	1,151,161,462.35	10.03%	593,978,153.39	5.43%	4.60%	
Contract assets	1,699,157,345.00	14.80%	0.00	0.00%	14.80%	This is due to the classification of payments that have not yet reached the contract collection period into contract asset accounts according to the new income standards
Other current assets	329,749,353.10	2.87%	114,294,388.81	1.04%	1.83%	
Non-current liabilities due in 1 year	151,617,767.59	1.32%	800,000,000.00	7.31%	-5.99%	Repayment of long-term loans due within 1 year

2. Assets and liabilities measured at fair value

√ Applicable □ Inapplicable

In RMB

Item	Opening amount	Gain/loss caused by changes in fair value	Accumulative changes in fair value accounting into the income account	Impairment provided in the period	Amount purchased in the period	Amount sold in the period	Other change	Closing amount
Financial assets								
1. Transactional	10,330,062.18	2,226,413.78			2,337,919,965.42	2,332,471,104.66		18,005,336.72

financial assets (excluding derivative financial assets)								
2. Derivative financial assets			1,815,676.34		176,453,070.00	83,087,985.00		1,815,676.34
3. Investment in other equity tools	20,660,181.44	-520,143.59	-15,271,813.35					20,140,037.85
Subtotal	30,990,243.62	1,706,270.19	-13,456,137.01		2,514,373,035.42	2,415,559,089.66		39,961,050.91
Investment real estate	5,306,116,360.12		11,675,404.61		5,919,471.95			5,312,035,832.07
Other non-current financial assets	5,009,728.02	9,107.28						5,018,835.30
Total	5,342,116,331.76	1,715,377.47	-1,780,732.40		2,520,292,507.37	2,415,559,089.66		5,357,015,718.28
Financial liabilities	96,767.62		96,767.62					0.00

Other change

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

□ Yes √ No

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

Item	Closing book value	Reason
Monetary capital	444,757,864.32	Margin, pledged deposits, etc.
Inventory	99,936,207.50	Loan by pledge
Fixed assets	64,242,861.97	Loan by pledge
Intangible assets	19,990,230.04	Loan by pledge
100% stake in Fangda Property Development held by the Company	200,000,000.00	Loan by pledge
Investment real estate	2,803,546,306.33	Loan by pledge
Other current assets	201,790,136.99	Pledge financing
Construction in process	31,053,433.16	Loan by pledge
Total	3,865,317,040.31	

VI. Investment

1. General situation

□ Applicable √ Inapplicable

2. Major equity investment in the report period

□ Applicable √ Inapplicable

3. Major non-equity investment in the report period

□ Applicable √ Inapplicable

4. Financial assets measured at fair value

√ Applicable □ Inapplicable

In RMB

Assets category	Initial investment cost	Gain/loss caused by changes in fair value	Accumulative changes in fair value accounting into the income account	Amount in this period	Amount sold in this period	Total investment income	Closing amount	Capital source
Futures		283,960.00	1,760,150.00	141,706,550.00	57,889,035.00	-1,476,190.00	83,817,515.00	Self-owned fund
Derivative financial instrument	21,659,950.00	-156,787.17	152,293.96	34,746,520.00	25,198,950.00	-309,081.13	31,207,520.00	Self-owned fund
Others	10,330,062.18	2,226,413.78		2,337,919,965.42	2,332,471,104.66	2,226,413.78	18,005,336.72	Self-owned fund
Total	31,990,012.18	2,353,586.61	1,912,443.96	2,514,373,035.42	2,415,559,089.66	441,142.65	133,030,371.72	--

5. 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 name	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	0	06 February 2020	30 June 2020	0	14,170.66	5,788.9		8,381.75	1.62%	-147.62
Banks	No	No	Forward foreign exchange	2,166	2 August 2019	30 June 2020	2,166	3,474.65	2,519.9		3,120.75	0.60%	-30.91
Total				2,166	--	--	2,166	17,645.31	8,308.8	0	11,502.5	2.22%	-178.53

Capital source	Self-owned fund
Lawsuit involved	None
Disclosure date of derivative investment approval by the Board of Directors	16 April 2020
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

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	746,091,181.44	249,195,140.26	332,076,847.55	42,733,123.65	33,325,022.41
Fangda Property	Subsidiaries	Real estate	200,000,000.00	6,369,099,130.78	2,378,852,684.68	35,306,837.77	269,790.50	135,247.16
Fangda Jianke	Subsidiaries	Curtain wall system and materials	500,000,000.00	3,926,118,668.87	1,148,935,994.25	782,376,716.80	134,281,514.88	117,948,463.80

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 Jianke Hong Kong Co., Ltd.	Newly set	None

Major joint-stock companies

In this period, a newly established subsidiary indirectly controlled, namely Jianke Hong Kong Company, was newly added to the consolidated statement of the current period.

VIII. Structural entities controlled by the Company

□ Applicable √ Inapplicable

IX. Forecast of operating performance between January and September in 2020

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

□ Applicable √ Inapplicable

X. Risks facing the company and measures

1. Market risks and measures

The outbreak of the epidemic this year has caused a greater impact and impact on the market. 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 this regard, the company will continue to adopt a forward-looking and prudent operating policy, and achieve the goal of improving organizational efficiency and speeding up the return of funds through refined management and technological innovation. Improve product quality, reduce product costs through new technologies and new processes, flexibly respond to market changes, and improve the company's economic benefits.

2. Management risks and measures

In recent years, with the company's high-end 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. At the same time, we will advance the construction of smart factories in an orderly manner, empower advanced science and technology into production and operation, abandon human tactics, reduce manufacturing costs, reduce labor costs, and improve corporate 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.

Chapter V Significant Events

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

1. Annual shareholder meeting during the report period

Meeting	Type	Participation of investors	Date	Date of disclosure	Index for information disclosure
2019 Annual Shareholder Meeting	Annual shareholders' meeting	24.66%	8 May 2020	09 May 2020	Notice on Resolutions of the Annual Shareholders' Meeting (2019) (2020-25) released on www.cninfo.com.cn

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

□ Applicable √ Inapplicable

II. Profit Distribution and Reserve Capitalization in the Report Period

□ Applicable √ Inapplicable

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

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

□ Applicable √ Inapplicable

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

IV. Engaging and dismissing of CPA

Whether the interim financial report is audited

□ Yes √ No

The interim report for H1 2015 has not been audited.

V. Statement of the Board on the "non-standard auditors' report" issued by the CPA on the current report period

□ Applicable √ Inapplicable

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

□ Applicable √ Inapplicable

VII. Bankruptcy and capital reorganizing

□ Applicable √ Inapplicable

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

VIII. Lawsuit

Significant lawsuit and arbitration

□ Applicable √ Inapplicable

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

Other lawsuit

√Applicable □ Inapplicable

As of the end of the reporting period, among thelitigation that has not been judged, the total litigation amount in which thecompany and its subsidiaries serve as the plaintiff is RMB61,704,994.09, and that as the defendant is RMB136,435,911.84.

IX. Media questioning

□ Applicable √ Inapplicable

The Company has no significant affair that arouses media questioning.

X. Punishment and rectification

□ Applicable √ Inapplicable

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

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

□ Applicable √ Inapplicable

XII. 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

XIII. 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

Co-investor	Relationship	Invested company	Main business of the invested company	Registered capital of the invested company	Total assets of the invested company (in RMB10,000)	Net assets of the invested company (in RMB10,000)	Net profit of the invested company (in RMB10,000)
Shenzhen Zhuo Shun Investment Co., Ltd.	A company controlled by Mr. Xiong Jianming, the actual controller, chairman and president of the company.	Shenzhen Lifu Investment Co., Ltd. (Proposed by the Board of Directors: Shenzhen Qianhai Investment Co., Ltd.)	Project investment, investment consultancy	RMB1 million	250	250	0
Progress of major construction projects in the invested enterprise (if any)		None					

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.

XIV. 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.

XV. 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 company does not have a major lease contract.

2. Significant guarantee

√ Applicable □ Inapplicable

(1) Guarantee

In RMB10,000

External guarantees made by the Company and subsidiaries (exclude those made for subsidiaries)								
Guarantee provided to	Date of disclosure	Guarantee amount	Actual date	Actual amount of guarantee	Type of guarantee	Term	Completed or not	Related party
None								
Guarantee provided to subsidiaries								
Guarantee provided to	Date of disclosure	Guarantee amount	Actual date	Actual amount of guarantee	Type of guarantee	Term	Completed or not	Related party
Fangda Jianke	24 April 2018	30,000	28 August 2018	12,225.04	Joint liability	since engage of contract to 2 years upon due of debt	No	Yes
Fangda Jianke	30 January 2019	40,000	17 April 2019	17,280.75	Joint liability	since engage of contract to 2 years upon due of debt	No	Yes

Fangda Jianke	30 January 2019	30,000	1 August 2019	15,413.42	Joint liability	since engage of contract to 2 years upon due of debt	No	Yes
Fangda Jianke, Zhichuang Company and the company	30 January 2019	90,000	26 March 2019	28,545.48	Joint liability	since engage of contract to 2 years upon due of debt	No	Yes
Fangda Jianke	30 January 2019	25,000	20 August 2019	9,967.85	Joint liability	since engage of contract to 2 years upon due of debt	No	Yes
Fangda Jianke and Zhichuang Company	30 January 2019	14,000	18 December 2019	9,199.88	Joint liability	since engage of contract to 2 years upon due of debt	No	Yes
Fangda Jianke	30 January 2019	10,000	21 June 2019	3,300	Joint liability	since engage of contract to 2 years upon due of debt	No	Yes
Fangda Zhichuang	24 April 2018	21,600	6 August 2018	24,137.58	Joint liability	since engage of contract to 2 years upon due of debt	No	Yes
Fangda Zhichuang	30 January 2019	20,000	1 August 2019	5,560.87	Joint liability	since engage of contract to 2 years upon due of debt	No	Yes
Fangda Zhichuang	30 January 2019	15,000	27 May 2019	6,495.79	Joint liability	since engage of contract to 2 years upon due of debt	No	Yes
Fangda Zhichuang	18 April 2020	3,000	29 June 2020	3,000	Joint liability	Three years from the effective date of the main contract to the expiry date of the debt performance period	No	Yes

Fangda New Material	30 January 2019	8,000	24 April 2019	954.84	Joint liability	since engage of contract to 2 years upon due of debt	No	Yes
Fangda New Material	18 April 2020	6,500	23 May 2020	1,783.67	Joint liability	since engage of contract to 2 years upon due of debt	No	Yes
Fangda Property	30 November 2019	135,000	25 February 2020	99,000	Joint liability	since engage of contract to 2 years upon due of debt	No	Yes
Fangda Property	30 January 2019	20,000	19 June 2019	19,000	Joint liability	since engage of contract to 2 years upon due of debt	No	Yes
Qingling Technology	30 January 2019	8,000	10 July 2019	4,091.15	Joint liability	since engage of contract to 2 years upon due of debt	No	Yes
Total of guarantee to subsidiaries approved in the report term (B1)		550,000		Total of guarantee to subsidiaries actually occurred in the report term (B2)		243,824.05		
Total of guarantee to subsidiaries approved as of the report term (B3)		713,000		Total of balance of guarantee actually provided to the subsidiaries as of end of report term (B4)		259,956.32		
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)		550,000		Total of guarantee occurred in the report term (A2+B2+C2)		243,824.05		
Total of guarantee approved as of end of report term (A3+B3+C3)		713,000		Total of guarantee occurred as of the end of report term (A4+B4+C4)		259,956.32		
Percentage of the total guarantee occurred (A4+B4+C4) on net asset of the Company				50.22%				
Including:								
Guarantees provided to the shareholders, substantial				0.00				

controllers and the related parties (D)	
Guarantee provided directly or indirectly to objects with over 70% of liability on asset ratio (E)	19,000
Amount of guarantee over 50% of the net asset (F)	1,117.52
Total of the above 3 (D+E+F)	19,000
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 wealth management

√ Applicable □ Inapplicable

In RMB10,000

Type	Source of fund	Amount	Undue balance	Due balance to be recovered
Bank financial products	Self-owned fund	47,313.01	1,800.53	0
Total		47,313.01	1,800.53	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

4. Other significant contract

□ Applicable √ Inapplicable

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

XVI Social responsibilities

1. Environmental protection

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

No

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

2. Performance of poverty relieving responsibilities

(1) Half-year poverty relieving summary

In the first half of 2020, the Company used funds for epidemic control and precision poverty alleviation projects of RMB7,754,000 as follows:

In order to prevent and control the COVID-19 epidemic, the company supports the medical staff who are on the front line of the epidemic, respectively donating 2 million yuan to the Wuhan Red Cross Society and 1 million yuan to the Jiangxi Red Cross Foundation to purchase prevention and control materials and incentivize the frontline medical personnel;

2. To help the large tenants in Shenzhen, the company has reduced the rent by 2.52 million yuan.

3. Members and employees of the company organize to fight against epidemic and donate RMB120,500;

4. The Company donated 2 million yuan to the Jiangxi Red Cross Foundation to support poverty alleviation in Akto County, Xinjiang;

5. The company donated RMB1,000 to the Shenzhen Property Management Industry Committee of the Communist Party of China for poverty alleviation in Guangdong Province;

6. The company donated mask 50,000 to Nanchang's Xinjian District, with a conversion fund of RMB112,500.

(2) Result of targeted poverty alleviation

Specifications	Unit	Qty/Description
1. General situation	——	——
Including: 1. capital	(in RMB10,000)	764.15
2. Value of materials	(in RMB10,000)	11.25
II. Investment	——	——
1. Industry development poverty relief	——	——
2. Employment transfer	——	——
3. Relocation	——	——
4. Education	——	——
5. Health care support	——	——
6. Eco-protection support	——	——
7. Last-line guarantee	——	——
8. Social poverty relieving	——	——
8.2 Targeted poverty alleviation investment amount	(in RMB10,000)	200.10
9. Others	——	——

III. Prizes	——	——

(3) Further property relief plans

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

XVII. Other material events

√ Applicable □ Inapplicable

At its second meeting, on 23 June 2020, the 9th Board of Directors of the Company considered and adopted the Company's proposals on joint investment with affiliates and related transactions, on joint investment with controlling subsidiaries and on transfer of shares in wholly owned subsidiaries. For details, see the Company's bulletins published on 24 June 2020 in the Securities Times, China Securities, Shanghai Securities, Hong Kong Commerce (English) and www.cninfo.com.cn (Notice No.: 2020-32, 2020-34, 2020-35, 2020-36).

The progress of the above matters is as follows: the company's wholly-owned subsidiary Shenzhen Hongjun Investment Co., Ltd., Shenzhen Fangda New Energy Co., Ltd. (funded by its wholly-owned subsidiary Shenzhen Xunfu Investment Co., Ltd.) and related parties Shenzhen Zhuo Shun Investment Co., Ltd. Co-funded and established Shenzhen Lifu Investment Co., Ltd. (the name proposed by the board of directors: Shenzhen Qianhai Shengfa Investment Co., Ltd.), which has completed the industrial and commercial registration procedures and obtained a business license; the company and its holding subsidiary Shenzhen Lifu Investment Co., Ltd. The company jointly funded the establishment of Shenzhen Fangda Investment Partnership (Limited Partnership) (the name proposed by the board of directors: Shenzhen Qianhai Fangda Investment Partnership (Limited Partnership)), which has completed the business registration procedures and obtained a business license.

To date, the company has fully received the share transfer transaction price paid by Shenzhen Fangda Zhixiang Technology Co., Ltd., and has completed the registration procedure of the change of ownership transfer. Shenzhen Fangda Jianke Group Co., Ltd., a subsidiary of the company, has fully received the share transfer transaction price of Fangda Zhixiang Technology Co., Ltd., which is paid by Fangda Zhixiang Technology Co., Ltd.

The joint investment and affiliated transaction between the company and its affiliates, joint investment partnership with holding subsidiaries and share transfer of wholly owned subsidiaries have been completed.

XVIII. 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	1,431,568	0.13%				11,375	11,375	1,442,943	0.13%
1. Other domestic shares	1,431,568	0.13%				11,375	11,375	1,442,943	0.13%
Domestic natural person shares	1,431,568	0.13%				11,375	11,375	1,442,943	0.13%
II. Shares without trading limited conditions	1,121,952,621	99.87%				-35,116,613	-35,116,613	1,086,836,008	99.87%
1. Common shares in RMB	678,283,904	60.38%				-11,375	-11,375	678,272,529	62.33%
2. Foreign shares in domestic market	443,668,717	39.49%				-35,105,238	-35,105,238	408,563,479	37.54%
III. Total of capital shares	1,123,384,189	100.00%				-35,105,238	-35,105,238	1,088,278,951	100.00%

Reasons

√ Applicable □ Inapplicable

1. From April 3, 2020 to May 12, 2020, the company completed the repurchase of some domestically listed foreign shares (B shares) in 2019 through centralized bidding, and the cumulative number of B shares repurchased without selling restrictions was 35,105,238 On May 20, 2020, the Shenzhen Branch of China Securities Depository and Clearing Co., Ltd. completed the repurchase and cancellation procedures. The unrestricted B shares decreased by 35,105,238 shares, and the total share capital decreased from 1,123,384,189 shares to 1,088,278,951 shares.

2. Mr. Ye Zhiqing, the employee representative supervisor of the company, resigned on May 8, 2020. He holds 19,100 A shares of the company, 14,325 shares subject to sales restrictions and 4,775 shares subject to restrictions on sales before he resigns. All the shares need to be locked within half a year after leaving office. Therefore, 4,775 shares of restricted shares were added, and 4,775 shares of restricted shares were reduced.

3. Mr. Fan Xiaodong, a supervisor elected by the company’s 2019 annual general meeting on May 8, 2020, holds 8,800 A shares of the company. Starting from May 11, 2020, 6,600 shares of which are subject to sales restrictions Regarding the locked shares, 6,600 shares were added to the restricted shares and 6,600 shares were not restricted.

Approval of the change

√ Applicable □ Inapplicable

1. The company's 2019 repurchase of certain domestically listed foreign shares (B shares) related matters, respectively, on November 28, 2019, and December 16, 2019. The nineteenth meeting of the eighth board of directors and Deliberated and approved at the first extraordinary general meeting of shareholders in 2019.

2. On May 8, 2020, Mr. Fan Xiaodong was elected as a supervisor at the company's 2019 annual general meeting.

Share transfer

√ Applicable □ Inapplicable

The company repurchased some 35,105,238 shares of domestically listed foreign shares (B shares) in 2019, and completed the share repurchase and cancellation procedures at the Shenzhen Branch of China Securities Depository and Clearing Corporation Limited on May 20, 2020.

Progress in the implementation of share repurchase

√ Applicable □ Inapplicable

1. The company repurchased some 35,105,238 shares of domestically listed foreign shares (B shares) in 2019. The repurchase and cancellation procedures were completed on May 20, 2020. For details, please refer to the company’s "About Repurchase of Shares" disclosed on May 22, 2020. Announcement of completion of cancellation."

2. The company's 2020 plan to repurchase some domestically listed foreign shares (B shares) has been reviewed and approved at the second meeting of the company's ninth board of directors on June 23, 2020. According to the company's repurchase plan, the total amount of repurchase funds shall not exceed RMB 50 million (inclusive) (including foreign exchange, transaction fees and other related expenses), and the price of the repurchased shares shall not exceed 3.47 Hong Kong dollars per share (inclusive). The upper limit of the number of shares to be repurchased is 31.158 million shares, and the lower limit is 15.759 million shares. The specific number of shares to be repurchased is subject to the actual number of shares repurchased at the expiration of the repurchase period. The repurchased shares are planned to be cancelled. From the first share repurchase on July 23, 2020 to July 31, 2020, the company repurchased 882,062 shares of the company’s B shares through a centralized bidding transaction through the special securities repurchase account, which accounted for the company’s total share capital of 0.08%, the highest transaction price was HKD 3.23/share, the lowest transaction price was HKD 3.16/share, and the total payment amount was HKD 2,826,839.44 (excluding transaction fees). For the above content, please refer to the relevant announcements disclosed by the company on June 24, 2020, July 24, 2020, and August 4, 2020.

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

Item	2019		January to June, 2020
	Before change	After change	
Basic earnings per share	0.31	0.32	0.13
Diluted earnings per share	0.31	0.32	0.13
Net assets per share	4.61	4.76	4.76

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	Released this period	Increased this period	Conditional shares at end of the period	Reason of condition	Date of releasing
Ye Zhiqing	14,325	0	4,775	19,100	Leaving office	11 November 2020
Fan Xiaodong	0	0	6,600	6,600	Newly elected supervisor	25% of the annual shareholding is released from the sale
Total	14,325	0	11,375	25,700	--	--

II. Share placing and listing

□ Applicable √ Inapplicable

III. Shareholders and shareholding

In share

Number of shareholders of common shares at the end of the report period			61,834	Number of shareholders of preferred stocks of which voting rights recovered in the report period				0
Shareholders holding 5% of the Company's common shares or top-10 shareholders								
Shareholder name	Nature of shareholder	Shareholding percentage	Number of common shares held at the end of the report period	Change in the reporting period	Conditional common shares	Unconditional common shares	Pledging or freezing	
							Share status	Quantity
Shenzhen Banglin Technologies Development Co., Ltd.	Domestic non-state legal person	10.55%	114,847,854	5,200		114,847,854	Pledged	32,700,000

Shengjiu Investment Ltd.	Foreign legal person	9.57%	104,127,479	433,450		104,127,479		
Fang Wei	Domestic natural person	3.62%	39,372,437	4,326,898		39,372,437		
Gong Qing Cheng Shi Li He Investment Management Partnership Enterprise (limited partner)	Domestic non-state legal person	2.46%	26,791,488	-		26,791,488		
VANGUARD TOTAL INTERNATIONAL STOCK INDEX FUND	Foreign legal person	0.64%	6,986,407	1,114,400		6,986,407		
VANGUARD EMERGING MARKETS STOCK INDEX FUND	Foreign legal person	0.58%	6,312,683	-1,633,800		6,312,683		
Shenwan Hongyuan Securities (Hong Kong) Co., Ltd.	Foreign legal person	0.52%	5,705,823	-1,925,473		5,705,823		
Qu Chunlin	Domestic natural person	0.51%	5,557,161	1,250,150		5,557,161		
Chen Sheng	Domestic natural person	0.46%	5,000,000	3,700,000		5,000,000		
First Shanghai Securities Limited	Foreign legal person	0.36%	3,938,704	-63,000		3,938,704		
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.						

<table>
<tr><th colspan="4">Top 10 shareholders of unconditional common shares</th></tr>
<tr><th rowspan="2">Shareholder name</th><th rowspan="2">Amount of common shares without sales restriction</th><th colspan="2">Category of shares</th></tr>
<tr><th>Category of shares</th><th>Quantity</th></tr>
<tr><td>Shenzhen Banglin Technologies Development Co., Ltd.</td><td>114,847,854</td><td>RMB common shares</td><td>114,847,854</td></tr>
<tr><td>Shengjiu Investment Ltd.</td><td>104,127,479</td><td>Foreign shares listed in domestic exchanges</td><td>104,127,479</td></tr>
<tr><td>Fang Wei</td><td>39,372,437</td><td>RMB common shares</td><td>39,372,437</td></tr>
<tr><td>Gong Qing Cheng Shi Li He Investment Management Partnership Enterprise (limited partner)</td><td>26,791,488</td><td>RMB common shares</td><td>26,791,488</td></tr>
<tr><td>VANGUARD TOTAL INTERNATIONAL STOCK INDEX FUND</td><td>6,986,407</td><td>Foreign shares listed in domestic exchanges</td><td>6,986,407</td></tr>
<tr><td>VANGUARD EMERGING MARKETS STOCK INDEX FUND</td><td>6,312,683</td><td>Foreign shares listed in domestic exchanges</td><td>6,312,683</td></tr>
<tr><td>Shenwan Hongyuan Securities (Hong Kong) Co., Ltd.</td><td>5,705,823</td><td>Foreign shares listed in domestic exchanges</td><td>5,705,823</td></tr>
<tr><td>Qu Chunlin</td><td>5,557,161</td><td>RMB common shares</td><td>5,557,161</td></tr>
<tr><td>Chen Sheng</td><td>5,000,000</td><td>RMB common shares</td><td>5,000,000</td></tr>
<tr><td>First Shanghai Securities Limited</td><td>3,938,704</td><td>Foreign shares listed in domestic exchanges</td><td>3,938,704</td></tr>
<tr><td>No action-in-concert or related parties among the top10 unconditional common share shareholders and between the top10 unconditional common share shareholders and the top10 common share shareholders</td><td colspan="3">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.</td></tr>
<tr><td>Top-10 common share shareholders participating in margin trade</td><td colspan="3">Shenzhen Banglin Technology Development Co., Ltd. holds 55,000,000 shares of the company through the customer credit transaction guarantee securities account of Ping An</td></tr>
</table>

	Securities Co., Ltd.

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

□ Yes √ No

No agreed re-purchasing by the Company's top 10 shareholders of common shares and top 10 shareholders of unconditional common shares in the report period

IV. Changes in controlling shareholder or actual controller

Changes in the controlling shareholder in the reporting period

□ Applicable √ Inapplicable

No change in the controlling shareholder in the report period

Change in the actual controller in the report period

□ Applicable √ Inapplicable

No change in the actual shareholder in the report period

Chapter VII Preferred Shares

□ Applicable √ Inapplicable

The Company had no preferred share in the report period.

Chapter VIII. Information about the Company's Convertible Bonds

□ Applicable √ Inapplicable

No convertible bonds in the report period

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

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

√ Applicable □ Inapplicable

PRINTED NAME	Position	Job status	Number of shares held at beginning of the period	Increased shares in this period (share)	Decreased shares in this period (share)	Number of shares held at end of the period	Number of restricted shares granted at the beginning of the period	Number of restricted shares granted in this period	Number of restricted shares granted at the end of the period
Xiong Jianming	Chairman, president	In office	1,889,657			1,889,657			
Xiong Jianwei	Director	In office							
Zhou Zhigang	Director, vice president	In office							
Lin Kebin	Director, vice president	In office							
Guo Jinlong	Independent director	In office							
Huang Yaying	Independent director	In office							
Cao Zhongxiong	Independent director	In office							
Dong Gelin	Supervisory Committee meeting convener	In office							
Cao Naisi	Supervisor	In office							
Fan Xiaodong	Supervisor	In office				8,800			
Wei Yuexing	Vice president	In office							

Xiao Yangjian	Secretary of the Board	In office								
Guo Wanda	Independent director	Resigned								
Deng Lei	Independent director	Resigned								
Ye Zhiqing	Supervisor	Resigned	19,100			19,100				
Total	--	--	1,908,757	0	0	1,917,557	0	0	0	

II. Changes in the Directors, Supervisors and Senior Executives

√ Applicable □ Inapplicable

PRINTED NAME	Job	Type	DATE	Reason
Guo Wanda	Independent director	Leaving office	8 May 2020	Office term expires and re-elected
Deng Lei	Independent director	Leaving office	8 May 2020	Office term expires and re-elected
Ye Zhiqing	Staff representative supervisor	Leaving office	8 May 2020	Office term expires and re-elected
Zhou Zhigang	Secretary of the Board	Leaving office	8 May 2020	Office term expires and re-elected
Huang Yaying	Independent director	Elected	8 May 2020	Office term expires and re-elected
Cao Zhongxiong	Independent director	Elected	8 May 2020	Office term expires and re-elected
Fan Xiaodong	Supervisor	Elected	8 May 2020	Office term expires and re-elected
Xiao Yangjian	Secretary of the Board	Engaged	23 June 2020	Re-elected

Chapter X. 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 XI Financial Statements

I. Auditor's report

Whether the interim report is audited

□ Yes √ No

The financial statements for H1 2014 have not been audited.

II. Financial statements

Unit for statements in notes to financial statements: RMB yuan

1. Consolidated Balance Sheet

Prepared by: China Fangda Group Co., Ltd.

30 June 2020

In RMB

Item	30 June 2020	31 December 2019
Current asset:		
Monetary capital	1,056,919,254.36	1,209,811,978.95
Settlement provision		
Outgoing call loan		
Transactional financial assets	18,005,336.72	10,330,062.18
Derivative financial assets	1,815,676.34	
Notes receivable	164,526,921.14	305,070,930.97
Account receivable	564,418,018.59	1,956,191,307.07
Receivable financing	300,000.00	2,954,029.00
Prepayment	34,919,388.83	21,327,109.18
Insurance receivable		
Reinsurance receivable		
Provisions of Reinsurance contracts receivable		
Other receivables	158,674,891.12	139,947,655.35
Including: interest receivable		
Dividend receivable		
Repurchasing of financial assets		

Inventory	779,903,495.46	733,711,143.46
Contract assets	1,699,157,345.00	
Assets held for sales		
Non-current assets due in 1 year		
Other current assets	329,749,353.10	323,765,585.90
Total current assets	4,808,389,680.66	4,703,109,802.06
Non-current assets:		
Loan and advancement provided		
Debt investment		
Other debt investment		
Long-term receivables		
Long-term share equity investment	56,847,038.74	57,222,240.83
Investment in other equity tools	20,140,037.85	20,660,181.44
Other non-current financial assets	5,018,835.30	5,009,728.02
Investment real estate	5,517,829,915.07	5,522,391,984.11
Fixed assets	484,397,283.68	477,332,830.92
Construction in process	138,881,024.27	129,988,982.86
Productive biological assets		
Gas & petrol		
Use right assets		
Intangible assets	76,261,073.30	78,322,265.05
R&D expense		
Goodwill		
Long-term amortizable expenses	3,962,850.60	3,875,198.12
Deferred income tax assets	333,037,735.20	343,349,564.70
Other non-current assets	37,015,653.00	28,701,802.00
Total of non-current assets	6,673,391,447.01	6,666,854,778.05
Total of assets	11,481,781,127.67	11,369,964,580.11
Current liabilities		
Short-term loans	1,280,635,666.66	724,618,197.34
Loans from Central Bank		
Call loan received		
Transactional financial liabilities		
Derivative financial liabilities		96,767.62

Notes payable	531,478,369.23	578,816,027.44
Account payable	1,106,597,460.59	1,190,773,300.24
Prepayment received	4,195,179.31	136,340,104.73
Contract liabilities	136,799,464.76	
Selling of repurchased financial assets		
Deposit received and held for others		
Entrusted trading of securities		
Entrusted selling of securities		
Employees' wage payable	24,593,468.01	55,847,134.20
Taxes payable	21,287,400.76	17,848,987.68
Other payables	712,243,884.21	701,432,408.28
Including: interest payable		
Dividend payable		
Fees and commissions payable		
Reinsurance fee payable		
Liabilities held for sales		
Non-current liabilities due in 1 year	151,617,767.59	922,346,563.72
Other current liabilities	61,298,475.68	181,694,574.47
Total current liabilities	4,030,747,136.80	4,509,814,065.72
Non-current liabilities:		
Insurance contract provision		
Long-term loans	1,151,161,462.35	546,501,491.56
Bond payable		
Including: preferred stock		
Perpetual bond		
Lease liabilities		
Long-term payable		
Long-term employees' wage payable		
Anticipated liabilities	4,426,285.92	7,793,527.16
Deferred earning	10,823,887.41	10,817,247.40
Deferred income tax liabilities	1,059,467,809.75	1,063,833,159.00

Other non-current liabilities		
Total of non-current liabilities	2,225,879,445.43	1,628,945,425.12
Total liabilities	6,256,626,582.23	6,138,759,490.84
Owner’s equity:		
Share capital	1,088,278,951.00	1,123,384,189.00
Other equity instruments		
Including: preferred stock		
Perpetual bond		
Capital reserves	1,454,191.59	1,454,191.59
Less: Shares in stock		
Other miscellaneous income	465,523.75	-475,409.25
Special reserves		
Surplus reserve	95,525,281.06	159,805,930.34
Common risk provisions		
Undistributed profit	3,991,052,115.01	3,898,626,177.99
Total of owner’s equity belong to the parent company	5,176,776,062.41	5,182,795,079.67
Minor shareholders’ equity	48,378,483.03	48,410,009.60
Total of owners’ equity	5,225,154,545.44	5,231,205,089.27
Total of liabilities and owner’s interest	11,481,781,127.67	11,369,964,580.11

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

2. Balance Sheet of the Parent Company

In RMB

Item	30 June 2020	31 December 2019
Current asset:		
Monetary capital	53,945,656.04	175,591,953.63
Transactional financial assets		
Derivative financial assets		
Notes receivable		
Account receivable	864,942.73	297,813.76
Receivable financing		
Prepayment	68,553.45	250,205.32
Other receivables	2,365,126,667.11	1,973,381,342.74

Including: interest receivable		
Dividend receivable		
Inventory		
Contract assets		
Assets held for sales		
Non-current assets due in 1 year		
Other current assets	972,396.46	877,430.41
Total current assets	2,420,978,215.79	2,150,398,745.86
Non-current assets:		
Debt investment		
Other debt investment		
Long-term receivables		
Long-term share equity investment	1,065,202,785.05	963,508,253.00
Investment in other equity tools	18,604,010.22	18,604,010.22
Other non-current financial assets	30,000,001.00	48,831,242.35
Investment real estate	295,355,002.00	295,355,002.00
Fixed assets	66,247,900.80	67,361,529.52
Construction in process		
Productive biological assets		
Gas & petrol		
Use right assets		
Intangible assets	1,676,556.82	1,824,589.22
R&D expense		
Goodwill		
Long-term amortizable expenses	891,188.86	934,669.73
Deferred income tax assets	47,572,463.06	44,408,630.81
Other non-current assets		
Total of non-current assets	1,525,549,907.81	1,440,827,926.85
Total of assets	3,946,528,123.60	3,591,226,672.71
Current liabilities		
Short-term loans	500,347,916.67	300,442,988.19
Transactional financial liabilities		
Derivative financial liabilities		
Notes payable		

Account payable	606,941.85	606,941.85
Prepayment received	728,878.76	746,761.55
Contract liabilities		
Employees' wage payable	1,069,717.45	3,215,013.16
Taxes payable	794,988.70	312,647.89
Other payables	941,804,220.47	109,837,934.17
Including: interest payable		
Dividend payable		
Liabilities held for sales		
Non-current liabilities due in 1 year	80,115,783.33	520,872,206.95
Other current liabilities		
Total current liabilities	1,525,468,447.23	936,034,493.76
Non-current liabilities:		
Long-term loans		70,000,000.00
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	64,201,364.63	64,351,075.92
Other non-current liabilities		
Total of non-current liabilities	64,201,364.63	134,351,075.92
Total liabilities	1,589,669,811.86	1,070,385,569.68
Owner's equity:		
Share capital	1,088,278,951.00	1,123,384,189.00
Other equity instruments		
Including: preferred stock		
Perpetual bond		
Capital reserves	360,835.52	360,835.52
Less: Shares in stock		

Other miscellaneous income	1,287,629.38	1,287,629.38
Special reserves		
Surplus reserve	95,525,281.06	159,805,930.34
Undistributed profit	1,171,405,614.78	1,236,002,518.79
Total of owners' equity	2,356,858,311.74	2,520,841,103.03
Total of liabilities and owner's interest	3,946,528,123.60	3,591,226,672.71

3. Consolidated Income Statement

In RMB

Item	H1 2020	H1 2019
1. Total revenue	1,251,608,064.42	1,425,890,946.99
Incl. Business income	1,251,608,064.42	1,425,890,946.99
Interest income		
Insurance fee earned		
Fee and commission received		
2. Total business cost	1,157,918,504.87	1,281,585,400.17
Incl. Business cost	970,370,412.06	1,066,065,970.56
Interest expense		
Fee and commission paid		
Insurance discharge payment		
Net claim amount paid		
Net insurance policy responsibility reserves provided		
Insurance policy dividend paid		
Reinsurance expenses		
Taxes and surcharges	7,526,514.98	41,481,000.07
Sales expense	20,978,235.09	27,175,638.50
Administrative expense	62,559,463.16	82,678,777.56
R&D cost	51,599,310.87	14,702,673.12
Financial expenses	44,884,568.71	49,481,340.36
Including: interest cost	43,164,977.83	40,476,886.48
Interest income	6,952,304.21	2,439,090.91
Add: other gains	6,214,112.77	4,001,450.51

Investment gains (“-” for loss)	-713,663.54	4,056,397.16
Incl. Investment gains from affiliates and joint ventures	-375,202.09	-325,733.55
Financial assets derecognised as a result of amortized cost	-2,255,794.10	
Exchange gains ("-" for loss)		
Net open hedge gains (“-” for loss)		
Gains from change of fair value (“-“ for loss)	9,107.28	121,506.67
Credit impairment ("-" for loss)	74,854,185.26	-4,369,660.38
Investment impairment loss ("-" for loss)	0.00	
Investment gains ("-" for loss)	-1,981.72	-27,108.78
3. Operational profit ("-" for loss)	174,051,319.60	148,088,132.00
Plus: non-operational income	275,841.64	4,873,892.15
Less: non-operational expenditure	5,275,868.33	378,565.80
4. Gross profit ("-" for loss)	169,051,292.91	152,583,458.35
Less: Income tax expenses	22,242,934.91	24,019,259.71
5. Net profit ("-" for net loss)	146,808,358.00	128,564,198.64
(1) By operating consistency		
1. Net profit from continuous operation ("-" for net loss)	146,808,358.00	128,570,716.39
2. Net profit from discontinuous operation ("-" for net loss)		-6,517.75
(2) By ownership		
1. Net profit attributable to the owners of parent company	146,839,884.57	128,581,755.01
2. Minor shareholders’ equity	-31,526.57	-17,556.37
6. After-tax net amount of other misc. incomes	940,933.00	1,389,774.33
After-tax net amount of other misc. incomes attributed to parent's owner	940,933.00	1,389,774.33
(1) Other misc. incomes that cannot be re-classified into gain and loss	-520,143.59	
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	-520,143.59	
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	1,461,076.59	1,389,774.33
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. Gains and losses from changes in fair value of available-for-sale financial assets		
4. Other credit investment credit impairment provisions		
5. Cash flow hedge reserve	1,625,577.36	1,396,635.00
6. Translation difference of foreign exchange statement	-164,500.77	-6,860.67
7. Others		
After-tax net of other misc. income attributed to minority shareholders		
7. Total of misc. incomes	147,749,291.00	129,953,972.97
Total of misc. incomes attributable to the owners of the parent company	147,780,817.57	129,971,529.34
Total misc gains attributable to the minor shareholders	-31,526.57	-17,556.37
8. Earnings per share:		
(1) Basic earnings per share	0.13	0.11
(2) Diluted earnings per share	0.13	0.11

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

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

4. Income Statement of the Parent Company

In RMB

Item	H1 2020	H1 2019
1. Turnover	12,719,395.10	17,142,022.88
Less: Operation cost	151,219.77	3,496,588.06
Taxes and surcharges	677,865.78	645,703.49
Sales expense		
Administrative expense	11,316,043.39	11,286,569.85
R&D cost		
Financial expenses	14,753,727.62	21,369,380.01
Including: interest cost	15,820,677.77	17,322,986.12
Interest income	1,914,893.50	351,128.89
Add: other gains	295,818.89	234,066.99
Investment gains (“-” for loss)	338,561.17	1,155,183.42
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)		
Credit impairment ("-" for loss)	-2,277.86	4,732.39
Investment impairment loss ("-" for loss)		
Investment gains ("-" for loss)		
2. Operational profit (“-” for loss)	-13,547,359.26	-18,262,235.73
Plus: non-operational income	51,867.26	13,947.68
Less: non-operational expenditure	1,008.00	106,388.64
4. Gross profit ("-" for loss)	-13,496,500.00	-18,354,676.69
Less: Income tax expenses	-3,313,543.54	-4,545,338.46
4. Net profit (“-” for net loss)	-10,182,956.46	-13,809,338.23
(1) Net profit from continuous operation ("-" for net loss)	-10,182,956.46	-13,809,338.23

(2) Net profit from discontinuous operation ("-" for net loss)		
5. After-tax net amount of other misc. incomes		
(1) Other misc. incomes that cannot be re-classified into gain and loss		
1. Re-measure the change in the defined benefit plan		
2. Other comprehensive income that cannot be transferred to profit or loss under the equity method		
3. Fair value change of investment in other equity tools		
4. Fair value change of the company's credit risk		
5. Others		
(2) Other misc. incomes that will be re-classified into gain and loss		
1. Other comprehensive income that can be transferred to profit or loss under the equity method		
2. Fair value change of other debt investment		
3. Gains and losses from changes in fair value of available-for-sale financial assets		
4. Other credit investment credit impairment provisions		
5. Cash flow hedge reserve		
6. Translation difference of foreign exchange statement		
7. Others		
6. Total of misc. incomes	-10,182,956.46	-13,809,338.23
7. Earnings per share:		
(1) Basic earnings per share		
(2) Diluted earnings per share		

5. Consolidated Cash Flow Statement

In RMB

Item	H1 2020	H1 2019
1. Net cash flow from business operations:		
Cash received from sales of products and providing of services	1,148,453,499.83	1,201,792,721.87
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	3,698,239.91	1,495,878.35
Other cash received from business operation	213,941,117.36	48,007,747.43
Sub-total of cash inflow from business operations	1,366,092,857.10	1,251,296,347.65
Cash paid for purchasing products and services	993,332,051.36	977,060,414.15
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	166,379,960.84	162,220,114.55
Taxes paid	66,683,039.19	177,525,390.09
Other cash paid for business activities	276,683,285.11	307,215,431.97
Sub-total of cash outflow from business operations	1,503,078,336.50	1,624,021,350.76
Cash flow generated by business operations, net	-136,985,479.40	-372,725,003.11
2. Cash flow generated by investment:		
Cash received from investment recovery	2,502,405,357.62	2,093,521,250.01
Cash received as investment profit	9,253,861.27	21,362,317.22
Net cash retrieved from disposal of fixed assets, intangible assets, and other long-term assets		13,165,854.60
Net cash received from disposal of subsidiaries or other operational units		
Other investment-related cash received	250.00	
Sub-total of cash inflow generated from investment	2,511,659,468.89	2,128,049,421.83
Cash paid for construction of fixed assets, intangible assets and other long-term assets	69,438,943.88	90,816,069.59
Cash paid as investment	2,509,460,000.00	2,555,019,000.00
Net increase of loan against pledge		
Net cash paid for acquiring subsidiaries and other operational units		61,934,830.31
Other cash paid for investment		
Subtotal of cash outflows	2,578,898,943.88	2,707,769,899.90
Cash flow generated by investment activities, net	-67,239,474.99	-579,720,478.07

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	2,304,697,876.18	800,000,000.00
Other cash received from financing activities		39,406.61
Subtotal of cash inflow from financing activities	2,304,697,876.18	800,039,406.61
Cash paid to repay debts	1,813,978,153.39	108,000,000.00
Cash paid as dividend, profit, or interests	119,588,570.23	275,410,279.99
Including: dividends and profits paid by subsidiaries to minority shareholders		
Other cash paid for financing activities	281,298,965.99	40,000,000.00
Subtotal of cash outflow from financing activities	2,214,865,689.61	423,410,279.99
Net cash flow generated by financing activities	89,832,186.57	376,629,126.62
4. Influence of exchange rate changes on cash and cash equivalents	1,284,254.96	-229,009.27
5. Net increase in cash and cash equivalents	-113,108,512.86	-576,045,363.83
Plus: Balance of cash and cash equivalents at the beginning of term	725,269,902.90	956,190,890.68
6. Balance of cash and cash equivalents at the end of the period	612,161,390.04	380,145,526.85

6. Cash Flow Statement of the Parent Company

In RMB

Item	H1 2020	H1 2019
1. Net cash flow from business operations:		

Cash received from sales of products and providing of services	8,683,073.96	14,039,967.56
Tax refunded	232,652.87	
Other cash received from business operation	2,914,427,921.50	1,674,530,421.33
Sub-total of cash inflow from business operations	2,923,343,648.33	1,688,570,388.89
Cash paid for purchasing products and services	406,441.27	1,824,577.30
Cash paid to and for the staff	9,739,820.05	8,465,407.93
Taxes paid	793,263.98	1,250,265.96
Other cash paid for business activities	2,553,029,078.24	2,021,264,885.71
Sub-total of cash outflow from business operations	2,563,968,603.54	2,032,805,136.90
Cash flow generated by business operations, net	359,375,044.79	-344,234,748.01
2. Cash flow generated by investment:		
Cash received from investment recovery	562,800,000.00	710,000,000.00
Cash received as investment profit	338,561.17	1,155,183.42
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		
Sub-total of cash inflow generated from investment	563,138,561.17	711,155,183.42
Cash paid for construction of fixed assets, intangible assets and other long-term assets	48,767.89	50,698.00
Cash paid as investment	562,800,000.00	746,000,001.00
Net cash paid for acquiring subsidiaries and other operational units		
Other cash paid for investment		
Subtotal of cash outflows	562,848,767.89	746,050,699.00

Cash flow generated by investment activities, net	289,793.28	-34,895,515.58
3. Cash flow generated by financing activities:		
Cash received from investment		
Cash received from borrowed loans	500,000,000.00	400,000,000.00
Other cash received from financing activities		39,406.61
Subtotal of cash inflow from financing activities	500,000,000.00	400,039,406.61
Cash paid to repay debts	810,000,000.00	
Cash paid as dividend, profit, or interests	71,233,278.75	241,065,709.32
Other cash paid for financing activities	99,998,965.99	
Subtotal of cash outflow from financing activities	981,232,244.74	241,065,709.32
Net cash flow generated by financing activities	-481,232,244.74	158,973,697.29
4. Influence of exchange rate changes on cash and cash equivalents	-78,890.92	405.76
5. Net increase in cash and cash equivalents	-121,646,297.59	-220,156,160.54
Plus: Balance of cash and cash equivalents at the beginning of term	175,341,953.63	281,594,621.80
6. Balance of cash and cash equivalents at the end of the period	53,695,656.04	61,438,461.26

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

Amount of the Current Term

In RMB

Item	H1 2020														
	Owners' Equity Attributable to the Parent Company													Minor shareholders' equity	Total of owners' equity
	Share capital	Other equity instruments			Capital reserves	Less: Shares in stock	Other miscellaneous incom	Special reserves	Surplus reserve	Common risk provisions	Undistributed profit	Others	Subtotal		
		Preferred	Perpetual	Others											

		share	bond				e								
1. Balance at the end of last year	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
Plus: Changes in accounting policies															
Correction of previous errors															
Consolidation of entities under common control															
Others															
2. Balance at the beginning of current year	1,123,384,189.00				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
3. Change amount in the current period ("-" for decrease)	-35,105,238.00						940,933.00		-64,280,649.28		92,425,937.02		-6,019,017.26	-31,526.57	-6,050,543.83
(1) Total of misc. incomes							940,933.00				146,839,884.57		147,780,817.57	-31,526.57	147,749,291.00
(2) Investment or decreasing of capital by owners	-35,105,238.00								-64,280,649.28				-99,385,887.28		-99,385,887.28
1. Common shares invested by owners	-35,105,238.00								-64,280,649.28				-99,385,887.28		-99,385,887.28
2 Capital contributed by other equity instrument															

holders															
3. Amount of shares paid and accounted as owners' equity															
4. Others															
(3) Profit allotment											-54,413,947.55		-54,413,947.55		-54,413,947.55
1. Provision of surplus reserves															
2 Common risk provision															
3. Distribution to owners (or shareholders)											-54,413,947.55		-54,413,947.55		-54,413,947.55
4. Others															
(4) Internal carry-over 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	1,088,278,951.00				1,454,191.59		465,523.75		95,525,281.06		3,991,052,115.01		5,176,776,062.41	48,378,483.03	5,225,154,545.44

Amount of the Previous Term

In RMB

Item	H1 2019														
	Owners' Equity Attributable to the Parent Company													Minor shareholders' equity	Total of owners' equity
	Share capital	Other equity instruments			Capital reserves	Less: Shares in stock	Other miscellaneous income	Special reserves	Surplus reserve	Common risk provisions	Undistributed profit	Others	Subtotal		
		Preferred share	Perpetual bond	Others											
1. Balance at the end of last year	1,155,481,686.00				1,454,191.59	10,831,437.66	7,382,087.59		120,475,221.40		3,921,225,872.96		5,195,187,621.88		5,195,187,621.88
Plus: Changes in accounting policies							-5,166,425.58		524,860.03		16,171,320.58		11,529,755.03		11,529,755.03
Correction of previous errors															
Consolidation of entities under common control															
Others															
2. Balance at the beginning of current year	1,155,481,686.0				1,454,191.59	10,831,437.66	2,215,662.01		121,000,081.43		3,937,397,193.54		5,206,717,376.91		5,206,717,376.91

	0														
3. Change amount in the current period ("-" for decrease)	-32,097,497.00					-10,831,437.66	1,389,774.33		-66,957,886.36		-96,095,082.78		-182,929,254.15	50,345,533.53	-132,583,720.62
(1) Total of misc. incomes							1,389,774.33				128,581,755.01		129,971,529.34	-17,556.37	129,953,972.97
(2) Investment or decreasing of capital by owners	-32,097,497.00					-10,831,437.66			-66,957,886.36				-88,223,945.70	50,363,089.90	-37,860,855.80
1. Common shares invested by owners	-32,097,497.00					-10,831,437.66			-66,957,886.36				-88,223,945.70	50,363,089.90	-37,860,855.80
2 Capital contributed by other equity instrument holders															
3. Amount of shares paid and accounted as owners' equity															
4. Others															
(3) Profit allotment											-224,676,837.79		-224,676,837.79		-224,676,837.79
1. Provision of surplus reserves															
2 Common risk provision															
3. Distribution to owners (or shareholders)											-224,676,837.79		-224,676,837.79		-224,676,837.79
4. Others															
(4) Internal carry-over 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				1,454,191.59		3,605,436.34		54,042,195.07		3,841,302,110.76		5,023,788,122.76	50,345,533.53	5,074,133,656.29

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

Amount of the Current Term

In RMB

Item	H1 2020											
	Share capital	Other equity instruments			Capital reserves	Less: Shares in stock	Other miscellaneous	Special reserves	Surplus reserve	Undistributed profit	Others	Total of owners' equity
		Preferr	Perpet	Others								

		ed share	ual bond				income					
1. Balance at the end of last year	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
Plus: Changes in accounting policies												0.00
Correction of previous errors												0.00
Others												0.00
2. Balance at the beginning of current year	1,123,384,189.00				360,835.52	0.00	1,287,629.38		159,805,930.34	1,236,002,518.79		2,520,841,103.03
3. Change amount in the current period (“-“ for decrease)	-35,105,238.00								-64,280,649.28	-64,596,904.01		-163,982,791.29
(1) Total of misc. incomes										-10,182,956.46		-10,182,956.46
(2) Investment or decreasing of capital by owners	-35,105,238.00								-64,280,649.28			-99,385,887.28
1. Common shares invested by owners	-35,105,238.00								-64,280,649.28			-99,385,887.28
2 Capital contributed by other equity instrument holders												0.00
3. Amount of shares paid and accounted as owners' equity												0.00
4. Others												0.00

(3) Profit allotment										-54,413,947.55		-54,413,947.55
1. Provision of surplus reserves												0.00
2 Distribution to owners (or shareholders)										-54,413,947.55		-54,413,947.55
3. Others												0.00
(4) Internal carry-over of owners' equity												0.00
1. Capitalizing of capital reserves (or share capital)												0.00
2 Capitalizing of surplus reserves (or share capital)												0.00
3. Surplus reserves used to cover losses												0.00
4. Retained gain transferred due to change in set benefit program												0.00
5. Other miscellaneous income												0.00
6. Others												0.00
(5) Special reserves												0.00
1. Provided this year												0.00
2 Used this period												0.00
(6) Others												0.00
4. Balance at the end of this period	1,088,278,951.00				360,835.52		1,287,629.38		95,525,281.06	1,171,405,614.78		2,356,858,311.74

Amount of the Previous Term

In RMB

Item	H1 2019											
	Share capital	Other equity instruments			Capital reserves	Less: Shares in stock	Other miscellaneous income	Special reserves	Surplus reserve	Undistributed profit	Others	Total of owners' equity
		Preferred share	Perpetual bond	Others								
1. Balance at the end of last year	1,155,481,686.00				360,835.52	10,831,437.66	8,756,553.46		120,475,221.40	504,081,999.00		1,778,324,857.72
Plus: Changes in accounting policies							-5,166,425.58		524,860.03	4,723,740.20		82,174.65
Correction of previous errors												
Others												
2. Balance at the 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			-66,957,886.36	-238,486,176.03		-326,710,121.73
(1) Total of misc. incomes										-13,809,338.23		-13,809,338.23
(2) Investment or decreasing of capital by owners	-32,097,497.00					-10,831,437.66			-66,957,886.36			-88,223,945.70
1. Common shares invested by owners	-32,097,497.00					-10,831,437.66			-66,957,886.36			-88,223,945.70
2 Capital contributed by other equity instrument												

holders												
3. Amount of shares paid and accounted as owners' equity												
4. Others												
(3) Profit allotment										-224,676,837.80		-224,676,837.80
1. Provision of surplus reserves												
2 Distribution to owners (or shareholders)										-224,676,837.80		-224,676,837.80
3. Others												
(4) Internal carry-over of owners' equity												
1. Capitalizing of capital reserves (or share capital)												
2 Capitalizing of surplus reserves (or share capital)												
3. Surplus reserves used to cover losses												
4. Retained gain transferred due to change in set benefit program												
5. Other miscellaneous income												
6. Others												
(5) Special reserves												
1. Provided this year												

2 Used this period												
(6) Others												
4. Balance at the end of this period	1,123,384,189.00				360,835.52		3,590,127.88		54,042,195.07	270,319,563.17		1,451,696,910.64

III. General Information

1. LITITONG's Profile

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 at the end of 2017 was RMB1,183,642,254.00. In August 2018, the Company repurchased and cancelled 28,160,568 B-shares. In January 2019, the company repurchased and cancelled 32,097,497 B-shares. The company repurchased and cancelled in May 2020, and cancelled 35,105,238 B shares, and the existing registered capital is RMB1,088,278,951.00.

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.

2. Consolidation Scope and Change

This part of the simplified disclosure is as follows: The company in the current period includes a total of 24 subsidiaries, of which 1 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 9. 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 acquired by the company in the business combination and the book value of the consideration paid, first adjust the balance of the capital reserve (capital premium or equity premium), the balance of the capital reserve (capital premium or equity premium) If it is insufficient to offset, the surplus reserve and undistributed profits will be offset in sequence.

The accounting treatment method of enterprise merger under the same control through step-by-step transaction is described in Section 5 and 6 (5).

(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.

See V, 6 (5) for the accounting treatment method of business combination under the same control through step-by-step transaction.

(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 of subsidiaries 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) 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.

(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, the income, expense and profit of the subsidiary company and the business Purchase date and Closing balance shall be included in the consolidated profit statement.

(c) When the consolidated cash flow statement is prepared, 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 the consolidated cash flow statement is prepared, the cash flow from the Beginning of the period of the subsidiary to the end of the reporting period is 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 from selling assets to subsidiaries shall be fully offset against the "net profit attributable to the owners of the parent company". The unrealized internal transaction gains and losses arising from the sale of assets by the subsidiary to the company shall be offset between the “net profit attributable to the owners of the parent company” and the “minority shareholder gains and losses” in accordance with the company’s distribution ratio to the subsidiary. The unrealized internal transaction gains and losses arising from the sale of assets between subsidiaries shall be offset between the "net profit attributable to the owners of the parent company" and the "minority shareholders' gains and losses" in accordance with the company's distribution ratio to the seller's subsidiary .

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 does not belong to a "package deal", in the individual financial statements, for each transaction before the loss of control of the subsidiary, the book value of the long-term equity investment corresponding to each disposal of equity is carried forward, the price received and the disposal The difference between the book value of the long-term equity investment is included in the current investment income; in the consolidated financial statements, it should 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 occurance 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

Proportion of Others（ minority shareholders in factor companies who increase capital , dilute Subsidiaries of parent companies. 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. 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.

8.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.

9. Financial instrument

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

(1) Recognition and 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. Transaction date refers to the date when the company promises 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

A loan commitment is a promise that the company provides to customers to issue loans to customers with established contract terms within the commitment period. Loan commitments are provided for impairment losses based on the expected credit loss model.

A financial guarantee contract refers to a contract that requires the company to pay a specific amount of compensation to the contract holder who suffered a loss when a specific debtor is unable to repay the debt in accordance with the original or modified debt instrument terms. Financial guarantee contract liabilities are subsequently measured based on the higher of the loss reserve amount determined in accordance with the principle of impairment of financial instruments and the initial recognition amount after deducting the accumulated amortization amount determined in accordance with 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) Financial instrument Less

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 of accounts receivable

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 low credit risk on the balance sheet date, the company assumes that the credit risk has not increased significantly since the initial recognition, and measures the loss provision based on the expected credit losses in the next 12 months.

For financial instruments that are in the first and second stages and with lower credit risk, the company calculates interest income based on their book balances and actual interest rates without deduction for impairment provision. For financial instruments in the third stage, interest income is calculated based on the amortized cost and the actual interest rate after the book balance minus the provision for 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. For notes receivable, accounts receivable, other receivables, financing of receivables and long-term receivables for which there is no objective evidence of impairment, or when individual financial assets cannot be assessed at a reasonable cost, the company divides bills receivable, accounts receivable, other receivables, receivable financing and long-term receivables into several combinations based on credit risk characteristics, and calculates expected credit losses on the basis of the combination. The basis for determining the combination is as follows:

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

Notes Receivable Combination 1 Commercial Acceptance Bill

Notes Receivable Combination 2 Bank Acceptance Bill

For Notes receivable 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 accounts receivable is as follows:

Accounts receivable combination 1 Accounts receivable business

Other receivable portfolio 2 Receivables from related parties within the scope of 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 Notes receivable 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.

Other debt investment

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.

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. Adverse changes in business, financial or economic conditions that are expected to cause significant changes in the debtor’s ability to perform its debt service obligations;

C. Whether the actual or expected operating results of the debtor have changed significantly; whether the regulatory, economic or technical environment of the debtor has undergone significant adverse changes;

D. Whether there is a significant change in the value of the collateral used as debt collateral or the guarantee provided by a third party or the quality of credit enhancement. These changes are expected to reduce the debtor’s economic motivation for repayment within the time limit 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 repayment according to the contractual deadline;

F. Anticipated changes to the loan contract, including whether the expected violation of the contract may result in the exemption or revision of contract obligations, granting interest-free periods, rising interest rates, requiring additional collateral or guarantees, or making other changes to the contractual framework of financial instruments change;

G. Whether the expected performance and repayment behavior of the debtor has changed significantly;

H. Whether the contract payment is overdue for more than (including) 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 measurement

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

① De-identification 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 ds 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 of confirmation, the difference between the following two amounts is included in the current profit and loss:

A. Continuing identification of transferred Book value；

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 derecognition, the book value of the entire transferred financial assets will be included in the derecognized part and the unterminated part (in this case, the retained service assets are regarded as part of the continued recognition of financial assets) Between them, they are apportioned according to their respective relative fair values on the transfer date, and the difference between the following two amounts is included in the current profit and loss:

A. Termination of the book value of the recognized portion on the date of derecognition;

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 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).

② Continue to be involved in the 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) Recognition of fair value of Finance instruments

For the method for determining the fair value of financial assets and financial liabilities, see 30 (1) Fair value measurement in this section, V. Important accounting policies and accounting estimates.

10. Notes receivable

For details, please refer to 11. Accounts Receivable in V. Important Accounting Policies and Accounting Estimates in this section.

11. Account receivable

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 of accounts receivable

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 low credit risk on the balance sheet date, the company assumes that the credit risk has not increased significantly since the initial recognition, and measures the loss provision based on the expected credit losses in the next 12 months.

For financial instruments that are in the first and second stages and with lower credit risk, the company calculates interest income based on their book balances and actual interest rates without deduction for impairment provision. For financial instruments in the third stage, interest income is calculated based on the amortized cost and the actual interest rate after the book balance minus the provision for impairment.

Regarding bills receivable, accounts receivable, contract assets 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. For notes receivable, accounts receivable, other receivables, financing of receivables and long-term receivables for which there is no objective evidence of impairment, or when individual financial assets cannot be assessed at a reasonable cost, the company divides bills receivable, accounts receivable, other receivables, receivable financing and long-term receivables into several combinations based on credit risk characteristics, and calculates expected credit losses on the basis of the combination. The basis for determining the combination is as follows:

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

Notes Receivable Combination1 Commercial Acceptance Bill

Notes Receivable Combination1 Commercial Acceptance Bill

For Notes receivable 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 accounts receivable is as follows:

Accounts receivable combination 1 Accounts receivable business

Other receivable portfolio 2 Receivables from related parties within the scope of 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 contract assets and the method for calculating expected credit losses are the same as accounts receivable.

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 Notes receivable 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.

Other debt investment

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.

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. Adverse changes in business, financial or economic conditions that are expected to cause significant changes in the debtor's ability to perform its debt service obligations;

C. Whether the actual or expected operating results of the debtor have changed significantly; whether the regulatory, economic or technical environment of the debtor has undergone significant adverse changes;

D. Whether there is a significant change in the value of the collateral used as debt collateral or the guarantee provided by a third party or the quality of credit enhancement. These changes are expected to reduce the debtor's economic motivation for repayment within the time limit 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 repayment according to the contractual deadline;

F. Anticipated changes to the loan contract, including whether the expected violation of the contract may result in the exemption or revision of contract obligations, granting interest-free periods, rising interest rates, requiring additional collateral or guarantees, or making other changes to the contractual framework of financial instruments change;

G. Whether the expected performance and repayment behavior of the debtor has changed significantly;

H. Whether the contract payment is overdue for more than (including) 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 measurement

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

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

12. Receivable financing

For details, please refer to 11. Accounts Receivable in V. Important Accounting Policies and Accounting Estimates in this section.

13. Other receivables

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

For details, please refer to 11. Accounts Receivable in V. Important Accounting Policies and Accounting Estimates in this section.

14. 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) Pricing of delivering 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.

The real estate business inventory mainly includes inventory materials, products under development, completed development products, and development products intended to be sold but temporarily rented out. 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. For materials used for sale, the market price shall be used as the measurement basis for the 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.

15. Contract assets

The company lists the right to receive consideration for the transferred goods or services (the right depends on other factors other than the passage of time) as a contract asset, and it is confirmed when it obtains the unconditional (that is, only depending on the passage of time) right to receive payment Accounts receivable; on the contrary, the company's obligation to transfer goods or services to customers for consideration received or receivable from customers is listed as contract liabilities. When the company fulfills its obligations to transfer goods or provide services to customers, contract liabilities are recognized as revenue. The company presents the contract assets and contract liabilities under the same contract as a net amount.

Contract assets are recognized as impairment provision based on expected credit losses. For details, see 11. Accounts Receivable in 5. Important Accounting Policies and Accounting Estimates in this section.

16. Contract costs

If the cost incurred in fulfilling the contract does not fall within the scope of other accounting standards and meets the following conditions at the same time, the company will recognize it as an asset as the contract performance cost:

(1) The cost is directly related to a current or expected contract, including direct labor, direct materials, manufacturing expenses (or similar expenses), clearly borne by the customer, and other costs incurred only due to the contract; (2) This cost increases the company's future resources for fulfilling its performance obligations; (3) This cost is expected to be recovered.

Assets related to the contract cost are amortized on the same basis as the commodity revenue recognition related to the asset and included in the current profit and loss.

If the book value of the asset related to the contract cost is higher than the difference between the following two items, the excess will be provided for impairment and recognized as an asset impairment loss: (1) The company is expected to be able to transfer the goods related to the asset The remaining consideration obtained; (2) is the estimated cost of transferring the relevant goods. If the depreciation factors in the previous period have changed, and the difference between the aforementioned two items is higher than the book value of the asset, the asset depreciation reserve that has been withdrawn should be reversed and included in the current profit and loss.

17. 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. Secondly, it is judged whether the decision on related activities of the arrangement must be agreed by the participants who collectively control the arrangement. If there is a combination of two or more parties that can collectively control an arrangement, it does not constitute joint control. When judging whether there is joint control, the protective rights enjoyed are not considered.

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) Recognition of initial investment costs

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 transferred non-cash assets and the book value of the debt assumed shall be adjusted to the capital reserve; if the capital reserve is insufficient to offset, the retained earnings shall be adjusted;

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

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. For long-term equity investments obtained through non-monetary asset exchanges, if the exchange has commercial substance and the fair value of the exchanged assets or exchanged assets can be reliably measured, the fair value of the exchanged assets and relevant taxes shall be used as the initial Investment cost, the difference between the fair value and book value of the swapped-out asset is included in the current profit and loss; if the non-monetary asset exchange does not meet the above two conditions at the same time, the book value of the swapped-out asset and relevant taxes will be 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

For investments in subsidiaries, associates and joint ventures, the method of accruing asset impairment is shown in 23. Long-term asset impairment in this section, V. Important accounting policies and accounting estimates.

XVIII. Investment real estates

(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 used for subsequent measurement of investment real estate, depreciation or amortization is calculated according to the straight-line method after the cost of investment real estate minus accumulated impairment and net residual value. See this section, V. Important accounting policies, for the method of accruing asset impairment 23. Impairment of long-term assets in accounting estimates.

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

Type	Service year (year)	Residual rate %	Annual depreciation rate %
Houses & buildings	35-50	10.00	1.80-2.57

19. 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	10.00%	1.80%-2.57%
Mechanical equipment	Average age	10.00	10.00%	9.00%
Transportation facilities	Average age	5.00	10.00%	18.00%
Electronics and other devices	Average age	5.00	10.00%	18.00%
PV power plants	Average age	20.00	5.00%	4.75%

The company calculates depreciation based on the average life method from the next month when the fixed assets reach the expected usable state; for fixed assets for which depreciation provision is made, the depreciation rate will be determined after the accumulative depreciation provision amount is deducted.

At end of each fiscal year, verification will be made on the useful life, predicted retained value, and depreciation basis. The useful life will be adjusted if the useful life is different from the predicted one; the net residual value will be adjusted if the net residual value is different from the predicted one.

(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 assets. 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.

20. 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.

21. 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.

22. Intangible assets

(1) Pricing method, service life and depreciation test

(1.1) Pricing of intangible assets

Recorded at the actual cost of acquisition.

(1.2) 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.

(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 with uncertain service life, the company reviews the service life of intangible assets with uncertain service life at the end of each year. If it is still uncertain after rechecking, it shall conduct an 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.

(1.3) Impairment test of intangible assets

For details, see 23. Long-term asset impairment in this section, V. Important accounting policies and accounting estimates.

(2) Accounting policies for internal R&D expenses

(2.1) Specific standard for distinguish between research and development stage

① 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.

(2.2) Specific conditions for capitalization of expenditures in the development phase

Expenditures in the development phase can be recognized as intangible assets only when the following conditions are met:

A. It is technically feasible to complete the intangible asset so that it can be used or sold;

B. Have the intention to complete the intangible asset and use or sell it;

C. The way intangible assets generate economic benefits, including the ability to prove that the products produced by the intangible assets exist in the market or the intangible assets themselves exist in the market, and the intangible assets will be used internally, which can prove their usefulness;

D. Have sufficient technical, financial and other resource support to complete the development of the intangible asset, and have the ability to use or sell the intangible asset;

E. The expenditure attributable to the development stage of the intangible asset can be reliably measured.

23. Assets impairment

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

The 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.

24. 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.

25. Contract liabilities

For details, please refer to 15. Contract assets in 5. Important accounting policies and accounting estimates in this section.

26. 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 employee compensation obligations due to the profit sharing plan 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

Inapplicable

27. Anticipated liabilities

(1) Recognition standards of anticipated liabilities

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

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

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

③ Amount of the liability can be reliably measured.

(2) Measurement of anticipated 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.

28. Revenue

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

Specific revenue recognition method

① Construction contracts

The subway screen door project of the subsidiary Zhichuang Technology Company and the curtain wall decoration projects of the subsidiary Fangda Jianke Company are single construction contracts. The products produced by the company during the performance of the contract have irreplaceable uses, and during the entire contract period The company has the right to collect payment for the part of the contract that has been completed so far. The company recognizes revenue for this type of business within a period of time based on the progress of the contract. The accounting method is as follows:

When the contract between the company and the customer meets the following conditions at the same time, the company will confirm the revenue and expenses of the construction contract on the balance sheet date according to the percentage of completion method when the customer obtains control of the relevant goods: all parties to the contract have approved the contract and promised to perform it Respective obligations; the contract clarifies the rights and obligations of the parties to the contract related to the transferred goods or the provision of labor; the contract has clear payment terms related to the transferred goods; the contract has commercial substance, that is, the performance of the contract will change the company The risk, time distribution or amount of future cash flow; the consideration that the company has the right to obtain when transferring goods to customers is likely to be recovered.

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.

② Sales product

The company sells products and recognizes revenue when the customer obtains control of the relevant 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.

The credit period granted by the company to customers is consistent with industry practices, and there is no major financing component.

③ Real estate sales

The Company's real estate sales revenue is recognized when the control of the property is transferred to the customer. Based on the terms of the sales contract and the legal provisions applicable to the contract, the control of the property can be transferred within a certain period of time or at a certain point in time. Only if the goods produced by the company during the performance of the contract have irreplaceable uses, and the company has the right to collect payment for the cumulative performance part that has been completed during the entire contract period, the performance obligation has been completed during the contract period. The progress is recognized as revenue within a period of time, and the progress of the completed performance obligations is determined in accordance with the ratio of the contract costs actually incurred to complete the performance obligations to the estimated total cost of the contract. Otherwise, the income is recognized when the customer obtains the physical ownership or legal ownership of the completed property and the company has obtained the current right of collection and is likely to recover the consideration.

The company’s existing property sales revenue is applicable to be recognized at a certain point in time, 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.

Accounting policies used in revenue recognition and measurement

The company recognizes revenue based on the expected amount of consideration that is entitled to receive when the customer obtains control of the relevant goods or services.

29. Government subsidy

(1) Government subsidy

Government subsidies are recognized when the following conditions are met:

(1) Requirements attached to government subsidies;

(2) The company can receive government subsidies.

(2) Government subsidy

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

The company's government subsidies are calculated using the gross method.

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.

30. 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 a business combination;

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. In the future, it is likely to obtain taxable income that can be used to offset the deductible temporary differences;

On the balance sheet date, if there is conclusive evidence that sufficient taxable income is likely to be obtained in the future to offset the deductible temporary differences, the deferred income tax assets that have not been recognized in the previous period are recognized.

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

(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:

At the same time, the impact on income tax of deductible temporary discrepancies resulting the initial recognition of assets or liabilities in transactions or matters with the following characteristics 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 Temporary discrepancies are likely 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 and tax deductions from the company's own operations

Deductible losses refer to the losses calculated and determined in accordance with the provisions of the tax law that are allowed to be made up with the taxable income of subsequent years. The uncovered losses (deductible losses) and tax deductions that can be carried forward in accordance with the tax law are treated as deductible temporary differences. When it is expected that sufficient taxable income is likely to be obtained in the future period when it is expected to be available to make up for losses or tax deductions, the corresponding deferred income tax assets are recognized within the limit of the taxable income that is likely to be obtained, while reducing the current period Income tax expense in the income statement.

B. Compensable uncovered losses of the merged company due to business merger

In a business combination, if the company obtains the deductible temporary difference of the purchased party and does not meet the deferred income tax asset recognition conditions on the purchase date, it shall not be recognized. Within 12 months after the purchase date, if new or further information is obtained indicating that the relevant conditions on the purchase date already exist, and the economic benefits brought about by the temporary difference are expected to be deducted on the purchase date, confirm the relevant delivery. Deferred income tax assets, while reducing goodwill, if the goodwill is not enough to offset, the difference is recognized as the current profit and loss; except for the above circumstances, the deferred tax assets related to the business combination are recognized and included in the current profit and loss.

④Temporary difference caused by merger offset

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.

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.

31. 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. People If the charterer undertakes certain expenses, the Company shall distribute the rent Expense balance deducted from the total rent income during 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. Larger amounts shall be capitalized and included in current profits and losses in installments on the same basis as the confirmed rental 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

Inapplicable

32. Other significant accounting policies and estimates

(1) Measurement at fair value

Fair value is the price that can be obtained from selling an asset or paid for transferring liabilities in an orderly transaction on the measurement date.

The company measures the fair value of related assets or liabilities at the prices in the main market. If there is no major market, the company measures the fair value of the relevant assets or liabilities at the most favorable market prices. The Group uses assumptions that market participants use to maximize their economic benefits when pricing the asset or liability.

The main market refers to the market with the highest transaction volume and activity of the related assets or liabilities. The most favorable market means the market that can sell the related assets at the highest amount or transfer the related liabilities at the lowest amount after considering the transaction cost and transportation cost.

For financial assets or liabilities in an active market, The Company determines their fair value based on quotations in the active market. If there is no active market, the Company uses evaluation techniques to determine the fair value.

For the measurement of non-financial assets at fair value, the ability of market participants to use the assets for optimal purposes to generate economic benefits, or the ability to sell the assets to other market participants that can be used for optimal purposes to generate economic benefits.

① Valuation technology

The company adopts valuation techniques that are applicable in the current period and are supported by sufficient data and other information. The valuation techniques used mainly include market method, income method and cost method. The company uses a method consistent with one or more of the valuation techniques to measure fair value. If multiple valuation techniques are used to measure fair value, the reasonableness of each valuation result shall be considered, and the fair value shall be selected as the most representative of fair value under the current circumstances. The amount of value is regarded as fair value.

The The Company equipment are applicable in the current circumstances and have sufficient available data and other information to support the use of the relevant observable input values prioritized. Unobservable input values are used only when the observable input value cannot be obtained or is not feasible. Observable input values are input values that can be obtained from market data. The Group uses assumptions that market participants use to maximize their economic benefits when pricing the asset or liability. Non-observable input values are input values that cannot be obtained from market data. The input value is obtained based on the best information available on assumptions used by market participants in pricing the relevant asset or liability.

②Fair value hierarchy

This company divides the input value used in fair value measurement into three levels, and first uses the first level input value, then uses the second level input value, and finally uses the third level input value. First level: quotation of same assets or liabilities in an active market (unadjusted) The second level input value is a directly or indirectly observable input value of the asset or liability in addition to the first level input value. The input value of the third level is the unobservable input value of the related asset or liability.

(2) Hedge accounting

(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 that are measured at fair value and whose changes are included in the current profit and loss, but designated as fair value and whose changes are included in the current profit and loss, and their own credit risk changes caused by changes in fair value except for financial liabilities included in other comprehensive income.

Own equity instruments are not financial assets or financial liabilities and cannot be used as hedging instruments.

A hedged item refers to an item that exposes the company to the risk of changes in fair value or cash flow and is designated as the hedged object and can be reliably measured. The company designates the following individual projects, project portfolios or their components as hedged projects:

① Confirmed assets or liabilities.

② Confirmed commitments that have not yet been confirmed. Confirmed commitment refers to a legally binding agreement to exchange a specific amount of resources at an agreed price on a specific date or period in the future.

③ Expected transactions that are likely to occur. Anticipated transactions refer to transactions that have not yet been committed but are expected to occur.

④ Net investment in overseas operations.

The above-mentioned project components refer to the parts that are less than the overall fair value or cash flow changes of the project. The company designates the following project components or their combinations as hedged items:

① The part of the change in fair value or cash flow (risk component) that is only caused by one or more specific risks in the overall fair value or cash flow changes of the project. According to the assessment in a specific market environment, the risk component should be able to be individually identified and reliably measured. The risk component also includes the part where the fair value or cash flow of the hedged item changes only above or below a specific price or other variables.

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 certain level includes early repayment rights and the fair value of the early repayment rights is affected by changes in the risk of the hedge, the level shall not be designated as the hedged item of the fair value hedge, but in the measurement of the hedged item except when the fair value has included the influence of the prepayment right.

(3) Evaluation of hedging relationship

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 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, been sold, the contract is terminated or exercised (but the extension or replacement as part of the hedging strategy is not treated as expired or contract termination), or the risk management objective changes, resulting in hedging The relationship no longer meets the risk management objectives, or the economic relationship between the hedged item and the hedging instrument no longer exists, or the impact of credit risk begins to dominate in the value changes caused by the economic relationship between the hedged item and the hedging instrument, or when the hedge no longer meets the other conditions of the hedge accounting method, the company terminates the use of hedge accounting.

If the hedging relationship no longer meets the requirements for hedging effectiveness due to the hedging ratio, but the risk management objective of the designated hedging relationship has not changed, the company shall rebalance the hedging relationship.

(4) Revenue the of revenue recognition and measurement

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

Cash flow hedging

The part of hedging tool gains or losses that is valid for hedging is recognized as other comprehensive income as a cash flow hedging reserve, and the part that is invalid for hedging (that is, other gains or losses after deducting other comprehensive income), are counted Into the current profit and loss. The amount of cash flow hedging reserve is determined according to the lower of the absolute amounts of the following two items: ①accumulated gains or losses of hedging instruments since the hedging. 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. For the remaining cash flow hedges, during the same period when the expected cash flow to be hedged affects the profit and loss, if the expected sales occur, the cash flow hedge reserve recognized in other comprehensive income is transferred out and included in the current profit and loss.

(3) 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.

(4) 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, does the amount paid in advance reflect only the unpaid principal and the interest based on the unpaid principal, as well as the reasonable compensation paid for early termination of the contract.

Measurement of expected credit losses 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. When determining the expected credit loss rate, the company uses internal historical credit loss experience and other data, combined with current conditions and forward-looking information to adjust the historical data. When considering forward-looking information, the indicators used by the company include the risks of economic downturn, changes in the external market environment, technological environment, and customer conditions. The company regularly monitors and reviews 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.

33. Major changes in accounting policies and estimates

(1) Changes in accounting policies

√ Applicable □ Inapplicable

Account policy changes and reasons	Approval procedure	Remark
According to the relevant regulations of the Ministry of Finance, the new revenue standard will be implemented from January 1, 2020	This change in accounting policies was reviewed and approved at the 22nd meeting of the 8th Board of Directors held on April 16, 2020.	

As of January 1, 2020, the Company has implemented new revenue guidelines, listed the assigned goods or services entitled to receive consideration as contractual assets, and has been recognized as accounts receivable upon acquisition of unconditional collection rights; The non-leased portion of the advances is included in the contractual liability and the tax portion is included in the other current liabilities.

According to the regulations of the convergence between the old and new standards, the company adjusts the amount of retained earnings at the beginning of the period and other related items in the financial statements based on the cumulative impact of the first implementation of the new income standard, and does not adjust the information for the comparable period.

For details of the impact of this change in accounting policies on the statement items, see "(3) The first implementation of the new income standards and adjustments to the new lease standards from 2020 on the first implementation of the financial statements related items at the beginning of the year" under this item.

(2) Changes in major accounting estimates

√ Applicable □ Inapplicable

Account policy changes and reasons	Approval procedure	Effective time	Remarks
In accordance with the requirements of the new financial instrument standards, enterprises should assess whether the credit risk of relevant financial instruments has changed significantly on each balance sheet date. The company uses the latest historical data to calculate the expected credit loss in 2020 according to the method of calculating expected credit losses in 2019, which has changed significantly from 2019. In order to more objectively and truly reflect the financial status and operating results of the company's various businesses, Specially make changes in accounting estimates of accounts receivable and expected credit loss rate of contract assets.	This change in accounting estimates was reviewed and approved at the 22nd meeting of the 8th Board of Directors held on April 16, 2020.	January 1, 2020	

The impact of this change in accounting estimates on the 2020 semi-annual financial statement items is: increase accounts receivable by 15,632,429.65 yuan, increase contract assets by 79,360,828.79 yuan, reduce deferred income tax assets by 14,253,692.64 yuan, and increase credit impairment losses (losses are marked with "-" No.) 94,993,258.44 yuan, increase deferred income tax expense by 14,253,692.64 yuan, increase net profit by 80,739,565.80 yuan.

(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

Whether to adjust the balance sheet accounts at the beginning of the year

√ Yes □ No

Consolidated Balance Sheet

In RMB

Item	31 December 2019	1 January 2020	Adjustment
Current asset:			
Monetary capital	1,209,811,978.95	1,209,811,978.95	
Settlement provision			
Outgoing call loan			
Transactional financial assets	10,330,062.18	10,330,062.18	
Derivative financial assets			
Notes receivable	305,070,930.97	305,070,930.97	
Account receivable	1,956,191,307.07	486,113,221.52	-1,470,078,085.55
Receivable financing	2,954,029.00	2,954,029.00	
Prepayment	21,327,109.18	21,327,109.18	

Insurance receivable			
Reinsurance receivable			
Provisions of Reinsurance contracts receivable			
Other receivables	139,947,655.35	139,947,655.35	
Including: interest receivable			
Dividend receivable			
Repurchasing of financial assets			
Inventory	733,711,143.46	733,711,143.46	
Contract assets		1,470,078,085.55	1,470,078,085.55
Assets held for sales			
Non-current assets due in 1 year			
Other current assets	323,765,585.90	323,765,585.90	
Total current assets	4,703,109,802.06	4,703,109,802.06	
Non-current assets:			
Loan and advancement provided			
Debt investment			
Other debt investment			
Long-term receivables			
Long-term share equity investment	57,222,240.83	57,222,240.83	
Investment in other equity tools	20,660,181.44	20,660,181.44	
Other non-current financial assets	5,009,728.02	5,009,728.02	
Investment real estate	5,522,391,984.11	5,522,391,984.11	
Fixed assets	477,332,830.92	477,332,830.92	
Construction in process	129,988,982.86	129,988,982.86	
Productive biological assets			
Gas & petrol			

Use right assets			
Intangible assets	78,322,265.05	78,322,265.05	
R&D expense			
Goodwill			
Long-term amortizable expenses	3,875,198.12	3,875,198.12	
Deferred income tax assets	343,349,564.70	343,349,564.70	
Other non-current assets	28,701,802.00	28,701,802.00	
Total of non-current assets	6,666,854,778.05	6,666,854,778.05	
Total of assets	11,369,964,580.11	11,369,964,580.11	
Current liabilities			
Short-term loans	724,618,197.34	724,618,197.34	
Loans from Central Bank			
Call loan received			
Transactional financial liabilities			
Derivative financial liabilities	96,767.62	96,767.62	
Notes payable	578,816,027.44	578,816,027.44	
Account payable	1,190,773,300.24	1,190,773,300.24	
Prepayment received	136,340,104.73	1,332,457.45	-135,007,647.28
Contract liabilities		123,981,276.51	123,981,276.51
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	55,847,134.20	
Taxes payable	17,848,987.68	17,848,987.68	
Other payables	701,432,408.28	701,432,408.28	

Including: interest payable			
Dividend payable			
Fees and commissions payable			
Reinsurance fee payable			
Liabilities held for sales			
Non-current liabilities due in 1 year	922,346,563.72	922,346,563.72	
Other current liabilities	181,694,574.47	192,720,945.24	11,026,370.77
Total current liabilities	4,509,814,065.72	4,509,814,065.72	
Non-current liabilities:			
Insurance contract provision			
Long-term loans	546,501,491.56	546,501,491.56	
Bond payable			
Including: preferred stock			
Perpetual bond			
Lease liabilities			
Long-term payable			
Long-term employees' wage payable			
Anticipated liabilities	7,793,527.16	7,793,527.16	
Deferred earning	10,817,247.40	10,817,247.40	
Deferred income tax liabilities	1,063,833,159.00	1,063,833,159.00	
Other non-current liabilities			
Total of non-current liabilities	1,628,945,425.12	1,628,945,425.12	
Total liabilities	6,138,759,490.84	6,138,759,490.84	
Owner's equity:			
Share capital	1,123,384,189.00	1,123,384,189.00	
Other equity instruments			

Including: preferred stock			
Perpetual bond			
Capital reserves	1,454,191.59	1,454,191.59	
Less: Shares in stock			
Other miscellaneous income	-475,409.25	-475,409.25	
Special reserves			
Surplus reserve	159,805,930.34	159,805,930.34	
Common risk provisions			
Undistributed profit	3,898,626,177.99	3,898,626,177.99	
Total of owner’s equity belong to the parent company	5,182,795,079.67	5,182,795,079.67	
Minor shareholders’ equity	48,410,009.60	48,410,009.60	
Total of owners’ equity	5,231,205,089.27	5,231,205,089.27	
Total of liabilities and owner’s interest	11,369,964,580.11	11,369,964,580.11	

Balance Sheet of the Parent Company

In RMB

Item	31 December 2019	1 January 2020	Adjustment
Current asset:			
Monetary capital	175,591,953.63	175,591,953.63	
Transactional financial assets			
Derivative financial assets			
Notes receivable			
Account receivable	297,813.76	297,813.76	
Receivable financing			
Prepayment	250,205.32	250,205.32	
Other receivables	1,973,381,342.74	1,973,381,342.74	
Including: interest receivable			

Dividend receivable			
Inventory			
Contract assets			
Assets held for sales			
Non-current assets due in 1 year			
Other current assets	877,430.41	877,430.41	
Total current assets	2,150,398,745.86	2,150,398,745.86	
Non-current assets:			
Debt investment			
Other debt investment			
Long-term receivables			
Long-term share equity investment	963,508,253.00	963,508,253.00	
Investment in other equity tools	18,604,010.22	18,604,010.22	
Other non-current financial assets	48,831,242.35	48,831,242.35	
Investment real estate	295,355,002.00	295,355,002.00	
Fixed assets	67,361,529.52	67,361,529.52	
Construction in process			
Productive biological assets			
Gas & petrol			
Use right assets			
Intangible assets	1,824,589.22	1,824,589.22	
R&D expense			
Goodwill			
Long-term amortizable expenses	934,669.73	934,669.73	
Deferred income tax assets	44,408,630.81	44,408,630.81	
Other non-current assets			
Total of non-current assets	1,440,827,926.85	1,440,827,926.85	
Total of assets	3,591,226,672.71	3,591,226,672.71	

Current liabilities			
Short-term loans	300,442,988.19	300,442,988.19	
Transactional financial liabilities			
Derivative financial liabilities			
Notes payable			
Account payable	606,941.85	606,941.85	
Prepayment received	746,761.55	746,761.55	
Contract liabilities			
Employees' wage payable	3,215,013.16	3,215,013.16	
Taxes payable	312,647.89	312,647.89	
Other payables	109,837,934.17	109,837,934.17	
Including: interest payable			
Dividend payable			
Liabilities held for sales			
Non-current liabilities due in 1 year	520,872,206.95	520,872,206.95	
Other current liabilities			
Total current liabilities	936,034,493.76	936,034,493.76	
Non-current liabilities:			
Long-term loans	70,000,000.00	70,000,000.00	
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	64,351,075.92	
Other non-current liabilities			
Total of non-current liabilities	134,351,075.92	134,351,075.92	
Total liabilities	1,070,385,569.68	1,070,385,569.68	
Owner's equity:			
Share capital	1,123,384,189.00	1,123,384,189.00	
Other equity instruments			
Including: preferred stock			
Perpetual bond			
Capital reserves	360,835.52	360,835.52	
Less: Shares in stock			
Other miscellaneous income	1,287,629.38	1,287,629.38	
Special reserves			
Surplus reserve	159,805,930.34	159,805,930.34	
Undistributed profit	1,236,002,518.79	1,236,002,518.79	
Total of owners' equity	2,520,841,103.03	2,520,841,103.03	
Total of liabilities and owner's interest	3,591,226,672.71	3,591,226,672.71	

About the adjustment

As of January 1, 2020, the Company has implemented new revenue guidelines, listed the assigned goods or services entitled to receive consideration as contractual assets, and has been recognized as accounts receivable upon acquisition of unconditional collection rights; The non-leased portion of the advances is included in the contractual liability and the tax portion is included in the other current liabilities.

(4) Description of the 2020 first implementation of the new Income criteria, new lease standard retrospective adjustment of the previous period comparison data

□ Applicable √ Inapplicable

VI. Taxation

1. Major taxes and tax rates

Tax	Tax basis	Tax rate
VAT	Taxable income	3%, 5%, 6%, 9%, 13%
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% (for details see 6 2 (1))
Fangda Zhichuang Technology Co., Ltd, (Fangda Zhichuang)	15% (for details see 6 2 (2))
Fangda New Material (Jiangxi) Co., Ltd. (hereinafter Fangda New Material)	15% (for details see 6 2 (3))
Dongguan Fangda New Material Co., Ltd. (hereinafter Dongguan New Material)	15% (for details see 6 2 (4))
Chengdu Fangda Construction Technology Co., Ltd. (hereinafter Chengdu Fangda)	15% (for details see 6 2 (5))
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% (for details see 6 2 (6))
Nanchang Xinjian Fangda New Energy Co., Ltd. (hereinafter Xinjian New Energy)	25% (for details see 6 2 (7))
Dongguan Fangda New Energy Co., Ltd. (hereinafter Dongguan New Energy)	25% (for details see 6 2 (8))
Shenzhen QIanhai Kechuangyuan Software Co., Lt.d (hereinafter Kechuangyuan Software)	25% (for details see 6 2 (9))
Fangda Zhichuang Technology (Hong Kong) Co., Ltd,	16.50%

(Zhichuang Hong Kong)	
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%
Chengdu Fangda Curtain Wall Technology Co., Ltd. (hereinafter Chengdu Curtain Wall)	25%
Fangda Southeast Asia Co., Ltd. (hereinafter Fangda Southeast Asia)	20%
Fangda Jianke (Hong Kong) Co., Ltd. (hereinafter Jianke Hong Kong)	16.50%

2. Tax preference

(1) According to the Certification of High-tech Enterprise issued by Shenzhen Commission of Technological Innovation, Shenzhen Commission of Finance, Shenzhen National Tax Bureau, and Shenzhen Local Tax Bureau on 19.06.15, Fangda Jianke was entitled to enjoy a tax preference of enterprise income tax of 15% for three years (2018-2017) since the qualifications were awarded.

(2) According to the Certification of High-tech Enterprise issued by Shenzhen Commission of Technological Innovation, Shenzhen Commission of Finance, Shenzhen National Tax Bureau, and Shenzhen Local Tax Bureau on 19.06.15, Fangda Zhichuang was entitled to enjoy a tax preference of enterprise income tax of 15% for three years (2018-2017) since the qualifications were awarded.

(3) According to the Certification of High-tech Enterprise issued by Jiangxi Ministry of Science and Technology, Jiangxi Ministry of Finance, Jiangxi National Tax Bureau, and Jiangxi Local Tax Bureau on 13.08.18, Fangda New Material was entitled to enjoy a tax preference of enterprise income tax of 15% for three years (2018-2014) since the qualifications were awarded.

(4) According to the Certification of High-tech Enterprise issued by Guangdong Ministry of Science and Technology, Guangdong Ministry of Finance, Guangdong National Tax Bureau, and Guangdong Local Tax Bureau on December 2, 2019, Dongguan New Material was entitled to enjoy a tax preference of enterprise income tax of 15% for three years (2019-2021) since the qualifications were awarded.

(5) On November 7, 2014, Chengdu Fangda was certified by Sichuan Xinjin National Tax Bureau as an encourage industry company in the west China (Xin Jin National Tax Doc. [zzy024]) and started to enjoy a tax rate of 15%.

On Monday, December 04, 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 Resume at 15%.

(6) On 02.03.16, according to the document issued by Luxi National Tax Bureau, the PV power generation project undertaken by 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.

(7) On 02.06.16, according to the document issued by Nanchang Xinjian District National Tax Bureau, the PV power generation project undertaken by subsidiary Xinjian New Energy Company, 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 November 2, 2015, Dongguan New Energy was certified by Dongguan National Tax Bureau Songshanhu branch as the national supported public infrastructure project according to the Song Shan Hu Tax Doc [2015] 3305. The company is exempted from enterprise income tax for three years and halfly exempted for another three years. In 2015, the company entered the exemption period.

(9) On 10.03.17, according to the registration to Shenzhen National Tax Bureau, subsidiary Kechuangyuan Software became a newly established software and integrated circuit designing company and can enjoy the two-year full exemption and three-year half-exemption of the enterprise income tax from the first year that the company records profit. Kexunda started making profits in 2016 and therefore starts to enjoy the exemption.

VII. Notes to the consolidated financial statements

1. Monetary capital

In RMB

Item	Closing balance	Opening balance
Inventory cash:	9,534.72	4,244.86
Bank deposits	695,944,047.54	755,440,390.76
Other monetary capital	360,965,672.10	454,367,343.33
Total	1,056,919,254.36	1,209,811,978.95
Including: total amount deposited in overseas	35,541,487.15	54,640,438.33
The total amount of money that has restrictions on use due to mortgage, pledge or freezing	444,757,864.32	484,542,076.05

Other note

(1) Restricted funds in monetary funds are 444,757,864.32 yuan; among them, restricted funds used in bank deposits are 91,330,153.91 yuan, which are labor insurance accounts, migrant workers' deposits, and litigation frozen funds, etc.; restricted funds in other monetary funds are 353,427,710.41 yuan, mainly for draft deposits, interim guarantee deposits, guarantee deposits for issuance of letters of guarantee, etc. 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 total amount of funds deposited overseas by the Group was RMB 35,541,487.15, of which no repatriation was restricted.

2. Transactional financial assets

In RMB

Item	Closing balance	Opening balance
Financial assets measured at fair value with variations accounted into current income account	18,005,336.72	10,330,062.18
Including: Investment of financial products	18,005,336.72	10,330,062.18
Total	18,005,336.72	10,330,062.18

3. Derivative financial assets

In RMB

Item	Closing balance	Opening balance
Futures hedging contract	1,760,150.00	
Forward foreign exchange contract	55,526.34	
Total	1,815,676.34	

4. Notes receivable

(1) Classification of notes receivable

In RMB

Item	Closing balance	Opening balance
Bank acceptance	6,450,000.00	45,540,691.10
Commercial acceptance	158,076,921.14	259,530,239.87
Total	164,526,921.14	305,070,930.97

If the provision for bad debts of bills 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

(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	12,540,000.00	4,650,000.00
Commercial acceptance		32,157,182.46
Total	12,540,000.00	36,807,182.46

5. Account receivable

(1) Account receivable disclosed by categories

In RMB

Type	Closing balance					Opening balance				
	Remaining book value		Bad debt provision		Book value	Remaining book value		Bad debt provision		Book value
	Amount	Proportion	Amount	Provision rate		Amount	Proportion	Amount	Provision rate	
Account receivable for which bad debt provision is made by group	97,737,898.97	13.22%	97,737,898.97	100.00%	0.00	97,344,440.13	14.19%	97,344,440.13	100.00%	0.00
Including:										
1. Customer 1	55,266,682.05	7.47%	55,266,682.05	100.00%	0.00	54,873,223.21	8.00%	54,873,223.21	100.00%	0.00
2. Customer 2	21,739,381.96	2.94%	21,739,381.96	100.00%	0.00	21,739,381.96	3.17%	21,739,381.96	100.00%	0.00
3. Customer 3	13,461,834.96	1.82%	13,461,834.96	100.00%	0.00	13,461,834.96	1.96%	13,461,834.96	100.00%	0.00
4. Customer 4	7,270,000.00	0.98%	7,270,000.00	100.00%	0.00	7,270,000.00	1.06%	7,270,000.00	100.00%	0.00
Account receivable for which bad debt provision is made by group	641,663,604.40	86.78%	77,245,585.81	12.04%	564,418,018.59	588,639,329.05	85.81%	102,526,107.53	17.42%	486,113,221.52
Including:										
Portfolio 1: Engineering operations section	324,936,566.69	43.95%	49,004,572.37	15.08%	275,931,994.32	440,597,127.89	64.23%	91,306,215.77	20.72%	349,290,912.12
Portfolio 2: Real estate business payments	236,737,347.31	32.02%	25,876,801.02	10.93%	210,860,546.29	78,982,274.43	11.51%	8,857,718.82	11.21%	70,124,555.61
Combination 3: Other business models	79,989,690.40	10.82%	2,364,212.42	2.96%	77,625,477.98	69,059,926.73	10.07%	2,362,172.94	3.42%	66,697,753.79
Total	739,401,503.37	100.00%	174,983,484.78	11.54%	564,418,018.59	685,983,769.18	100.00%	199,870,547.66	29.14%	486,113,221.52

Separate bad debt provision:

In RMB

Name	Closing balance			
	Remaining book value	Bad debt provision	Provision rate	Reason
Customer 1	55,266,682.05	55,266,682.05	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	13,461,834.96	13,461,834.96	100.00%	Customer credit status deteriorates and is not expected to be recovered
Customer 4	7,270,000.00	7,270,000.00	100.00%	Customer credit status deteriorates and is not expected to be recovered
Total	97,737,898.97	97,737,898.97	--	--

Provision for bad debts by combination:

In RMB

Name	Closing balance		
	Remaining book value	Bad debt provision	Provision rate
Portfolio 1: Engineering operations section			
Less than 1 year	173,588,505.64	3,404,132.87	1.96%
1-2 years	55,099,062.50	3,120,864.88	5.66%
2-3 years	36,449,159.27	4,649,273.54	12.76%
3-4 years	18,728,872.46	3,700,936.93	19.76%
4-5 years	12,212,812.57	5,271,209.90	43.16%
Over 5 years	28,858,154.25	28,858,154.25	100.00%
Subtotal	324,936,566.69	49,004,572.37	15.08%
Portfolio 2: Real estate business payments			
Less than 1 year	51,772,537.76	517,725.38	1.00%
1-2 years	23,856,457.95	1,192,822.90	5.00%
2-3 years	0.00	0.00	5.00%
3-4 years	161,108,351.60	24,166,252.74	15.00%
Subtotal	236,737,347.31	25,876,801.02	10.93%
Combination 3: Other business models			
Less than 1 year	40,149,012.88	293,169.26	0.73%

1-2 years	29,134,316.13	612,198.92	2.10%
2-3 years	9,184,137.16	773,414.30	8.42%
3-4 years	1,112,151.28	275,591.09	24.78%
4-5 years	1,730.26	1,496.16	86.47%
Over 5 years	408,342.69	408,342.69	100.00%
Subtotal	79,989,690.40	2,364,212.42	2.96%
Total	641,663,604.40	77,245,585.81	--

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	Closing balance
Within 1 year (inclusive)	266,062,907.35
1-2 years	111,391,117.14
2-3 years	57,083,311.33
Over 3 years	304,864,167.55
3-4 years	190,503,409.57
4-5 years	37,247,531.59
Over 5 years	77,113,226.39
Total	739,401,503.37

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

Customer	Balance of accounts receivable of over 3 years	Bad debt provision corresponding to accounts receivable	Reason of the age	Whether there is a risk of recovery
Customer 1	53,281,747.13	53,281,747.13	Customer credit status deteriorates	Yes
Customer 2	13,461,834.96	13,461,834.96	Customer credit status deteriorates	Yes
Customer 3	17,374,148.42	17,033,021.55	Customer credit status deteriorates	Yes
Total	84,117,730.51	83,776,603.63		

(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: Engineering operations section	188,650,655.90		41,908,184.55			146,742,471.35
Portfolio 2: Real estate business payments	8,857,718.82	17,019,082.20				25,876,801.02
Combination 3: Other business models	2,362,172.94	2,039.48				2,364,212.42
Total	199,870,547.66	17,021,121.68	41,908,184.55			174,983,484.79

The reversal of the provision for bad debts of construction business accounts in this period was mainly due to the change in the expected credit loss rate of accounts receivable in this period.

(3) 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
Customer 1	159,590,068.80	21.58%	21,711,203.32
Customer 2	55,266,682.05	7.47%	55,266,682.05
Customer 3	23,791,352.80	3.22%	3,568,702.92
Customer 4	23,252,449.78	3.14%	456,000.52
Customer 5	22,475,765.58	3.04%	1,916,810.97
Total	284,376,319.01	38.45%	

(4) Receivables derecognized due to transfer of financial assets

Item	Transfer method of financial assets	De-recognized amount	Gain or loss related to the de-recognition
Customer 1	Factoring	3,368,921.78	-202,198.85
Customer 2	Factoring	490,899.13	-19,989.14
Customer 3	Factoring	4,819,475.00	-190,919.60
Customer 4	Factoring	10,592,527.22	-440,331.67
Customer 5	Factoring	5,130,984.12	-245,014.66
Customer 6	Factoring	1,231,561.03	-63,617.65

Customer 7	Factoring	8,289,670.58	-404,847.23
Total		33,924,038.86	-1,566,918.80

Note: In the current period, the company handled the factoring of accounts receivable without recourse, and the factoring amount was RMB 33,924,038.86. At the same time, the book balance of accounts receivable was derecognized at RMB 33,924,038.86.

6. Receivable financing

In RMB

Item	Closing balance	Opening balance
Notes receivable	300,000.00	2,954,029.00
Total	300,000.00	2,954,029.00

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

□ Applicable √ Inapplicable

If the provision for financing impairment of receivables is accrued in accordance with the general expected credit loss model, please refer to the disclosure of other receivables to disclose the relevant information of the impairment provision:

□ Applicable √ Inapplicable

7. Prepayment

(1) Account age of prepayments

In RMB

Age	Closing balance		Opening balance	
	Amount	Proportion	Amount	Proportion
Less than 1 year	23,861,139.29	68.33%	14,025,617.54	65.77%
1-2 years	7,902,770.87	22.63%	5,895,327.15	27.64%
2-3 years	543,969.67	1.56%	473,487.72	2.22%
Over 3 years	2,611,509.00	7.48%	932,676.77	4.37%
Total	34,919,388.83	--	21,327,109.18	--

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.	6,244,661.31	1-2 years	Not mature

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

The total of top5 prepayments in terms of the prepaid entities in the period is RMB15,219,611.63, accounting for 43.58% of the total prepayments at the end of the period.

8. Other receivables

In RMB

Item	Closing balance	Opening balance
Other receivables	158,674,891.12	139,947,655.35
Total	158,674,891.12	139,947,655.35

(1) Other receivables

1) Other receivables are disclosed by nature

In RMB

By nature	Closing balance of book value	Opening balance of book value
Deposit	116,035,799.08	103,782,569.80
Construction borrowing and advanced payment	32,408,043.13	34,052,644.05
Staff borrowing and petty cash	2,009,402.33	1,717,094.83
Receivable refund of VAT	2,124,028.86	548,129.42
Debt by Luo Huichi	12,992,291.48	12,992,291.48
Others	19,411,431.41	12,502,878.08
Total	184,980,996.29	165,595,607.66

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 01, 2020	2,113,622.44	6,415.10	23,527,914.77	25,647,952.31
Balance on January 01, 2020 in the current period	——	——	——	——
-- transferred to the third stage		-150.00	150.00	
Provision	570,976.94	3,466.09	337,040.41	911,483.44
Transferred back in the current period	67,206.05	174.00	185,950.53	253,330.58

Balance on June 30, 2020	2,617,393.33	9,707.19	23,679,004.65	26,306,105.17

Changes in book balances with significant changes in the current period

□ Applicable √ Inapplicable

Account age

In RMB

Age	Closing balance
Within 1 year (inclusive)	54,570,812.26
1-2 years	81,932,549.03
2-3 years	23,957,588.91
Over 3 years	24,520,046.09
3-4 years	3,569,009.30
4-5 years	17,047,699.71
Over 5 years	3,903,337.08
Total	184,980,996.29

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	25,647,952.31	911,483.44	253,330.58			26,306,105.17
Total	25,647,952.31	911,483.44	253,330.58			26,306,105.17

4) 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	70,062,675.83	1-2 years	37.88%	1,043,933.87
Bangshen Electronics (Shenzhen) Co., Ltd.	Deposit	20,000,000.00	2-3 years	10.81%	298,000.00

Luo Huichi	Debt by SOZN	12,992,291.48	4-5 years	7.02%	12,992,291.48
China Merchants Futures Brokerage Co., Ltd.	Futures margin	11,695,766.00	Less than 1 year	6.32%	174,266.91
Shenzhen Henggang Dakang Co., Ltd.	Deposit	8,044,000.00	1-2 years	4.35%	119,855.60
Total	--	122,794,733.31	--	66.38%	14,628,347.86

5) Items involving government subsidies:

In RMB

Entity	Governmental subsidy	Closing balance	Closing age	Estimated time, amount and basis of receipt
Shenzhen Qianhai Taxation Bureau	VAT rebated	2,124,028.86	Less than 1 year	It can be recovered in time after receiving the tax refund (fee) approval notice from the tax bureau

9. Inventories

Whether the Company needs to comply with disclosure requirements of the real estate industry.

Yes

(1) Classification of inventories

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

Classified by nature:

In RMB

Item	Closing balance			Opening balance		
	Remaining book value	Provision for inventory depreciation or contract performance cost impairment provision	Book value	Remaining book value	Provision for inventory depreciation or contract performance cost impairment provision	Book value
Development cost	403,739,412.35		403,739,412.35	365,194,941.67		365,194,941.67
Development products	99,770,918.78		99,770,918.78	99,770,918.78		99,770,918.78

Raw materials	89,660,697.09	563,013.42	89,097,683.67	68,623,793.04	563,013.42	68,060,779.62
Product in process	51,477,301.56		51,477,301.56	59,444,230.45		59,444,230.45
Finished goods in stock	8,019,940.64		8,019,940.64	7,500,273.11		7,500,273.11
Assets unsettled for finished construction contracts	127,147,139.99	1,430,361.92	125,716,778.07	133,002,090.91	1,430,361.92	131,571,728.99
Low price consumable	44,694.66		44,694.66	146,018.01		146,018.01
OEM materials	2,036,765.73		2,036,765.73	2,022,252.83		2,022,252.83
Total	781,896,870.80	1,993,375.34	779,903,495.46	735,704,518.80	1,993,375.34	733,711,143.46

Development cost and capitalization rate of its interest are disclosed as follows:

In RMB

Project	Starting time	Estimated finish time	Estimated total investment	Opening balance	Transferred to development product in this period	Other decrease in this period	Increase (development cost) in this period	Closing balance	Accumulative capitalized interest	Including: capitalized interest for the current period	Capital source
Jiangxi Phoenix Land project	1 May 2018	12 December 2020	670,000,000.00	197,466,278.49			4,508,952.10	201,975,230.59	5,495,748.30	2,697,619.95	Bank loan and self-owned fund
Dakang Village Project in Shenzhen	1 December 2023	31 December 2029	3,600,000,000.00	166,868,479.94			30,384,079.93	197,252,559.87			Bank loan and self-owned fund
Fangda Bangshen Industry Park	1 December 2020	31 December 2022	870,000,000.00	860,183.24			3,651,438.65	4,511,621.89			Bank loan and self-owned fund
Total	--	--	5,140,000,000.00	365,194,941.67			38,544,470.68	403,739,412.35	5,495,748.30	2,697,619.95	--

Disclose the main project information of "Development Products" according to the following format:

In RMB

Project	Completion time	Opening balance	Increase	Decrease	Closing balance	Accumulative capitalized	Including: capitalized

						interest	interest for the current period
Phase I of Fangda Town	29 December 2016	99,770,918.78			99,770,918.78	4,314,190.09	0.00
Total	--	99,770,918.78			99,770,918.78	4,314,190.09	0.00

(2) Provision for inventory depreciation and contract performance cost impairment provision

The inventory depreciation provision is disclosed as follows:

Classified by nature:

In RMB

Item	Opening balance	Increase in this period		Decrease in this period		Closing balance	Remarks
		Provision	Others	Recover or write-off	Others		
Raw materials	563,013.42					563,013.42	
Assets unsettled for finished construction contracts	1,430,361.92					1,430,361.92	
Total	1,993,375.34					1,993,375.34	--

(3) Capitalization rate of interest in the closing inventory balance

As at 30 June 2020, the amount of the capitalization of borrowing costs in the balance of the end-of-period inventory was RMB9,809,938.39.

(4) Restriction of inventory

Restricted inventory is disclosed by project

In RMB

Project	Opening balance	Closing balance	Reason
Jiangxi Phoenix Land project	99,936,207.50	99,936,207.50	Loan by pledge
Total	99,936,207.50	99,936,207.50	--

10. Contract assets

In RMB

Item	Closing balance			Opening balance		
	Remaining book value	Impairment provision	Book value	Remaining book value	Impairment provision	Book value
Engineering operation portfolio	1,856,679,366.07	197,356,098.59	1,659,323,267.48	1,476,897,495.34	230,109,023.56	1,246,788,471.78
Real estate portfolio				183,381,421.60	17,224,488.66	166,156,932.94
Other business portfolio	40,591,306.96	757,229.44	39,834,077.52	58,537,050.01	1,404,369.18	57,132,680.83
Total	1,897,270,673.03	198,113,328.03	1,699,157,345.00	1,718,815,966.95	248,737,881.40	1,470,078,085.55

The amount and reasons for major changes in the book value of contract assets during the current period:

In RMB

Item	Change	Reason
Engineering operation portfolio	412,534,795.70	Mainly due to the realization of sales and confirmation of contract assets according to contract performance
Real estate portfolio	-166,156,932.94	Mainly because the real estate certificate of Fangda Town No. 3 Building has been completed, and the contract payment conditions have been met and converted into accounts receivable
Other business portfolio	-17,298,603.31	Mainly due to the conversion to accounts receivable after meeting the contract collection conditions
Total	229,079,259.45	——

If the provision for bad debts of contract assets 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

Provision made for bad debts of contract assets in this period

In RMB

Item	Provision	Transferred back in the current period	Written off in the current period	Reason
Engineering operation portfolio		32,752,924.97		Mainly due to changes in the expected credit loss rate of contract assets in the current period
Real estate portfolio		17,224,488.66		Mainly due to the conversion to accounts receivable after meeting the contract collection conditions
Other business portfolio		647,139.74		
Total		50,624,553.37		--

11. Other current assets

In RMB

Item	Closing balance	Opening balance
Tax to be input	33,667,829.72	25,724,810.99
Prepaid income tax	12,079,853.70	10,942,500.38
Structural loan	201,790,136.99	207,993,374.07
Reclassification of VAT debit balance	82,046,512.69	79,104,900.46
Others	165,020.00	
Total	329,749,353.10	323,765,585.90

12. 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)	2,360,044.01			3,071.91						2,363,115.92	
Jiangxi Business Innovative Property Joint	54,862,196.82			-378,274.00						54,483,922.82	

Stock Co., Ltd.											
Subtotal	57,222,240.83			-375,202.09						56,847,038.74	
Total	57,222,240.83			-375,202.09						56,847,038.74	

13. Investment in other equity tools

In RMB

Item	Closing balance	Opening balance
Unlisted equity instrument investment	20,140,037.85	20,660,181.44
Total	20,140,037.85	20,660,181.44

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		Non-trading equity instruments	
Shenzhen Huihai Yirong Internet Service Co., Ltd.			2,941,535.45		Non-trading equity instruments	

14. 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	5,018,835.30	5,009,728.02
Total	5,018,835.30	5,009,728.02

IX. Investment real estates

(1) Investment real estate measured at costs

√ Applicable □ Inapplicable

In RMB

Item	Houses & buildings	Land using right	Construction in process	Total
I. Book value				
1. Opening balance	29,047,361.20		194,300,196.90	223,347,558.10
2. Increase in this period			5,002,352.86	5,002,352.86
(1) External purchase			5,002,352.86	5,002,352.86
3. Decrease in this period	18,636,669.33			18,636,669.33
(1) Disposal				
(2) Other transfer-out	18,636,669.33			18,636,669.33
4. Closing balance	10,410,691.87		199,302,549.76	209,713,241.63
II. Accumulative depreciation and amortization				
1. Opening balance	7,071,934.11			7,071,934.11
2. Increase in this period	134,565.12			134,565.12
(1) Provision or amortization	134,565.12			134,565.12
3. Decrease in this period	3,287,340.60			3,287,340.60
(1) Disposal				
(2) Other transfer-out	3,287,340.60			3,287,340.60
4. Closing balance	3,919,158.63			3,919,158.63
III. Impairment provision				
1. Opening balance	0.00		0.00	0.00
2. Increase in this period	0.00		0.00	0.00
3. Decrease in this period	0.00		0.00	0.00
4. Closing balance	0.00		0.00	0.00
IV. Book value				
1. Closing book value	6,491,533.24		199,302,549.76	205,794,083.00
2. Opening book value	21,975,427.09		194,300,196.90	216,275,623.99

Note: The other transfer of RMB 18,636,669.33 was due to the needs of business development and the transfer of part of the industrial plant of the subsidiary Zhichuang Technology Company from external lease to self-use.

(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	5,306,116,360.12			5,306,116,360.12
II. Change in this period	5,919,471.95			5,919,471.95
Add: external purchase	5,919,471.95			5,919,471.95
Less: disposal				
Change in fair value				
III. Closing balance	5,312,035,832.07			5,312,035,832.07

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

Disclosure of investment real estate measured at fair value by projects

In RMB

Project	Location	Completion time	Building area	Rental income in the report period	Opening fair value	Closing fair value	Change in fair value	Reason for the change and report
Commercial podium of Fangda Town	Shenzhen	11 October 2017	22,565.42	13,749,074.50	1,290,742,024.00	1,290,742,024.00		
Building 1# of Fangda Town	Shenzhen	29 December 2018	72,517.71	21,557,763.27	3,720,019,334.12	3,725,938,806.07	0.16%	New decoration and other investment in this period
Fangda Building	Shenzhen	28 December 2002	17,792.47	7,971,681.38	295,355,002.00	295,355,002.00		
Total	——	——	112,875.60	43,278,519.15	5,306,116,360.12	5,312,035,832.07	0.11%	——

Whether the company has investment real estate in the current construction period

√ Yes □ No

The investment real estate in the construction period of the current period:

In RMB

Project	Location	Date of commencement	Estimated total investment	Opening amount	Closing amount	Estimated finish time
Jiangxi Phoenix	Nanchang	1 May 2018	670,000,000.00	194,300,196.90	199,302,549.76	12 December

Land project						2020
Total	——	——	670,000,000.00	194,300,196.90	199,302,549.76	——

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	199,302,549.76	Conditions for applying for property right are not met

16. Fixed assets

In RMB

Item	Closing balance	Opening balance
Fixed assets	484,397,283.68	477,332,830.92
Total	484,397,283.68	477,332,830.92

(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	397,489,124.24	129,679,176.79	21,359,342.69	44,608,708.34	129,596,434.84	722,732,786.90
2. Increase in this period	18,636,669.33	2,843,131.80	21,792.06	819,189.17		22,320,782.36
(1) Purchase		2,843,131.80	21,792.06	808,175.98		3,673,099.84
(2) Transfer-in of construction in progress						
(3) Other increases	18,636,669.33			11,013.19		18,647,682.52
3. Decrease in this period	25,794.13	572,649.58	7,753.85	318,155.65		924,353.21

(1) Disposal or retirement		572,649.58	7,753.85	318,155.65		898,559.08
(2) Other decrease	25,794.13					25,794.13
4. Closing balance	416,099,999.44	131,949,659.01	21,373,380.90	45,109,741.86	129,596,434.84	744,129,216.05
II. Accumulative depreciation						
1. Opening 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
2. Increase in this period	8,800,315.87	1,936,391.79	299,694.60	965,824.25	3,074,220.06	15,076,446.57
(1) Provision	5,521,975.27	1,936,391.79	299,694.60	965,824.25	3,074,220.06	11,798,105.97
(2) Other increases	3,278,340.60					3,278,340.60
3. Decrease in this period		462,977.80	6,978.46	274,513.92		744,470.18
(1) Disposal or retirement		462,977.80	6,978.46	274,513.92		744,470.18
4. Closing balance	84,378,234.66	103,668,386.58	15,927,235.92	29,120,549.67	25,283,136.04	258,377,542.87
III. Impairment provision						
1. Opening balance		1,297,621.81		56,767.69		1,354,389.50
2. Increase in this period						
3. Decrease in this period						
4. Closing balance		1,297,621.81		56,767.69		1,354,389.50
IV. Book value						
1. Closing book value	331,721,764.78	26,983,650.62	5,446,144.98	15,932,424.50	104,313,298.80	484,397,283.68
2. Opening 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) Fixed assets without ownership certificate

In RMB

Item	Book value	Reason
Houses in Urumuqi for offsetting debt	504,584.19	Historical reasons
Yuehai Office Building C 502	127,598.25	Historical reasons
Construction of Chengdu Fangda Xinjin Base	26,033,117.71	In the process of applying for property right certificate

17. Construction in process

In RMB

Item	Closing balance	Opening balance
Construction in process	138,881,024.27	129,988,982.86
Total	138,881,024.27	129,988,982.86

(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
Construction and decoration of self-use part of Building 1 of Fangda Town	54,741,274.27		54,741,274.27	54,275,503.95		54,275,503.95
Fangda Group East China Construction Base Project	82,806,788.86		82,806,788.86	75,473,740.65		75,473,740.65
System of intelligent gluing robot	23,242.53		23,242.53	23,242.53		23,242.53
Standard production line	288,563.73		288,563.73	216,495.73		216,495.73
Fangda Hope Primary School	714,521.85		714,521.85			

Xuanfeng power station power safety monitoring system and renewable energy big data platform access system project	117,000.00		117,000.00			
Xinjin plant gas system installation project	189,633.03		189,633.03			
Total	138,881,024.27		138,881,024.27	129,988,982.86		129,988,982.86

(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
Construction and decoration of self-use part of Building 1 of Fangda Town	74,270,000.00	54,275,503.95	465,770.32			54,741,274.27	79.39%	79.39%	3,253,136.04			Self-owned fund
Fangda Group East China Construction Base	102,586,625.00	75,473,740.65	7,333,048.21			82,806,788.86	80.72%	80.72%	14,499,831.54	1,111,990.87	5.46%	Own funds and loans from financial institutio

Project												ns
Total	176,856,625.00	129,749,244.60	7,798,818.53			137,548,063.13	--	--	17,752,967.58	1,111,990.87	5.46%	--

18. Intangible assets

(1) Intangible assets

In RMB

Item	Land using right	Patent	Software	Total
I. Book value				
1. Opening balance	78,751,482.29	8,966,866.05	17,892,864.49	105,611,212.83
2. Increase in this period		13,000.00	43,439.82	56,439.82
(1) Purchase		13,000.00	43,439.82	56,439.82
3. Decrease in this period				
(1) Disposal				
4. Closing balance	78,751,482.29	8,979,866.05	17,936,304.31	105,667,652.65
II. Accumulative amortization				
1. Opening balance	12,802,236.28	8,028,555.36	6,458,156.14	27,288,947.78
2. Increase in this period	1,131,134.80	234,613.29	751,883.48	2,117,631.57
(1) Provision	1,131,134.80	234,613.29	751,883.48	2,117,631.57
3. Decrease in this period				
4. Closing balance	13,933,371.08	8,263,168.65	7,210,039.62	29,406,579.35
III. Impairment provision				
1. Opening balance				
2. Increase in this period				
3. Decrease in				

this period				
4. Closing balance				
IV. Book value				
1. Closing book value	64,818,111.21	716,697.40	10,726,264.69	76,261,073.30
2. Opening book value	65,949,246.01	938,310.69	11,434,708.35	78,322,265.05

Intangible asset formed by internal R&D of the period takes up 11.60% in the closing total book value of intangible assets.

(XIX) 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	1,140,730.22		28,050.78		1,112,679.44
Reconstruction project of sample room	462,854.58		57,856.80		404,997.78
Membership fee	637,499.92	6,250.00	115,000.02		528,749.90
Waterproofing works for employee dormitories	460,084.29		49,294.74		410,789.55
Management consulting service fee	901,552.04		238,121.77		663,430.27
Warehouse addition and renovation project	272,477.07		30,275.22		242,201.85
Addition and renovation project of glue area		541,284.40	90,214.08		451,070.32
Others		149,512.81	581.32		148,931.49
Total	3,875,198.12	697,047.21	609,394.73		3,962,850.60

20. 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	93,590,747.27	23,063,418.45
Deductible loss	281,570,405.26	68,828,235.41	271,310,599.01	67,626,700.92
Unrealizable gross profit	121,664,373.75	29,786,127.24	119,543,729.80	29,233,320.47
Credit impairment provision	399,313,861.39	64,051,091.44	473,809,506.79	75,229,494.57
Provided unpaid taxes	583,427,563.55	145,856,890.89	584,599,356.81	146,149,839.20
Anticipated liabilities	4,426,285.92	663,942.89	7,793,527.16	1,169,029.07
Donation	1,700,000.00	425,000.00	700,000.00	175,000.00
Reserved expense			1,742,978.53	261,446.78
Deferred earning	2,449,739.03	363,028.88	2,346,742.62	347,579.43
Others			413,650.31	93,735.81
Total	1,488,142,976.17	333,037,735.20	1,555,850,838.30	343,349,564.70

(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	4,102,516,372.60	1,025,447,525.51	4,101,290,434.14	1,025,322,608.53
Estimated gross margin when Fangda Town records income, but does not reach the taxable income level	108,771,380.35	27,192,845.09	132,104,998.74	33,026,249.69
Acquire premium to form inventory	1,535,605.48	383,901.37	1,535,605.47	383,901.37
Rental income	25,774,151.06	6,443,537.78	20,401,597.60	5,100,399.41
Total	4,238,597,509.49	1,059,467,809.75	4,255,332,635.95	1,063,833,159.00

(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		333,037,735.20		343,349,564.70
Deferred income tax liabilities		1,059,467,809.75		1,063,833,159.00

(4) Details of unrecognized deferred income tax assets

In RMB

Item	Closing balance	Opening balance
Deductible temporary difference	89,056.59	446,874.58
Deductible loss	7,087,089.46	8,983,744.38
Total	7,176,146.05	9,430,618.96

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

In RMB

Year	Closing amount	Opening amount	Remarks
2020	30,257.35	30,257.35	
2021	0.00	0.00	
2022	1,270,623.72	2,286,265.51	
2023	4,575,983.46	5,390,985.76	
2024	798,893.17	1,276,235.76	
2025	411,331.76		
Total	7,087,089.46	8,983,744.38	--

21. Other non-current assets

In RMB

Item	Closing balance			Opening balance		
	Remaining book value	Impairment provision	Book value	Remaining book value	Impairment provision	Book value
Prepaid house and equipment amount	37,015,653.0		37,015,653.0	28,446,802.0		28,446,802.0

	0		0	0		0
Prepaid engineering amount				255,000.00		255,000.00
Total	37,015,653.00		37,015,653.00	28,701,802.00		28,701,802.00

22. Short-term borrowings

(1) Classification of short-term borrowings

In RMB

Item	Closing balance	Opening balance
Loan by pledge	30,008,266.67	200,318,605.55
Guarantee loan	418,726,349.99	216,287,991.79
Credit borrow	300,091,250.00	8,011,600.00
The Group's internal acceptance bills discounted borrowings	531,809,800.00	300,000,000.00
Total	1,280,635,666.66	724,618,197.34

23. Derivative financial liabilities

In RMB

Item	Closing balance	Opening balance
Forward foreign exchange contract		96,767.62
Total		96,767.62

24. Notes payable

In RMB

Type	Closing balance	Opening balance
Commercial acceptance	154,105,118.94	129,241,328.76
Bank acceptance	377,373,250.29	449,574,698.68
Total	531,478,369.23	578,816,027.44

The total amount of payable bills that have matured but not been paid at the end of the period is RMB0.00.

25. Account payable

(1) Account payable

In RMB

Item	Closing balance	Opening balance
Account repayable and engineering repayable	830,540,797.17	811,680,369.67
Construction payable	22,175,837.84	75,375,776.11
Payable installation and implementation fees	249,475,834.32	297,516,473.34
Others	4,404,991.26	6,200,681.12
Total	1,106,597,460.59	1,190,773,300.24

(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	7,381,161.50	Not mature
Supplier 5	5,788,761.88	Not mature
Total	89,318,905.82	--

26. Prepayment received

(1) Prepayment received

In RMB

Item	Closing balance	Opening balance
Real estate lease payments received in advance	4,195,179.31	1,332,457.45
Total	4,195,179.31	1,332,457.45

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

Payment received from top 5 presales projects:

In RMB

No.	Project	Opening balance	Closing balance	Estimated finish time	Presales percentage
1	Jiangxi Phoenix Land project	677,650.00	22,842,092.00	December 2020	5.07%

Note: The ending balance of the above-mentioned advance receipts of RMB22,842,092.00 shall be listed in contract liabilities and other current liabilities according to the new income standard.

27. Contract liabilities

In RMB

Item	Closing balance	Opening balance
Engineering business	110,649,396.36	120,396,559.54
Real estate	25,134,270.22	2,831,768.42
Other businesses	1,015,798.18	752,948.55
Total	136,799,464.76	123,981,276.51

The amount and reason for the significant change in the book value during the reporting period

In RMB

Item	Change	Reason
Engineering business	-9,747,163.18	Mainly due to the performance of the contract in the current period
Real estate	22,302,501.80	Mainly due to the funds obtained from the pre-sale of real estate in the current period
Other businesses	262,849.63	
Total	12,818,188.25	——

28. Employees' wage payable

(1) Employees' wage payable

In RMB

Item	Opening balance	Increase	Decrease	Closing balance
1. Short-term remuneration	55,534,644.34	134,819,463.16	165,836,253.15	24,517,854.35
2. Retirement pension program-defined contribution plan	25,334.86	2,258,671.22	2,208,392.42	75,613.66
3. Dismiss compensation	287,155.00	560,450.00	847,605.00	
Total	55,847,134.20	137,638,584.38	168,892,250.57	24,593,468.01

(2) Short-term remuneration

In RMB

Item	Opening balance	Increase	Decrease	Closing balance
1. Wage, bonus, allowance and subsidies	54,054,805.08	126,366,654.32	157,659,945.37	22,761,514.03
2. Employee welfare		2,664,209.05	2,622,798.55	41,410.50

3. Social insurance	8,812.80	2,002,672.02	1,867,944.09	143,540.73
Including: medical insurance	8,812.80	1,601,468.63	1,508,469.10	101,812.33
Labor injury insurance		151,104.28	150,107.05	997.23
Breeding insurance		250,099.11	209,367.94	40,731.17
4. Housing fund	45,924.00	3,185,590.39	3,151,600.39	79,914.00
5. Labor union budget and staff education fund	1,425,102.46	600,337.38	533,964.75	1,491,475.09
Total	55,534,644.34	134,819,463.16	165,836,253.15	24,517,854.35

(3) Defined contribution plan

In RMB

Item	Opening balance	Increase	Decrease	Closing balance
1. Basic pension	25,334.86	2,190,347.33	2,141,731.97	73,950.22
2. Unemployment insurance		68,323.89	66,660.45	1,663.44
Total	25,334.86	2,258,671.22	2,208,392.42	75,613.66

29. Taxes payable

In RMB

Item	Closing balance	Opening balance
VAT	4,703,096.74	5,138,273.83
Enterprise income tax	11,103,995.91	8,013,627.51
Personal income tax	805,124.13	1,111,213.06
City maintenance and construction tax	1,044,730.49	1,499,926.15
Land using tax	412,829.44	241,855.73
Property tax	1,606,236.85	265,016.74
Education surtax	532,106.52	736,138.35
Local education surtax	216,369.67	352,390.86
Land VAT		31,084.86
Others	862,911.01	459,460.59
Total	21,287,400.76	17,848,987.68

30. Other payables

In RMB

Item	Closing balance	Opening balance
Other payables	712,243,884.21	701,432,408.28
Total	712,243,884.21	701,432,408.28

(1) Other payables

1) Other payables presented by nature

In RMB

Item	Closing balance	Opening balance
Performance and quality deposit	48,650,845.18	46,117,111.79
Deposit	13,625,876.46	4,885,326.38
Reserved expense	11,810,759.96	17,194,987.92
Tax withheld	583,427,563.55	584,599,356.81
Pledge		300,000.00
Others	54,728,839.06	48,335,625.38
Total	712,243,884.21	701,432,408.28

(2) Significant payables aging more than 1 year

In RMB

Item	Closing balance	Reason
Shenzhen Yikang Real Estate Co. Ltd.	18,606,927.46	Affiliated party payment
Tax withheld	573,957,082.47	Land value-added tax has yet to be settled and paid
Total	592,564,009.93	--

31. Non-current liabilities due within 1 year

In RMB

Item	Closing balance	Opening balance
Long-term loans due within 1 year	151,617,767.59	922,346,563.72
Total	151,617,767.59	922,346,563.72

32. Other current liabilities

In RMB

Item	Closing balance	Opening balance
Unterminated notes receivable	36,807,182.46	169,688,481.80
Substituted money on VAT	10,537,838.72	12,006,092.67
Others	13,953,454.50	11,026,370.77
Total	61,298,475.68	192,720,945.24

33. Long-term borrowings

(1) Classification of long-term borrowings

In RMB

Item	Closing balance	Opening balance
Loan by pledge		293,978,153.39
Loan by pledge	1,151,161,462.35	182,523,338.17
Guarantee loan		70,000,000.00
Total	1,151,161,462.35	546,501,491.56

The interest rate period of long-term borrowings: adjust according to the agreed proportion based on the LPR interest rate, and the upper limit is 6.615%.

34. Anticipated liabilities

In RMB

Item	Closing balance	Opening balance	Reason
Maintenance fee	4,426,285.92	7,793,527.16	Contract agreement
Total	4,426,285.92	7,793,527.16	--

35. Deferred earning

In RMB

Item	Opening balance	Increase	Decrease	Closing balance	Reason
Government subsidy	10,817,247.40	200,000.00	193,359.99	10,823,887.41	See the following table
Total	10,817,247.40	200,000.00	193,359.99	10,823,887.41	--

Items involving government subsidies:

In RMB

Liabilities	Opening	Amount of	Amount	Other misc.	Costs offset	Other	Closing	Related to

	balance	new subsidy	included in non-operating revenue	gains recorded in this period	in the period	change	balance	assets/earning
Railway transport screen door controlling system and information transmission technology	77,653.85			9,452.16			68,201.69	Assets-related
Major investment project prize from Industry and Trade Development Division of Dongguan Finance Bureau	1,623,809.90			28,571.40			1,595,238.50	Assets-related
Distributed PV power generation project subsidy sponsored by Dongguan Reform and Development Commission	393,750.17			12,499.98			381,250.19	Assets-related
Subsidized land transfer	177,278.87			1,862.82			175,416.05	Assets-related
Special subsidy for industrial transformation, upgrading and development	800,000.00			20,000.01			779,999.99	Assets-related
Enterprise informationization subsidy project of Shenzhen Small and Medium Enterprise Service Agency	468,000.00			24,000.00			444,000.00	Assets-related
National Industry Revitalization and Technology Renovation Project	7,276,754.61			61,993.62			7,214,760.99	Assets-related

fund								
Shenzhen Science and Technology Innovation Committee Technology Innovation Subsidy		200,000.00		34,980.00			165,020.00	Earning-related
Total	10,817,247.40	200,000.00	0.00	193,359.99	0.00	0.00	10,823,887.41	

36. Capital share

In RMB

	Opening balance	Change (+,-)					Closing balance
		Issued new shares	Bonus shares	Transferred from reserves	Others	Subtotal	
Total of capital shares	1,123,384,189.00				-35,105,238.00	-35,105,238.00	1,088,278,951.00

Others:

The decrease in share capital was due to the repurchase and cancellation of B shares by the company during the reporting period.

37. Capital reserve

In RMB

Item	Opening balance	Increase	Decrease	Closing balance
Capital premium (share capital premium)	94.24			94.24
Other capital reserves	154,097.35			154,097.35
Total	1,454,191.59			1,454,191.59

38. Shares in stock

In RMB

Item	Opening balance	Increase	Decrease	Closing balance
Shares in stock		99,385,887.28	99,385,887.28	
Total		99,385,887.28	99,385,887.28	

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

①The company held the nineteenth meeting of the eighth session of the board of directors and the first extraordinary general meeting of shareholders on November 28, 2019 and December 16, 2019, respectively, and reviewed and approved the company’s repurchase of some domestically listed foreign shares (B shares). As of June 30, 2020, 35,105,238 shares were repurchased through centralized bidding. The highest price was HKD 3.33 per share and the lowest price was HKD 2.45 per share. The actual cumulative payment of

108,930,044.20 Hong Kong dollars (including transaction costs) was included in the treasury stock of RMB 99,385,887.28. Yuan, on May 20, 2020, the Shenzhen Branch of China Securities Depository and Clearing Co., Ltd. completed the repurchase and cancellation procedures of the above-mentioned shares.

② 35,105,238 shares of share capital reduced as a result of the write-off of treasury shares;

③If the cost of the cancelled inventory shares is higher than the corresponding cost of equity, the surplus reserve of RMB 64,280,649.28 is offset when the cancellation is made.

39. Other miscellaneous income

In RMB

Item	Opening balance	Amount occurred in the current period						Closing balance
		Amount before income tax	Less: amount written into other gains and transferred into gain/loss in previous terms	Less: amount written into other gains and transferred into gain/loss in previous terms	Less: Income tax expenses	After-tax amount attributed to the parent	After-tax amount attributed to minority shareholders	
1. Other misc. incomes that cannot be re-classified into gain and loss	-9,192,030.38	-520,143.59				-520,143.59		-9,712,173.97
Fair value change of investment in other equity tools	-9,192,030.38	-520,143.59				-520,143.59		-9,712,173.97
2. Other misc. incomes that will be re-classified into gain and loss	8,716,621.13	1,747,943.19			286,866.60	1,461,076.59		10,177,697.72
Cash flow hedge reserve	-82,252.47	1,912,443.96			286,866.60	1,625,577.36		1,543,324.89
Translation difference of foreign exchange statement	42,320.14	-164,500.77				-164,500.77		-122,180.63
Investment real estate measured at fair value	8,756,553.46							8,756,553.46
Other miscellaneous income	-475,409.25	1,227,799.60			286,866.60	940,933.00		465,523.75

40. Surplus reserves

In RMB

Item	Opening balance	Increase	Decrease	Closing balance
Statutory surplus reserves	159,805,930.34		64,280,649.28	95,525,281.06
Total	159,805,930.34		64,280,649.28	95,525,281.06

The decrease in the surplus reserve in the current period was due to the fact that the cost of the cancelled treasury shares was higher than the cost of the corresponding equity, and the surplus reserve was offset at the time of cancellation.

41. Retained profit

In RMB

Item	Current period	Last period
Adjustment on retained profit of previous period	3,898,626,177.99	3,921,225,872.96
Total of retained profit at beginning of year adjusted (+ for increase, - for decrease)		16,171,320.58
Retained profit adjusted at beginning of year	3,898,626,177.99	3,937,397,193.54
Plus: Net profit attributable to owners of the parent	146,839,884.57	128,581,755.01
Common share dividend payable	54,413,947.55	224,676,837.79
Closing retained profit	3,991,052,115.01	3,841,302,110.76

42. Operational revenue and costs

In RMB

Item	Amount occurred in the current period		Occurred in previous period	
	Income	Cost	Income	Cost
Main business	1,199,257,200.97	964,480,180.21	1,385,429,784.95	1,055,781,224.98
Other businesses	52,350,863.45	5,890,231.85	40,461,162.04	10,284,745.58
Total	1,251,608,064.42	970,370,412.06	1,425,890,946.99	1,066,065,970.56

Income information:

单位：元

Contract type	Curtain wall	Railway transport	Real estate	New energy	Others	Total
Product type	841,699,185.33	333,462,675.90	58,349,363.38	9,727,737.59	8,369,102.22	1,251,608,064.42
Including: curtain wall system and materials	841,699,185.33					841,699,185.33
Subway screen door and services		333,462,675.90				333,462,675.90
Real estate sales			58,349,363.38			58,349,363.38

PV power generation products				9,727,737.59		9,727,737.59
Other					8,369,102.22	8,369,102.22
Total	841,699,185.33	333,462,675.90	58,349,363.38	9,727,737.59	8,369,102.22	1,251,608,064.42

Information related to performance obligations:

The two businesses of the company's curtain wall system and materials, subway screen doors and services are mainly the contracts corresponding to the engineering projects. Usually, a contract constitutes a single performance obligation and is a performance obligation performed within a certain period of time. The company recognizes revenue according to the performance progress.
The sales of photovoltaic power generation products and real estate belong to contracts corresponding to commodity sales. Usually, a contract constitutes a single performance obligation and is a performance obligation at a certain point in time. Revenue is recognized when the customer obtains control of the relevant product.

Information related to the transaction price allocated to the remaining performance obligations:

The amount of revenue corresponding to the performance obligations that have been signed, but not yet performed or not yet performed at the end of the reporting period is 4,367,812,121.53 yuan, of which 1,760,900,149.38 yuan is expected to be recognized in 2020, and 1,817,152,403.45 yuan is expected to be recognized in 2021, 789,759,568.70 yuan It is expected that revenue will be recognized in 2022 and beyond.

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: None

43. Taxes and surcharges

In RMB

Item	Amount occurred in the current period	Occurred in previous period
City maintenance and construction tax	2,385,728.64	3,306,190.50
Education surtax	1,686,251.96	2,197,616.65
Property tax	2,227,891.98	2,367,178.99
Land using tax	684,461.08	772,262.35
Vehicle usage tax	9,780.00	15,960.00
Stamp tax	473,893.06	945,391.73
Land VAT		31,689,811.56
Others	58,508.26	186,588.29
Total	7,526,514.98	41,481,000.07

44. Sales expense

In RMB

Item	Amount occurred in the current period	Occurred in previous period

Labor costs	10,756,603.46	13,756,507.19
Freight and miscellaneous charges	3,781,184.56	2,552,065.93
Travel expense	487,521.11	684,332.50
Entertainment expense	871,505.28	979,949.90
Material consumption	490,460.47	135,028.48
Office costs	262,176.26	48,247.56
Rental	1,105,257.44	952,964.78
Advertisement and promotion fee	934,902.84	865,854.97
Sales agency fee	1,726,247.64	5,943,528.83
Others	562,376.03	1,257,158.36
Total	20,978,235.09	27,175,638.50

45. Management expenses

In RMB

Item	Amount occurred in the current period	Occurred in previous period
Labor costs	38,668,384.40	47,235,320.97
Depreciation and amortization	4,117,481.73	4,810,846.91
Agencies	5,871,925.65	4,403,164.17
Maintenance costs	2,003,855.95	7,845,937.09
Water and electricity	100,825.03	351,795.21
Office expense	4,386,275.49	1,263,021.34
Travel expense	661,807.94	993,288.82
Entertainment expense	1,483,128.99	1,676,576.80
Rental	1,146,766.83	752,831.06
Lawsuit	274,438.54	337,101.22
Material consumption	161,161.21	145,197.52
Property management fee	375,160.71	666,254.99
Others	3,308,250.69	12,197,441.46
Total	62,559,463.16	82,678,777.56

46. R&D cost

In RMB

Item	Amount occurred in the current period	Occurred in previous period
Labor costs	28,410,847.77	9,107,318.28

Material costs	17,682,878.47	1,605,931.43
Rental	992,251.86	938,339.52
Depreciation costs	734,440.47	304,783.16
Amortization of intangible assets	578,107.24	41,402.02
Travel expense	34,950.20	43,113.02
Maintenance costs	426,989.21	44,792.26
Test and experiment costs	1,869,321.47	2,141,801.56
Patent maintenance costs	229,952.90	299,269.18
Others	639,571.28	175,922.69
Total	51,599,310.87	14,702,673.12

47. Financial expenses

In RMB

Item	Amount occurred in the current period	Occurred in previous period
Interest expense	46,974,588.65	41,338,886.48
Less: interest capitalization	3,809,610.82	
Less: discount government subsidies		862,000.00
Less: Interest income	6,952,304.21	2,439,090.91
Acceptant discount	6,049,511.72	8,563,237.66
Exchange gain/loss	-311,399.26	99,040.10
Commission charges and others	2,933,782.63	2,781,267.03
Total	44,884,568.71	49,481,340.36

48. Other gains

In RMB

Source	Amount occurred in the current period	Occurred in previous period
VAT rebated	2,649,784.42	1,359,044.12
Energy saving subsidy	980,000.00	
R&D subsidy	789,252.16	696,000.00
Income tax and commission rebate	477,506.39	1,395.63
VAT, income tax rebate	260,464.56	95,000.00
Job stabilization, pre-job training subsidies, unemployment insurance premium refund	400,564.26	12,400.00

Innovation award	130,500.00	36,500.00
Nanshan District independent innovation industry development special fund	14,500.00	500,000.00
Science and Technology Commission innovation coupon	34,980.00	130,040.00
Self-breathing dual-layer hallow grass energy-saving curtain wall development project	61,993.62	61,993.62
Childbearing subsidy	45,932.33	112,877.76
Integration sponsorship		200,000.00
Enterprise innovation ability cultivation and support		508,000.00
2018 Shenzhen standard allowance		102,000.00
Hi-tech enterprise award		100,000.00
Others	368,635.03	86,199.38
Total	6,214,112.77	4,001,450.51

49. Investment income

In RMB

Item	Amount occurred in the current period	Occurred in previous period
Gains from long-term equity investment measured by equity	-375,202.09	-325,733.55
Investment income of trading financial assets during the holding period		17,359,985.03
Investment income from disposal of trading financial assets		-16,598,749.99
Investment gain of financial products	2,226,413.78	4,003,332.19
Others	-309,081.13	-382,436.52
Financial assets derecognised as a result of amortized cost	-2,255,794.10	
Total	-713,663.54	4,056,397.16

50. Income from fair value fluctuation

In RMB

Source of income from fluctuation of fair	Amount occurred in the current period	Occurred in previous period

value		
Transactional financial assets		121,506.67
Gains from changes in fair value of other non-current financial assets	9,107.28	
Total	9,107.28	121,506.67

51. Credit impairment loss

In RMB

Item	Amount occurred in the current period	Occurred in previous period
Bad debt loss of other receivables	-658,154.43	7,114,165.08
Contract asset impairment loss	50,624,553.37	
Bad debt loss of account receivable	24,887,786.32	-11,483,825.46
Total	74,854,185.26	-4,369,660.38

52. Assets impairment loss

None

53. 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)	-1,981.72	-27,108.78

54. 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	172,413.23	401,931.00	172,413.23
Compensation received	4,740.00	4,378,501.74	4,740.00
Payable account not able to be paid		1,350.91	
Others	98,688.41	92,108.50	98,688.41
Total	275,841.64	4,873,892.15	275,841.64

55. 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	5,113,500.00	122,000.00	5,113,500.00
Loss from retirement os damaged non-current assets	123,770.81	30,871.84	123,770.81
Penalty and overdue fine	3,731.07	81,936.95	3,731.07
Lawsuit indemnity		143,641.00	
Others	34,866.45	116.01	34,866.45
Total	5,275,868.33	378,565.80	5,275,868.33

56. 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	16,583,321.25	26,190,753.94
Deferred income tax expenses	5,659,613.66	-2,171,494.23
Total	22,242,934.91	24,019,259.71

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

In RMB

Item	Amount occurred in the current period
Total profit	169,051,292.91
Income tax expenses calculated based on the legal (or applicable) tax rates	42,262,823.23
Impacts of different tax rates applicable for some subsidiaries	-18,604,275.19
Impacts of income tax before adjustment	694,341.23
Impacts of non-deductible cost, expense and loss	613,345.12
Impacts of using deductible loss of unrecognized deferred income tax assets	-310,329.56
Deductible temporary difference and deductible loss of unrecognized deferred income tax assets	43,276.68
Profit and loss of associates and joint ventures calculated using	93,800.52

the equity method	
Taxation impact of R&D expense and (presented with "-")	-2,350,314.46
Others	-199,732.65
Income tax expenses	22,242,934.91

57. Other miscellaneous income

See Note VII 39.

58. 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	3,906,753.15	901,193.29
Subsidy income	2,673,142.53	3,590,774.08
Retrieving of bidding deposits	194,487,618.44	37,655,725.50
Other operating accounts	12,873,603.24	5,860,054.56
Total	213,941,117.36	48,007,747.43

(2) Other cash paid related to operation

In RMB

Item	Amount occurred in the current period	Occurred in previous period
Administrative expense	16,423,062.55	20,255,645.25
Sales expense	2,130,843.46	11,139,215.49
Bidding deposit paid	49,915,102.62	109,314,906.03
Net draft deposit net paid	129,561,924.62	161,663,318.36
Lawsuit freezing funds	61,699,121.88	
Other trades	16,953,229.98	4,842,346.84
Total	276,683,285.11	307,215,431.97

(3) Other cash received related to investment activities

In RMB

Item	Amount occurred in the current period	Occurred in previous period
Other investment-related cash received	250.00	

Total	250.00	

(4) Other cash received related to financing

In RMB

Item	Amount occurred in the current period	Occurred in previous period
B-share repurchase restricted funds recovery		39,406.61
Total		39,406.61

(5) Other cash paid related to financing activities

In RMB

Item	Amount occurred in the current period	Occurred in previous period
Bill of exchange discounted loan margin	181,300,000.00	40,000,000.00
B share repurchase expenses	99,998,965.99	
Total	281,298,965.99	40,000,000.00

59. 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	146,808,358.00	128,564,198.64
Plus: Asset impairment provision	-74,854,185.26	-4,369,660.38
Fixed asset depreciation, gas and petrol depreciation, production goods depreciation	11,798,105.97	11,883,064.96
Amortization of intangible assets	2,117,631.57	1,762,127.14
Amortization of long-term amortizable expenses	609,394.73	216,264.82
Loss from disposal of fixed assets, intangible assets, and other long-term assets (“-“ for gains)	1,981.72	27,108.78
Loss from fixed asset discard (“-“ for gains)	123,770.81	30,871.84

Loss from fair value fluctuation (“-“ for gains)	-9,107.28	-121,506.67
Financial expenses (“-“ for gains)	49,214,489.55	49,040,124.14
Investment losses (“-“ for gains)	-1,542,130.56	-4,056,397.16
Decrease of deferred income tax asset (“-“ for increase)	10,311,829.50	-3,881,562.85
Increase of deferred income tax asset (“-“ for increase)	-4,365,349.25	1,956,533.62
Decrease of inventory (“-“ for increase)	-46,192,352.00	33,483,787.38
Decrease of operational receivable items (“-“ for increase)	-135,629,210.99	-164,044,489.43
Increase of operational receivable items (“-“ for decrease)	-267,716,203.34	-351,001,350.74
Others	172,337,497.43	-72,214,117.20
Cash flow generated by business operations, net	-136,985,479.40	-372,725,003.11
2 Major investment and financing activities with no cash involved:	--	--
3. Net change in cash and cash equivalents:	--	--
Balance of cash at period end	612,161,390.04	380,145,526.85
Less: Initial balance of cash	725,269,902.90	956,190,890.68
Net increase in cash and cash equivalents	-113,108,512.86	-576,045,363.83

(2) Composition of cash and cash equivalents

In RMB

Item	Closing balance	Opening balance
I. Cash	612,161,390.04	725,269,902.90
Including: Cash in stock	9,534.72	4,244.86
Bank savings can be used at any time	604,613,893.63	725,255,753.53
Other monetary capital can be used at any time	7,537,961.69	9,904.51
III. Balance of cash and cash equivalents at end of term	612,161,390.04	725,269,902.90

60. Assets with restricted ownership or use rights

In RMB

Item	Closing book value	Reason
Monetary capital	444,757,864.32	Margin, litigation freezing, etc.
Inventory	99,936,207.50	Loan by pledge
Fixed assets	64,242,861.97	Loan by pledge
Intangible assets	19,990,230.04	Loan by pledge
100% stake in Fangda Property Development held by the Company	200,000,000.00	Loan by pledge
Investment real estate	2,803,546,306.33	Loan by pledge
Other current assets	201,790,136.99	Pledge financing
Construction in process	31,053,433.16	Loan by pledge
Total	3,865,317,040.31	--

61. Foreign currency monetary items

(1) Foreign currency monetary items

In RMB

Item	Closing foreign currency balance	Exchange rate	Closing RMB balance
Monetary capital	--	--	43,153,012.17
Including: USD	1,061,677.02	7.079500	7,516,142.46
HK Dollar	31,198,423.57	0.913440	28,497,888.03
INR	16,235,911.99	0.093762	1,522,311.58
Vietnamese currency	3,145,709,253.00	0.000305	959,709.02
AUD	957,099.92	4.865700	4,656,961.08
Account receivable	--	--	61,443,643.71
Including: USD	6,232,954.47	7.079500	44,126,201.17
HK Dollar	2,962,103.66	0.913440	2,705,703.97
INR	13,081,350.14	0.093762	1,226,533.55
AUD	2,750,931.01	4.865700	13,385,205.02
Other receivables			1,575,019.38
Including: USD	58,390.31	7.079500	413,374.20
HK Dollar	272,985.00	0.913440	249,355.42
INR	9,205,454.91	0.093762	863,121.86

AUD	10,105.00	4.865700	49,167.90
Short-term loans			46,253,410.00
Including: Euro	5,810,000.00	7.961000	46,253,410.00
Other payables			342,772.67
Including: USD	12,490.78	7.079500	88,428.48
HK Dollar	255,721.28	0.913440	233,586.04
AUD	4,266.22	4.865700	20,758.15
Contract assets			4,239,028.59
Including: USD	571,545.98	7.079500	4,046,259.77
AUD	39,617.90	4.865700	192,768.82
Contract liabilities			624,314.20
Including: USD	88,186.20	7.079500	624,314.20

(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

62. Hedging

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

Type	Hedged item	Hedging tools	Hedged risk
Cash flow hedging	Forward transaction of aluminum sheet purchase; Forward foreign exchange transactions	Aluminum futures contract; Forward foreign exchange contract	The price of raw materials has risen, leading to an increase in expected transaction procurement costs; Foreign currency depreciation, resulting in a decrease in actual receipts

63. Government subsidy

(1) Government subsidy profiles

In RMB

Type	Amount	Item	Amount accounted into the current gain/loss
Major investment project prize from Industry and Trade Development Division of Dongguan Finance Bureau	1,623,809.90	Deferred earning	28,571.40

Distributed PV power generation project subsidy sponsored by Dongguan Reform and Development Commission	393,750.17	Deferred earning	12,499.98
Subsidized land transfer	177,278.87	Deferred earning	1,862.82
Special subsidy for industrial transformation, upgrading and development	800,000.00	Deferred earning	20,000.01
National Industry Revitalization and Technology Renovation Project fund	7,276,754.61	Deferred earning	61,993.62
Enterprise informationization subsidy project of Shenzhen Small and Medium Enterprise Service Agency	468,000.00	Deferred earning	24,000.00
Shenzhen Science and Technology Innovation Committee Technology Innovation Subsidy	200,000.00	Deferred earning	34,980.00
Railway transport screen door controlling system and information transmission technology subsidy	77,653.85	Deferred earning	9,452.16
VAT rebated into revenue	2,649,784.42	Other gains	2,649,784.42
Subsidies for demonstration projects supported by building energy conservation development funds	980,000.00	Other gains	980,000.00
Income tax commission	477,506.39	Other gains	477,506.39
Shenzhen Science and Technology Innovation Committee enterprise R&D funding	379,000.00	Other gains	379,000.00
Nanchang High-tech Industrial Development Zone Management Committee Science and Technology Bureau R&D expense subsidy	350,000.00	Other gains	350,000.00
VAT, income tax rebate	260,464.56	Other gains	260,464.56

Employment subsidy	227,517.31	Other gains	227,517.31
Others	696,480.10	Other gains	696,480.10
Total	17,038,000.18		6,214,112.77

(2) Government subsidy refund

□ Applicable √ Inapplicable

VIII. Change to Consolidation Scope

1. Change to the consolidation scope for other reasons

1. In this period, two subsidiaries directly controlled namely Fangda Qingling and Fangda Cloud Track Company were newly established and two subsidiaries were added in the current consolidated statement;

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	51.00%	49.00%	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
Zhichuang Technology Hong Kong	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	30.00%	70.00%	Incorporation

			energy, automated technology			
Fangda Cloud Rail	Shenzhen	Shenzhen	Design, development and sales of cloud rail transport equipment		100.00%	Incorporation
Chengda Curtain Wall Company	Chengdu	Chengdu	Building decoration and other construction industry		100.00%	Incorporation
Fangda Southeast Asia	Vietnam	Vietnam	Designing, manufacturing, and installation of curtain walls		100.00%	Incorporation
Fangda Jianzhi	Shanghai	Shanghai	Construction technology, intelligent technology, automation technology, design, production and installation of building curtain walls		100.00%	Incorporation
Zhongrong Litai	Shenzhen	Shenzhen	Business service		55.00%	Purchase
Jianke Hong Kong	Hong Kong	Hong Kong	Designing, manufacturing, and installation of curtain walls		100.00%	Incorporation

Others:

Jianke Hong Kong Company has a registered capital of 40,000.00 Hong Kong dollars, and Shihui International Company paid up its capital on May 19, 2020.

(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%	-31,526.57		48,378,483.03

(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	205,490,834.99	30,064.06	205,520,899.05	98,013,158.99		98,013,158.99	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	229,334.85	-70,059.04	-70,059.04	-11,053.19		-143,071.56	-143,071.56	19.69

2. Interests in joint ventures or associates

(1) Financial summary of insignificant joint ventures and associates

In RMB

	Closing balance/amount occurred in this period	Opening balance/amount occurred in previous period
Associate:	--	--
Total book value of investment	56,847,038.74	57,222,240.83
Total shareholding	--	--
Net profit	-375,202.09	-325,733.55
Total of misc. incomes	-375,202.09	-325,733.55

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. The operating management is responsible for daily risk management through functional departments (for example, the company reviews the company's credit sales on a case-by-case basis). The internal audit department of the company conducts daily supervision of the implementation of the company's risk management policies and procedures, and reports relevant findings to the company's audit committee in a timely manner.

The overall goal of the company's risk management is to formulate risk management policies that minimize the risks associated with various financial instruments without excessively affecting the company's 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, contract assets, 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 and contract assets, 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 the risk exposure loss at the time of the 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 and contract assets, accounts receivable and contract assets from top 5 customers account for 21.76% of the total accounts receivable (2019: 17.66%); among other receivables, other receivables from top 5 customers account for 66.38% of the total other receivables (2019: 71.29%).

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 maturity period of the company's financial liabilities at the end of the period is as follows:

Contract amount: RMB

Item	30 June 2020			
	Less than 1 year	Within 1-3 years	Over 3 years	Total
Short-term loans	128,063.57			128,063.57
Notes payable	53,147.84			53,147.84
Account payable	107,744.79	1,999.77	915.19	110,659.75
Employees' wage payable	2,459.35			2,459.35
Other payables	62,815.19	2,222.97	6,186.23	71,224.39
Non-current liabilities due in 1 year	15,161.78			15,161.78
Other current liabilities	5,954.40	76.93	98.52	6,129.85
Long-term loans	0.00	24,991.15	90,125.00	115,116.15
Total liabilities	375,346.92	29,290.82	97,324.94	501,962.68

The expiry period of the company's financial liabilities is as follows:

Contract amount: RMB

Item	31 December 2019			
	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

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 June 30, 2020, the foreign currency financial assets and foreign currency financial liabilities of the company at the end of the period are listed in the description of foreign currency monetary items in section VII. 61.

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) Exchange rate 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 company's finance department continuously monitors the company's 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 June 30, 2020, the current floating interest rate borrowings of 2.049 billion yuan, while other risk variables remain unchanged, if the borrowing rate calculated at the floating interest rate rises or falls by 50 basis points, the company's net profit for the year will be Will decrease or increase 7,685,300 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) Transactional financial assets	1,815,676.34		18,005,336.72	19,821,013.06
1. Financial assets measured at fair value with variations accounted into current income account	1,815,676.34		18,005,336.72	19,821,013.06
(1) Investment in equity tools			18,005,336.72	18,005,336.72
(2) Derivative financial assets	1,815,676.34			1,815,676.34
(2) Receivable financing			300,000.00	300,000.00
(3) Investment in other equity tools			20,140,037.85	20,140,037.85
(4) Investment real estate		5,517,829,915.07		5,517,829,915.07
1. Leased building		5,517,829,915.07		5,517,829,915.07
(5) Other non-current financial assets			5,018,835.30	5,018,835.30
Total assets measured at fair value continuously	1,815,676.34	5,517,829,915.07	43,464,209.87	5,563,109,801.28

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. 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.

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

Financial assets and liabilities measured at amortized cost include: monetary capital, bills receivable, accounts receivable, other receivables, short-term borrowings, notes payable, accounts payables, other payables, and long-term payables.
The difference between book value and fair value of financial assets and liabilities not measured at fair value is small.

XII. Related Parties and Transactions

1. Parent of the Company

Parent	Registered address	Business	Registered capital (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	10.55%	10.55%
Shengjiu Investment Ltd.	Hong Kong	Industrial investment	HKD1.00	9.57%	9.57%

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 acting in concert. 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.

2. Subsidiaries of the Company

For details of the company's subsidiaries, please refer to Section IX. 1. Equity in subsidiaries.

3. Joint ventures and associates

For the important joint ventures or joint ventures of this enterprise, please refer to section IX. 2. Rights and interests in joint venture arrangements or joint ventures.

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. (Shenzhen Ganshang)	Associate

4. Other associates

Other related parties	Relationship with the Company
Ganshang Joint Investment	Associate
Jiangxi Business Innovative Property Joint Stock (Jiangxi Business Inovation)	Associate
Shenzhen Qijian Technology Co., Ltd. (Qijian Technology)	Common actual controller
Shenyang Fangda Semi-conductor Lighting Co., Ltd. (hereinafter Shenyang Fangda)	Subsidiary in liquidation
Shenzhen Woke Semi-conductor Lighting Co., Ltd. (hereinafter Shenzhen Woke)	Subsidiary in liquidation
Gong Qing Cheng Shi Li He Investment Management Partnership Enterprise (limited partner)	Affiliated relationship with Shenzhen Banglin Technology Development Co., Ltd.
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	25,261.82	22,610.18
Ganshang Joint Investment	Property service and sales of goods		5,060.89

(2) 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	207,366.00	207,366.00
Ganshang Joint Investment	Houses & buildings		66,475.80

(3) 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	28 August 2018	2020.07.31	No
Fangda Jianke	100,000,000.00	21 June 2019	2020.06.20	No
Fangda Property	1,350,000,000.00	25 February 2020	24 February 2020	No
Fangda Jianke	250,000,000.00	20 August 2019	2020.08.19	No
Fangda Jianke	600,000,000.00	24 February 2020	13 February 2021	No
Fangda Jianke	300,000,000.00	1 August 2019	2020.07.31	No
Fangda Jianke	400,000,000.00	17 April 2019	2020.04.17	No
Fangda Zhichuang	216,000,000.00	6 August 2018	2020.07.12	No
Fangda Zhichuang	150,000,000.00	27 May 2019	2020.05.27	No
Fangda Zhichuang	200,000,000.00	16 June 2020	13 February 2021	No
Fangda Zhichuang	200,000,000.00	1 August 2019	2020.07.31	No
Fangda Zhichuang	30,000,000.00	29 June 2020	23 June 2020	No
Fangda New Material	65,000,000.00	23 May 2020	22 May 2021	No
Fangda New Material	80,000,000.00	24 April 2019	2020.04.23	No
Fang Qingling	80,000,000.00	10 July 2019	2024.07.10	No
Jiangxi Property Development	200,000,000.00	19 June 2019	2023.06.23	No
Fangda Jianke and Fangda Zhichuang	140,000,000.00	18 December 2019		No
Total	4,661,000,000.00			

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	2020.03.26	No
Fangda Jianke, Fangda New Energy	100,000,000.00	26 March 2019	2021.3.20	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 90 million to the Company, Fangda Jianke and Fangda Zhichuang and has not yet agreed on the credit expiration date. HSBC regularly evaluates the credit status. The restriction on the use of the credit is as follows:

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

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

Fangda Jianke has non-committed combined revolving credits of not more than 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 900 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.

(4) Remuneration of key management

In RMB

Item	Amount occurred in the current period	Occurred in previous period
Directors, supervisors and senior management	3,921,960.54	4,251,796.50

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	1,230.45	10.58	1,212.89	12.13
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	5,015,089.25	74,724.83

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 June 30, 2020, Fangda Real Estate Co., Ltd. had paid a security deposit of RMB 20 million.

(2) In July 2018 ,the company's subsidiary Fangda Real Estate Co. Ltd. (Party A) signed a contract with Shenzhen Yikang Real Estate Co. Ltd. (Party B1) and Shenzhen Qianhai Zhongzheng Dingfeng No. 6 Investment Enterprise (Limited Partnership) (Party B2), "Shenzhen Henggang Dakang Village Project Cooperation Agreement". Party B agrees to transfer the entire equity of the project company it holds and the entire development interest of the project to Party A. Party A shall pay Party B a total of RMB600 million for the cooperation price. As of June 30, 2020, 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.

As of June 30, 2020, 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

Notes:

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 payment of RMB 373,380.16 totaling RMB 14,183,623.83 to the Taijiang District People's Court of Fuzhou City. 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. In April 2020, Huapu Company filed a counterclaim application to the court, requesting Fangda Jianke Company to pay a total of 12,746,000.00 yuan for the construction period and quality. As of the date of this report, the two cases are still under trial and have not yet been judged.

2. In December 2019, Fangda Construction Company sued the construction party Zhejiang Jiayue Industrial Co., Ltd. to the People's Court of Keqiao District, Shaoxing City for payment of 20,158,046.00 yuan for the construction of Shaoxing Jiayue Plaza

project, temporarily 4,660,400.00 yuan, return of performance bond 3,699,100.00 yuan, compensation for losses 2,144,400.00 yuan, a total of 30,661,946.00 yuan. Thereafter, Fang Da Jianke increased the number of claims, totalling 30,727,401.26 yuan. In March 2020, Jiayue Company filed a counterclaim with the court, demanding Fangda Construction Company to pay a penalty of RMB 369,899.98 for the construction period, RMB 13,529,427.00 for quality maintenance, and a compensation of RMB 22,193,998.74 for breach of contract damages, deducting a performance bond of RMB 3,699,100.00, and a fine of RMB 52,500.00 for a total of 39,844,925.72 yuan. The two parties separately initiated project cost appraisal and project quality appraisal. As of the date of this report, the two cases are still under trial and have not yet been judged.

3. Langfang Aomei Foundation Real Estate Development Co., Ltd. filed a lawsuit with the court on June 19, 2019, requesting Fangda Construction Company to pay a total of 19,721,315.00 yuan for the construction period and quality penalty, and on December 26, 2019, the quality, restoration cost and unfinished Project cost appraisal application; Fangda Jianke filed a counterclaim on September 11, 2019, demanding that Aomei Company pay the total amount of 13,939,863.27 yuan for the construction cost, liquidated damages, and compensation losses. On November 22, 2019, it filed the completed project cost appraisal application. As of the date of this report, the case is still in the appraisal process.

4. Shenzhen Qianhai Guohong Mobile Information Technology Co., Ltd. filed a lawsuit with Shenzhen Nanshan District People's Court in January 2020 to require Fangda Property to pay a total of RMB13,231,913.00 for breach of contract overdue certification. As of the reporting date, the case has not yet been judged.

5. Shenzhen Fangcheng Teaching Equipment Co., Ltd. filed a lawsuit with Shenzhen Nanshan District People's Court in February 2020 to terminate the house purchase contract signed with Fangda Property, return the purchase price of RMB7,240,752.00, and pay the total amount of liquidated damages of RMB 10,203,715.00 for overdue certification. As of the reporting date, the case has not yet been heard.

(2) Pending major lawsuits

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 5960429.45 yuan within 10 days from the date of the effective date of the (2018) Lu 0102 Minchu 5367 civil judgment. (2019) The Civil Judgment No. 1Lu01 Minchu 2023 ruled that Shandong Zhonghong Real Estate Co., Ltd. shall pay 18,804,914.46 yuan and interest to Fangda Construction Company within ten days from the effective date of the judgment, and enjoy the priority of compensation. As of the date of this report, Zhonghong Company has entered the bankruptcy liquidation stage. The company has declared the creditor's rights of the above two judgments and has not received the relevant funds.

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

As of June 30, 2020, the Company provided guarantees for the following unit loans:

Name of guaranteed entity	Guarantee	Amount (in RMB10,000)	Term
Fangda Property	Pledge/mortgage guarantee	99,000.00	2020/3/13 to 2030/3/13
Fangda Jianke	Guarantee	5,000.00	2020/02/26 to 2021/01/31
Fangda Jianke	Guarantee	4,500.00	2020/05/20 to 2021/01/15
Fangda Jianke	Guarantee	5,000.00	2020/01/02 to 2021/01/02
Fangda Zhichuang	Guarantee	5,000.00	2020/02/26 to 2021/01/31
Fangda Zhichuang	Guarantee	1,600.00	2019/8/7 to 2020/8/6
Fangda Zhichuang	Guarantee	3,000.00	2020/06/29 to 2021/06/23
Fangda Property	Warranty/mortgage guarantee	2,500.00	2019/7/22 to 2023/7/22
Fangda Property	Warranty/mortgage	2,500.00	2019/9/12 to 2023/7/22

	guarantee		
Fangda Property	Warranty/mortgage guarantee	3,000.00	2019/9/26 to 2023/7/22
Fangda Property	Warranty/mortgage guarantee	2,000.00	2019/9/29 to 2023/7/22
Fangda Property	Warranty/mortgage guarantee	5,000.00	2019/10/31 to 2023/7/22
Fangda Property	Warranty/mortgage guarantee	4,000.00	2020/03/11 to 2023/7/22
Fang Qingling	Warranty/mortgage guarantee	723.78	2019/7/31 to 2024/7/10
Fang Qingling	Warranty/mortgage guarantee	586.24	2019/8/27 to 2024/7/10
Fang Qingling	Warranty/mortgage guarantee	211.98	2019/9/27 to 2024/7/10
Fang Qingling	Warranty/mortgage guarantee	892.92	2019/11/18 to 2024/7/10
Fang Qingling	Warranty/mortgage guarantee	837.41	2019/12/20 to 2024/7/10
Fang Qingling	Warranty/mortgage guarantee	838.81	2020/01/15 to 2024/07/10
Fangda Group	Guarantee	8,000.00	2019/3/26 to 2021/3/20
Fangda Group	Mortgage guarantee	20,000.00	2020/03/02 to 2021/02/28
Total		174,191.14	

Note: (1) Contingent liabilities caused by guarantees provided for other entities are all related guarantees between interested entities in the Group.

(2) 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. By 30 June 2020, the Company has provided periodic guarantee of RMB492,341,700.

On 30 June 2020, the Company has no other contingent events 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 June 30, 2020:

Currency	Guarantee balance (original currency)	Deposit (RMB)	Credit line used (RMB)
RMB yuan	529,151,563.44	717,500.00	528,434,063.44
INR	88,699,949.00		8,316,684.62

HK $(HKD)	15,349,982.00		14,021,287.56
United States dollars (USD)	8,649,642.54	5,668,461.72	55,566,682.64
Total		6,385,961.72	606,338,718.26

XV. Post-balance-sheet events

None

XVI. Other material events

1. 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	843,816,163.62	333,462,675.90	60,051,984.40	10,091,179.07	13,111,787.37	8,925,725.94	1,251,608,064.42
Including: external transaction income	841,699,185.33	333,462,675.90	58,349,363.38	9,727,737.59	8,369,102.22		1,251,608,064.42
Inter-segment	2,116,978.29		1,702,621.02	363,441.48	4,742,685.15	8,925,725.94	0.00

transaction income							
Including: major business turnover	834,247,195.86	332,479,644.40	24,505,244.14	10,091,179.07	0.00	2,066,062.50	1,199,257,200.97
Operation cost	701,739,016.13	245,566,557.91	21,785,200.61	3,608,837.41	151,219.77	2,480,419.77	970,370,412.06
Including: external transaction cost	701,375,574.65	243,449,579.62	21,785,200.61	3,608,837.41	151,219.77		970,370,412.06
Cost	363,441.48	2,116,978.29				2,480,419.77	0.00
Including: major business cost	697,304,141.14	245,365,878.41	18,478,958.78	3,608,837.41	0.00	2,480,419.77	962,277,395.97
Total assets	4,987,537,814.97	786,110,214.67	6,703,022,282.78	167,403,681.71	3,961,945,536.10	5,124,238,402.56	11,481,781,127.67
Total liabilities	3,602,397,272.93	509,624,610.93	4,281,233,329.32	74,886,385.86	1,715,194,487.39	3,926,709,504.20	6,256,626,582.23

(3) Others

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	871,303.34	100.00%	6,360.61	0.73%	864,942.73	301,522.49	100.00%	3,708.73	1.23%	297,813.76

Including:										
Other business payment	871,303.34	100.00%	6,360.61	0.73%	864,942.73	301,522.49	100.00%	3,708.73	1.23%	297,813.76
Total	871,303.34	100.00%	6,360.61	0.73%	864,942.73	301,522.49	100.00%	3,708.73	1.23%	297,813.76

Provision for bad debts by combination:

In RMB

Name	Closing balance		
	Remaining book value	Bad debt provision	Provision rate
Other business payment	871,303.34	6,360.61	0.73%
Total	871,303.34	6,360.61	--

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	Closing balance
Within 1 year (inclusive)	871,303.34
Total	871,303.34

(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	
Combination 3: Other business models	3,708.73	2,651.88				6,360.61
Total	3,708.73	2,651.88				6,360.61

(3) 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	638,638.30	73.30%	4,662.05

Total	638,638.30	73.30%	

2. Other receivables

In RMB

Item	Closing balance	Opening balance
Other receivables	2,365,126,667.11	1,973,381,342.74
Total	2,365,126,667.11	1,973,381,342.74

(1) 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	70,699.54
Staff borrowing and petty cash	3,671.12	15,881.12
Debt by Luo Huichi	12,992,291.48	12,992,291.48
Others	970,543.47	983,435.52
Accounts between related parties within the scope of consolidation	2,364,992,462.81	1,973,222,410.41
Total	2,379,029,668.42	1,987,284,718.07

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 01, 2020	2,403.91		13,900,971.42	13,903,375.33
Balance on January 01, 2020 in the current period	——	——	——	——
Transferred back in the current period	374.02			374.02
Balance on June 30, 2020	2,029.89		13,900,971.42	13,903,001.31

Changes in book balances with significant changes in the current period

□ Applicable √ Inapplicable

Account age

In RMB

Age	Closing balance
Within 1 year (inclusive)	2,365,054,326.34
1-2 years	3,671.12
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	2,379,029,668.42

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	13,903,375.33		374.02			13,903,001.31
Total	13,903,375.33		374.02			13,903,001.31

4) 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	1,258,465,573.45	Less than 1 year	52.90%	
Fangda Jianke	Associate accounts	1,001,298,680.64	Less than 1 year	42.09%	
Fangda New Energy	Associate accounts	68,729,377.09	Less than 1 year	2.89%	
Shihui International	Associate accounts	30,459,793.09	Less than 1 year	1.28%	
Luo Huichi	Debt by SOZN	12,992,291.48	4-5 years	0.55%	12,992,291.48
Total	--	2,371,945,715.75	--	99.70%	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	1,065,202,785.05		1,065,202,785.05	963,508,253.00		963,508,253.00
Total	1,065,202,785.05		1,065,202,785.05	963,508,253.00		963,508,253.00

(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	99,000,000.00					99,000,000.00	
Hongjun Investment Company	98,000,000.00					98,000,000.00	
Fangda Zhichuang		82,863,290.70			18,831,241.35	101,694,532.05	
Total	963,508,253.00	82,863,290.70			18,831,241.35	1,065,202,785.05	

4. Operational revenue and costs

In RMB

Item	Amount occurred in the current period	Occurred in previous period

	Income	Cost	Income	Cost
Other businesses	12,719,395.10	151,219.77	17,142,022.88	3,496,588.06
Total	12,719,395.10	151,219.77	17,142,022.88	3,496,588.06

Income information:

In RMB

Contract classification	Others	Total
Including: Other businesses	12,719,395.10	12,719,395.10
Total	12,719,395.10	12,719,395.10

Information related to performance obligations:

Information related to performance obligations:

5. Investment income

In RMB

Item	Amount occurred in the current period	Occurred in previous period
Investment gain of financial products	338,561.17	1,155,183.42
Total	338,561.17	1,155,183.42

XVIII. Supplementary Materials

1. Detailed accidental gain/loss

√ Applicable □ Inapplicable

In RMB

Item	Amount	Notes
Gain/loss of non-current assets	-1,981.72	
Subsidies accounted into the current income account (except the government subsidy closely related to the enterprise's business and based on unified national standard quota)	3,564,328.35	
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	1,926,439.93	

Gain/loss from commissioned loans	397,420.84	
Other non-business income and expenditures other than the above	-5,000,026.69	
Less: Influenced amount of income tax	339,144.08	
Total	547,036.63	--

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

□ Applicable √ Inapplicable

2. Net income on asset ratio and earning per share

Profit of the report period	Weighted average net income/asset ratio	Earning per share	
		Basic earnings per share (yuan/share)	Diluted Earnings per share (yuan/share)
Net profit attributable to common shareholders of the Company	2.81%	0.13	0.13
Net profit attributable to the common owners of the PLC after deducting of non-recurring gains/losses	2.80%	0.13	0.13

3. Differences in accounting data under domestic and foreign accounting standards

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

□ Applicable √ Inapplicable

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

□ Applicable √ Inapplicable

Chapter XII Documents for Reference

1. The Interim Report 2020 and the Summary with signature of the legal representative (Chinese and English);

2. Financial statements stamped and signed by the legal representative, CFO and accounting manager;

3. Originals of all documents and manuscripts of Public Notices of the Company disclosed in public in the newspapers as designated by China Securities Regulatory Commission.