

Stock Code: 000055, 200055

Stock ID: Fangda Group, Fangda B

Announcement No. 2020-43

# China Fangda Group Co., Ltd. Interim Report 2020 Summary

## I. Important Declaration

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

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

Non-standard auditing opinion

☐ Applicable ☒ Inapplicable

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

☐ Applicable ☒ Inapplicable

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

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

☐ Applicable ☒ Inapplicable

## II. General Information

### 1. Company Profile

Stock ID	Fangda Group, Fangda B	Stock code	000055, 200055
Stock Exchange	Shenzhen Stock Exchange		
Modified stock ID	None		
Contacts and liaisons	Secretary of the Board	Representative of Stock Affairs	
PRINTED NAME	Xiao Yangjian	GuoLinchen	
Office address	20F, Fangda Technology Building, Kejinan 12th Avenue, High-tech Zone, Hi-tech Park South Zone, Shenzhen, PR China.	20F, Fangda Technology Building, Kejinan 12th Avenue, High-tech Zone, Hi-tech Park South Zone, Shenzhen, PR China.	
Telephone	86(755) 26788571 ext. 6622	86(755) 26788571 ext. 6622	
Email	zqb@fangda.com	zqb@fangda.com	

### 2. Financial Highlight

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

☐ Yes ☒ No

	This report period	Same period last year	Year-on-year change (%)
Turnover (yuan)	1,251,608,064.42	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%

### 3. 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 (if any)		0		
Top 10 Shareholders						
Shareholder name	Nature of shareholder	Shareholdin g percentage	Shareholdin g number	Conditional shares	Pledging or freezing	
					Share status	Quantity
Shenzhen Banglin Technologies Development Co., Ltd.	Domestic non-state legal person	10.55%	114,847,854		Pledged	32,700,000
Shengjiu Investment Ltd.	Foreign legal person	9.57%	104,127,479			
Fang Wei	Domestic natural person	3.62%	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			
VANGUARD TOTAL INTERNATIONAL STOCK INDEX FUND	Foreign legal person	0.64%	6,986,407			
VANGUARD EMERGING MARKETS STOCK INDEX FUND	Foreign legal person	0.58%	6,312,683			
ShenwanHongyuan Securities (Hong Kong) Co., Ltd.	Foreign legal person	0.52%	5,705,823			
Qu Chunlin	Domestic natural person	0.51%	5,557,161			
Chen Sheng	Domestic natural person	0.46%	5,000,000			
First Shanghai Securities Limited	Foreign legal person	0.36%	3,938,704			
Notes to top ten shareholder relationship or "action in concert"		Among the shareholders, Shenzhen Banglin Technology Development Co., Ltd. and Shengjiu Investment Co., Ltd. are parties action-in-concert. Shenzhen Banglin Technology Development Co., Ltd. and Gong Qing Cheng Shi Li He Investment Management Partnership Enterprise are related parties. The Company is not notified of other action-in-concert or related parties among the other holders of current shares.				
Statement of shareholders participating in margin trade (if any)		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 Securities Co., Ltd.				

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

Changes in the controlling shareholder in the reporting period

☐ Applicable ☒ Inapplicable

No change in the controlling shareholder in the report period

Change in the actual controller in the report period

☐ Applicable ☒ Inapplicable

No change in the actual shareholder in the report period

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

☐ Applicable ☒ Inapplicable

No shareholder of preferred shares in the report period

## 6. Bonds

The company does not have any corporate bonds that are publicly issued and listed on the stock exchange, and are not yet due on the date of approval of the semi-annual report or cannot be fully redeemed when they are due.

# III. Operation Discussion and Analysis

## 1. Business status in the report period

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 attributable to owners of the parent company was RMB146,839,900, an increase of 14.20% over the same period last year, and the net profit attributable to owners of the parent company after deducting non-recurring gains and losses was RMB146,292,800, an increase from the same period last year of 29.03%; The company achieved operating income of RMB 1,251,608,100. Affected by the epidemic, it decreased by 12.22% from the same period of the previous year. However, it recovered strongly in the second quarter and achieved operating income of RMB 837,781,200 in the second quarter, a year-on-year increase of 10.90%. 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 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. The company seizes the opportunity, makes full use of the advantages of Shenzhen, which is located in the core area of the Guangdong-Hong Kong-Macao Greater Bay Area, adheres to the business philosophy of "technology-based, innovation as the source", and adheres to the "Fangda Craftsman" spirit of excellence and quality. With core competitiveness in product quality, technical strength, and brand influence, we strive to expand the market with extraordinary efforts. 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 ShenyeHetangling Garden, Guangzhou Vanke Expo Land No. 15, Dongguan Chang'anOPPO R&D Center Project, TianheMingmenHao 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 JinmaoYiting 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-JinQiao 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 "2019 High-Quality Screen Door Supplier" at the 2020 (13th) Rail Transit and Urban International Summit, Xiamen Rail Transit Group Co., Ltd. "Outsourcing Maintenance Advanced Unit", Tianjin Rail Transit Operation Group Co., Ltd. "Excellent Cooperative Outsourcing Unit", Hohhot Metro Line 1 Construction Management Co., Ltd. "Excellent Supplier", Wuhan Railway Travel Service Media Co., Ltd. Customer Service Maintenance Branch "Excellent Outsourcing Maintenance Project" and other honors. 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) Project progress

**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%.

**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.

**Shenzhen FangdaBangshen Industrial Park Project:** The project is located in Fuyong, Bao'an District, Shenzhen. It covers an area of 20,714.90 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 FangdaBongShen project.

**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 <sup>2</sup> )	Building area (m <sup>2</sup> )	Obtaining method	Interests percentage	Total land price (ten thousand)	Equity consideration (ten thousand)
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							yuan)	yuan)
None								

**(3) Total land reserve**

Project/district	Floor area (10,000 m <sup>2</sup> )	Total building area (10,000 m <sup>2</sup> )	Remaining building area (10,000 m <sup>2</sup> )
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/district	Project	Land location	Project form	Interests percentage	Starting time	Development progress	Completion rate	Land area (m <sup>2</sup> )	Planning construction area (m <sup>2</sup> )	Area completed in this phase (m <sup>2</sup> )	Total area completed in this phase (m <sup>2</sup> )	Estimated total investment (in RMB10,000)	Accumulated total investment (in RMB10,000)
Honggutan New District, Nanchang	Fangda Center	No.1516 Ganjiang North Avenue	Commercial	100.00%	May 1, 2018	62.00%	62.00%	16,608.55	66,432.61	0	0	67,000	41,336

**(5) Main project sales**

City/district	Project	Land location	Project form	Interests percentage	Building area (m <sup>2</sup> )	Sellable area (m <sup>2</sup> )	Cumulative pre-sale (sales) area (m <sup>2</sup> )	Pre-sale (sales) area in this period (m <sup>2</sup> )	Amount of pre-sale (sales) in the current period (RMB10,000)	Cumulative settlement area (m <sup>2</sup> )	Settlement area in the current period (m <sup>2</sup> )	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	Commercial	100.00%	65,388.42	32,460.11	1644.14	1644.14	2,301.87	1644.14		

**(6) Main project lease**

Project	Land location	Project form	Interests percentage	Leasable area (m <sup>2</sup> )	Cumulative leased area (m <sup>2</sup> )	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 channel

Financing source	Ending financing balance (in RMB10,000)	Financing cost range / average financing cost	Term structure			
			Less than 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. Related issues involved the financial report

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

☒ Applicable ☐ Inapplicable

#### (1) Changes in accounting policies

In 2017, the Ministry of Finance revised and issued the "Accounting Standards for Business Enterprises No. 14-Revenue" (CaiKuai [2017] No. 22) (hereinafter referred to as the "New Revenue Standards"), which requires companies that are simultaneously listed domestically and overseas as well as those that are listed overseas. For companies that adopt the International Financial Reporting Standards or Accounting Standards for Business Enterprises to prepare financial statements, they will take effect on January 1, 2018; for other domestic listed companies, they will take effect on January 1, 2020. In accordance with the above unified requirements, the company needs to make corresponding changes to the original accounting policies, and the new revenue standards will be applied from January 1, 2020.

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. This change in accounting policy has no significant impact on the company's current and previous financial status, operating results and cash flow.

#### (2) Changes in accounting estimates

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 will increase the 2020 semi-annual net profit by RMB80,739,565.80.

The above changes in accounting policies and changes in accounting estimates were reviewed and approved at the 22nd meeting of the eighth session of the Board of Directors held on April 16, 2020.

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

☐ Applicable ☒ Inapplicable

No retrospective restatement of major accounting errors in the report period

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

☒ Applicable ☐ Inapplicable

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.

China Fangda Group Co., Ltd.

Legal representative: XiongJianming

August 22, 2020