China Fangda Group Co., Ltd.

2020 Annual Report

March 2021

Chapter 1 Important Statement, Table of Contents and Definitions

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

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

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

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

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

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

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

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 Co.	Refers to	Shengjiu Investment Ltd.
Fangda Jianke	Refers to	Shenzhen Fangda Jianke Group Co., Ltd.
Fangda Zhichuang	Refers to	Fangda Zhichuang Science and Technology Co., Ltd.
Fangda New Material	Refers to	Fangda New Materials (Jiangxi) Co., Ltd.
Fangda New 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 Fangda New Material	Refers to	Dongguan Fangda New Material Co., Ltd.
Kechuangyuan Software	Refers	Shenzhen Qianhai Kechuangyuan Software Co., Ltd.

	to	
Fangda Property Management	Refers to	Shenzhen Fangda Property Management Co., Ltd.
Fangda Property	Refers to	Fangda (Jiangxi) Property Development Co., Ltd.
Hongjun Investment Company	Refers to	Shenzhen Hongjun Investment Co., Ltd.
Fangda Investment Partnership	Refers to	Shenzhen Fangda Investment Partnership (Limited Partnership)
Lifu Investment	Refers to	Shenzhen Lifu Investment Co., Ltd
Xunfu Investment	Refers to	Shenzhen Xunfu Investment Co., Ltd
Jianke Hong Kong	Refers to	Fangda Jianke Hong Kong Co., Ltd.
Fangda Jianzhi	Refers to	Shanghai Fangda Jianzhi Technology Co., Ltd.
Fangda Zhijian	Refers to	Shanghai Fangda Zhijian Technology Co., Ltd
Fangda Cloud Rail	Refers to	Shenzhen Fangda Cloud Rail Technology Co., Ltd.
Jianke Australia	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.
Shenyang Fangda	Refers to	Shenyang Fangda Semi-conductor Lighting Co., Ltd.
Shenzhen Woke	Refers to	Shenzhen Woke Semi-conductor Lighting Co., Ltd.
SZSE	Refers to	Shenzhen Stock Exchange

Chapter 2 About the Company and Financial Highlights

1. Company profiles

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

2. Contacts and liaisons

	Secretary of the Board	Representative of Stock Affairs
PRINTED NAME	Xiao Yangjian	Guo Linchen
Address	20F, Fangda Technology Building, Kejinan 12th Avenue, High-tech Zone, Hi-tech Park South Zone, Shenzhen, PR China.	20F, Fangda Technology Building, Kejinan 12th Avenue, High-tech Zone, Hi-tech Park South Zone, Shenzhen, PR China.
Telephone	86(755) 26788571 ext. 6622	86(755) 26788571 ext. 6622
Fax	86(755)26788353	86(755)26788353
Email	zqb@fangda.com	zqb@fangda.com

3. Information disclosure and inquiring

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

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

4. Registration changes

Organization code	None
Changes in main businesses since the listing of the Company	None
Changes in the controlling shareholders	None

5. Other information

Public accountants employed by the Company

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

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

□ Applicable √ Inapplicable

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

□ Applicable √ Inapplicable

6. Financial Highlight

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

□ Yes √ No

	2020	2019	Increase/decrease	2018
Turnover (yuan)	2,979,296,410.16	3,005,749,558.66	-0.88%	3,048,680,152.06
Net profit attributable to shareholders of the listed company (yuan)	382,051,466.98	347,771,182.73	9.86%	2,246,164,571.68
Net profit attributable to the shareholders of the listed company and after deducting of non-recurring gain/loss (RMB)	376,968,729.62	291,449,314.27	29.34%	21,171,063.10
Net cash flow generated by business operation (RMB)	548,709,785.90	-5,284,830.77	10,482.73%	387,102,719.57
Basic earnings per share	0.35	0.31	12.90%	1.91

(yuan/share)				
Diluted Earnings per share (yuan/share)	0.35	0.31	12.90%	1.91
Weighted average net income/asset ratio	7.26%	6.82%	0.44%	53.17%
	End of 2020	End of 2019	Increase/decrease from the end of last year	End of 2018
Total asset (RMB)	11,866,857,250.39	11,369,964,580.11	4.37%	10,658,854,133.73
Net profit attributable to the shareholders of the listed company (RMB)	5,380,857,155.39	5,182,795,079.67	3.82%	5,195,187,621.88

The Company's net profit before and after non-recurring gains and losses was negative for the last three fiscal years, and the latest audit report showed uncertainty about the Company's ability to continue operating

□ Yes √ No

Net profit before and after deducting non-re current gains and losses is negative

□ Yes √ No

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

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

□ Applicable √ Inapplicable

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

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

□ Applicable √ Inapplicable

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

8. Financial highlights by quarters

In RMB

	Q1	Q2	Q3	Q4
Turnover	413,826,888.79	837,781,175.63	848,436,105.17	879,252,240.57
Net profit attributable to the shareholders of the listed company	94,777,419.75	52,062,464.82	68,793,891.42	166,417,690.99
Net profit attributable to the	95,563,557.35	50,729,290.59	54,966,749.35	175,709,132.33

shareholders of the listed company and after deducting of non-recurring gain/loss				
Cash flow generated by business operations, net	-339,105,046.99	202,119,567.59	316,947,166.56	368,748,098.74

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

□ Yes √ No

9. Accidental gain/loss item and amount

√ Applicable □ Inapplicable

In RMB

Item	2020	2019	2018	Notes
Non-current asset disposal gain/loss (including the write-off part for which assets impairment provision is made)	-541,838.10	-101,676.86	-5,080,792.02	
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)	12,872,885.30	5,411,736.29	5,931,937.15	
Capital using expense charged to non-financial enterprises and accounted into the current income account		585,760.51	922,330.10	
Gain from entrusted investment or assets management			27,065,331.33	
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	8,759,056.18	9,236,658.20	-1,192,774.07	
Write-back of impairment provision of receivables and contract assets for which impairment test is performed individually	0.00	100,023.62		
Gain/loss from commissioned loans	393,485.98	442,060.24		
Gain/loss from change of fair value of investment property measured at fair value	19,205,841.18	42,608,311.58	2,916,598,485.48	

in follow-up measurement				
Other non-business income and expenditures other than the above	-34,752,456.16	-1,108,687.74	1,675,521.71	
Other gain/loss items satisfying the definition of non-recurring gain/loss account		-936,467.20		
Less: Influenced amount of income tax	778,490.70	164,700.18	720,926,531.10	
Influenced amount of minority shareholders' equity (after-tax)	75,746.32	-248,850.00		
Total	5,082,737.36	56,321,868.46	2,224,993,508.58	--

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

□ Applicable √ Inapplicable

No circumstance that should be defined as recurrent profit and loss according to Explanation Announcement of Information Disclosure No. 1 - Non-recurring gain/loss occurs in the report period.

Chapter 3 Business Introduction

1. Major businesses of the Company during the report period

The Company is headquartered in Nanshan District, Shenzhen. The stock was listed on the Shenzhen Stock Exchange on November 29, 1995. Currently, six major business subsidiaries of the Company are national high-tech enterprises with modern production bases in Shanghai, Chengdu, Nanchang, and Dongguan. The Company has developed the smart curtain wall, PVDF aluminum veneer, and rail transit screen door system industries in China earlier. Green, low-carbon and environmental protection has always been the Company's original goal of development. Since its establishment 30 years ago, the Company has maintained the same main business, pursued excellence in craftsmanship, and insisted on technological innovation to consolidate the road of development. The smart curtain wall and material industry and the rail transit screen door system industry have become industry benchmarks. Major businesses of the Company during the report period:

1. Smart curtain wall system and material industry:

(1) Main products and purpose

The Company's main products include smart energy-saving curtain walls, photo-electricity curtain walls, LED color-display curtain walls, PVDF aluminum plate, graphene aluminum plate, and Nano aluminum plate materials. Building curtain wall is mainly used for high-rise buildings (such as R&D center of enterprise headquarters, business center), large-span public buildings (such as airport, station, cultural center, convention and Exhibition Center), building daylighting roofs (such as schools, hospitals and maintenance centers), special-shaped buildings (such as spherical and bell shaped buildings), structures, etc., with peripheral protection, decoration and energy saving 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

2021 is the first year of the "14th Five-Year Plan", and the "Outline of the Fourteenth Five-Year Plan for National Economic and Social Development and the 2035 Vision Goals" clearly promotes the construction of traditional infrastructure and new infrastructure. In recent years, China's supply-side structural reform has continued to deepen, and the national regional coordinated development strategy has been further promoted. Development plans such as new urbanization, coordinated development of Beijing-Tianjin-Hebei, "One Belt and One Road" construction, Guangdong-Hong Kong-Macao Greater Bay Area, and Shenzhen Pilot Demonstration Zone have attracted worldwide attention and have brought unprecedented development opportunities to the development of curtain wall systems and material industries. Shenzhen is a pioneer in opening up and a "new hub", "outlet" and "weathervane" connecting the domestic and international dual cycles. It has outstanding advantages, special status and important roles in building a new development pattern. In 2021, Shenzhen will vigorously promote the construction of "dual zones" in the Guangdong-Hong Kong-Macao Greater Bay Area and Shenzhen Pilot Demonstration Zone, and implement comprehensive reform pilots in Shenzhen. At the same time, Shenzhen is also an important curtain wall market for the Company. The Company will continue to promote high-quality development and face multiple In the new era of strategic overlap, expand and extend market coverage, use lean quality to consolidate the existing market position, explore new market fertile ground, continue to increase R&D and innovation, actively practice the concept of green development, enhance core competitiveness, and maintain the leading position in the industry.

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

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

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

The sudden outbreak of the COVID-19 epidemic in 2020 has had an important impact on the development of the construction curtain wall industry. As the pressure of market competition continues to increase, leading companies in the industry continue to expand their business scale, highly concentrated talents and resources, and strengthen their differentiated core competitiveness. 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 has been engaged in smart curtain wall related business since its inception. Over the past more than 30 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 “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. The Company also took part in the preparation of more than 10 national or industry standards including the Public Construction Energy Saving Design Standard, making 9 records among Chinese enterprises. The Company has a Class A qualification for building curtain wall engineering contracting and class A qualification for building curtain wall engineering design. It is the highest level for curtain wall design and construction companies in China.

(5) Industry qualification types and validity period

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

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

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

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

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

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

(7) Major project quality problem during the reporting period

None.

2. Rail transport equipment business:

The "Fourteenth Five-Year Plan for National Economic and Social Development and Outline of Long-Term Goals for 2035" emphasizes the in-depth implementation of the strategy of making the country a strong nation, and promotes the innovative development of advanced rail transit equipment and other industries. Since 1999, the Company has taken the lead in developing rail transit screen door technology in China. The Company's main products in this sector are rail transport screen door systems and technical maintenance services, which are a necessary part of modern subway system. It is installed at the edge of the subway platform and separates trains from the platform. The business model is to order-based production, obtain contract orders through bidding (divided into open bidding and bid invitation), design, process, purchase raw materials, factory production, construction and installation, and technical maintenance services according to the orders. The Company has built a complete industry chain that integrates R&D, designing, manufacturing, engineering and technical 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). Fangda Zhichuang Technology Co., Ltd. is engaged in the subway transportation shield door system industry as a state-level high-tech enterprise.

As a "pioneer" in the domestic rail transit screen door system industry, after more than 20 years of development, the Company has successively constructed subway screens in Beijing, Shanghai, Tianjin, Guangzhou, Shenzhen, Nanjing, Shenyang, Wuhan, Xi'an, Fuzhou, Nanchang and other cities. The door system has a coverage rate of more than 70% in the domestic cities that have opened subway operations, and the market share steadily ranks first. It is a leading enterprise in China's rail transit screen door industry. In addition, the Company's products have been continuously promoted to overseas markets, and many projects have been won in countries and regions along the “Belt and Road” such as Singapore, India, Malaysia, Thailand, Hong Kong and Taiwan. At present, the Fangda screen door system has been applied in the rail transit of 42 cities around the world. More than ten million people use the Fangda screen door system every day. The Company has become the world's leading manufacturer and supplier of screen door systems in the rail transit equipment market.

3. New energy industry: Solar PV power generation industry is largely supported by the Chinese government. The Company is one of the first companies that possess intellectual property rights in the designing, production and integration of solar PV systems. In 2020, 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 power plan design efficiency. In the future, it will still bring long-term, stable income and profits to the Company.

4. Real estate

The Company currently has completed: 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	None
Investment real estate	None
Deferred income tax assets	Deferred income tax assets decreased by 45.64% year-on-year, mainly because the Shenzhen Fangda Plaza project reached the land value-added tax settlement conditions during the current period. As the matters involved in the liquidation are planned to be included in the final settlement of corporate income tax in 2020, the deferred income tax assets corresponding to the accrued and unpaid taxes are transferred back.
Notes receivable	Notes receivable decreased by 32.1% on a year-on-year basis, which was mainly due to the decrease in collection by means of notes at the end of the period

2. Major foreign assets

□ Applicable √ Inapplicable

3 Core Competitiveness Analysis

(1) Smart curtain wall system and material

1. Expertise and brand competitiveness

As the world’s top smart curtain wall system supplier and service provider, the Company has independently developed and mastered core technologies. The average annual R&D and innovation investment is about 5% of sales revenue. It has been selected as one of the “Top 500 Chinese Listed Companies Innovation Index” twice and participated in the compilation of more than 10 national or industry standards such as the "Design Standards for Energy Conservation of Public Buildings", and created 9 new records for 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. In the same industry across the country, the Company is the earliest to establish R&D institutions such as corporate postdoctoral workstations, engineering technology centers, and curtain wall research and design institutes. Founded 30 years ago, it has undertaken thousands of major curtain wall system projects in more than 100 countries and regions. For example, during the reporting period, it has undertaken the Shenzhen Special Economic Zone 40th Anniversary Celebration Conference venue-Shenzhen Qianhai International Conference Center’s smart curtain wall project, 2018 General Secretary Xi Jinping visited Shenzhen Museum of Contemporary Art and Urban Planning Exhibition Hall and Vanke Qianhai Corporate Mansion’s curtain wall system, the curtain wall system of the Xiamen International Conference Center, the venue of the 2017 Xiamen BRICS Summit, the 2014 APEC Summit, the curtain wall system of the 2017 “One Belt One Road” Beijing Yanqi Lake International Conference Capital, the main venue of the International Cooperation Summit Forum, has won wide acclaim 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 created many firsts in the industry and is one of the high-end preferred brands in the Chinese smart curtain wall system materials industry. So far, four subsidiaries including Shenzhen Fangda Construction Technology Group Co., Ltd., Dongguan Fangda New Materials Co., Ltd., Chengdu Fangda Construction Technology Co., Ltd., Shanghai Fangda Zhijian Technology Co., Ltd., Fangda New Materials (Jiangxi) Co., Ltd. have been recognized as hi-tech companies. The "FANGDA" trademark was recognized as a well-known trademark in China, and the "FANGDA" brand was awarded "International Reputation Brand", "Shenzhen Time-honored Brand", and "Shenzhen Famous Brand".

2. Location advantage

2021 is the first year of the "14th Five-Year Plan". Shenzhen will vigorously promote the construction of the Guangdong-Hong Kong-Macao Greater Bay Area and the Shenzhen Pilot Demonstration Zone "Dual Zone", implement comprehensive reform pilots in Shenzhen, and the implementation of the plan will directly stimulate the construction of large public buildings, and There is a large market demand for building curtain walls. Since its establishment in Shekou, Shenzhen in 1991, the Company has been based in Shenzhen for 30 years. It has been rated as "Guangdong Province Contract-abiding and Credit-Reliable Enterprise Company", "Guangdong Province Top 500 Manufacturing Enterprises", "Shenzhen Top 500 Enterprises", and Shenzhen Special Zone 40 Anniversary "50 Most Potential Listed Companies". The Company will continue to take advantage of the industry's regional leadership, grasp the policy dividend, and follow the national development strategy to promote the Company's rapid development.

3. 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 smart 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.

4. Well-developed industry base landscape

In order for the Company to better serve the market and meet the growing demand for orders, after years of accumulation and continuous investment in hardware facilities, the Company's curtain wall system and material industry has been established nationwide with Shenzhen as its headquarters and Shanghai, Chengdu, Nanchang, and Dongguan as production bases, among which Dongguan Songshan Lake Base and Nanchang Base are one of the largest and most modern curtain wall system and material production bases in China and even the world. The Company's production base continues to increase digital and intelligent construction, introduces intelligent equipment, realizes robot intelligent welding, automatic glue, and uses Internet technology to track the Company's products and continuously improve efficiency. The layout of the production base provides an important guarantee for improving the market share and comprehensive competitiveness.

The Company's curtain wall system and material industry integrates R&D, design, production, project management and construction, with complete industrial supporting facilities, and has strong comprehensive strength in technology, cost advantages, quality and service.

5. Talent

The Company always adheres to the "people-oriented" talent concept, actively introduces and trains all kinds of professional technology and management talents, and is committed to building an efficient management and operation team. After years of development, the Company has an experienced senior management team and middle-level managers with strong execution ability, as well as a complete talent training system and talent reserve. This year, the Company continuously optimized the effective incentive and assessment system, implemented quantitative management, built a platform for industry university research integration with colleges and universities and scientific research institutions, promoted the cooperation between colleges and enterprises and the combination of industry and university, promoted the effective docking of talent cultivation and industrial demand, and ensured that the Company's scientific research strength in the field of smart curtain wall was at the leading level in the industry.

(2) Rail transport equipment business

1. 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) officially implemented it on December 1, 2019, highlighting the Company's technical strength and industry leader status in the field of urban rail transit. Fangda Zhichuang Technology Co., Ltd., a subsidiary of the Company engaged in metro platform screen door system industry of rail transit, is a state-level high-tech enterprise. During the reporting period, it was awarded the "scientific and technological innovation contribution award of equipment industry in socialist first demonstration zone".

2. Brand competitiveness

Rail transit platform screen door is related to people's daily transportation, so the requirements for product safety, technology, quality and service ability are particularly high. In 1999, the Company began to take the lead in developing rail transit platform screen door technology in China, accumulated rich experience, had the first mover advantage, and gradually grew into an excellent brand enterprise in the industry. Up to now, the Company has undertaken the construction projects of track screen doors in 42 cities and regions at home and abroad, including Shenzhen, Shanghai, Guangzhou, Wuhan, Hong Kong, Singapore, Kuala Lumpur, Malaysia, Noida, India and Bangkok, 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.

3. Industry chain advantage

As China's first enterprise to enter the subway platform screen door, the Company has an overall solution industry chain of rail transit platform screen door integrating R & D, design, manufacturing, engineering construction and technical services. With years of accumulated reputation, leading technical services and independent intellectual property products, the Company has won the favor of the domestic and foreign rail transit platform screen door market, and the subway platform screen door of the Company has been widely used in China. The coverage rate of the cities with metro operation has reached more than 70%. With many domestic metro platform screen door systems entering the maintenance period, the Company actively expands the industrial chain and takes the lead in developing Metro maintenance business in China. 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. With more and more metro operation, the performance contribution of the business will continue to improve.

(3) New energy industry

The Company's new energy industry mainly includes the development of new energy saving technologies such as solar photovoltaic application and photovoltaic building integration. 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 earlier in the application of PV curtain wall technology.

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 30 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 located in the core area of Guangdong, Hong Kong and Macao, focusing on the development of urban renewal projects in Shenzhen. Benefiting from the dividend of Shenzhen's rapid economic development, it is expected that the Company's real estate business will contribute profits to the Company in the future.

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. The Company's subordinate enterprises have been rated as "Shenzhen real estate development industry brand value enterprise" by Shenzhen Real Estate Industry Association for three consecutive years and "Shenzhen real estate development industry development potential enterprise" for two consecutive years.

Chapter 4 Operation Discussion and Analysis

1. Summary

In 2020, it was a very unusual year. The sudden COVID-19 has been raging all over the world, and the social and economic sectors have been greatly affected, which has brought great challenges to the Company's operation. In the face of challenges, the Company has always insisted on the prevention and control of epidemic situation on one hand and the resumption of work and production on the other hand, vigorously explored the market, paid close attention to sales, cost control, collection and other aspects of production and operation, and continued to enhance its profitability. On February 9, the Company started to resume work and production earlier. The Company focuses on the main business of smart curtain wall and rail transit platform screen door, and always adheres to the drive of technological innovation. Under the leadership of the board of directors and through the efforts of all employees, the Company has achieved its business objectives. During the reporting period, the Company achieved operating income of RMB2,979,296,400, a year-on-year decrease of 0.88%; and the net profit attributable to owners of the parent company was RMB382,051,500, a year-on-year increase of 9.86%. The Company's net profit after deducting non recurring profits and losses was RMB376,968,700, an increase of 29.34% over the same period of last year. As of the end of the reporting period, the Company's order reserve was RMB4,926,291,100 (excluding presales of real estate), an increase of 8.58% from the end of the previous year, which was 1.65 of the Company's operating revenue in 2020. Sufficient order reserve provides a strong guarantee for the sustainable development of the Company.

1. Smart curtain wall system and material industry

(1) Make further use of the Company's advantages to grab orders

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. Despite the big test of epidemic situation, in the era node of "double zone" construction, with the spirit of "pioneering", "pioneering" and "dry" style, the Company firmly seized the opportunity, with the product quality, technical strength and brand influence of core competitiveness, made unconventional efforts to open up the market, and made use of the advantages of Shenzhen, the core area of Guangdong, Hong Kong and Macao Bay District to win numerous orders and also made unremitting efforts to expand overseas markets.

During the reporting period, the Company has successively won or signed the bid for the curtain wall project of the South District of Shenzhen Qianhai Trading Plaza II, Xili campus of Shenzhen University (phase II), Shenzhen Huarun Sungang Vientiane Plaza project, Guangzhou Vanke Expo site 15, Zhuhai Hengqin Renhe International Innovation Center of traditional Chinese medicine, Zhuhai Litang jinliwan business center phase II, Panyu nantianmingyuan, Dongguan Changan oppo R & D center Center project, Shantou Tianhe Mingmen Haoting, Shanghai Qibao Vanke ecological business district commercial office project, Shanghai xihongqiao business district xujingzhong 29-02 (a) plot, Shanghai Vanke Longhua project North District, Nanjing Science and technology development Island South primary school, Nanchang Xinli Times Square 2 building, Kunming Jinmao Yiting business center, Haikou Huacai haikouwan square 12 building of China Merchants magic cube in Chengdu, phase I of Central Business District of Sanjiangkou CBD in Yibin City, Sichuan Province, Baofeng hospital and maintenance hospital project in Ningxia, gmhbaproject in Jilang, Australia, Rosella project in Melbourne, Australia, wills st project in Melbourne, Australia, Victoria place project in Australia, Shanta Forum in Bangladesh A large number of smart curtain wall systems and materials projects, such as tower project, Sam project in Thailand and flash bid section of Saudi metro, were awarded and newly signed orders totaling 2.989 billion yuan, an increase of 38.66% over the same period of last year, including 1.694 billion yuan in Guangdong, Hong Kong and Macao, accounting for 56.68%, and 130 million yuan in overseas projects, accounting for 4.34%.

2. In the reporting period, the curtain wall system and materials industry realized operating income of RMB2,141,476,100, an

increase of 2.50% over the same period of the previous year; the net profit was RMB157,754,700, an increase of 51.52%; with a gross margin of 17.15%, up 2 percentages over the same period of last year; By the end of the reporting period, the order reserve of curtain wall system and material industry of the Company was RMB3,321,131,200, an increase of 22.40% over the same period of last year, which was 1.55 times of the operating revenue of curtain wall system and material industry in 2020.

(2) Reasonable layout of production bases and comprehensive improvement of production capacity

In order to better serve the market, meet the growing demand for orders and convert orders into operating revenue as soon as possible, the Company's new Shanghai Songjiang East China production base was put into use during the reporting period. After the completion of the East China base, the Company has formed a national industrial layout with Shenzhen as its headquarters, Shanghai as its base for the East China market, Nanchang as its base for the central market, Dongguan Songshan Lake as its base for the South China and overseas markets, and Chengdu as its base for the western market. In response to China's strategy of accelerating the formation of a new development pattern with domestic circulation as the main body and domestic and international double circulation promoting each other, the Company has sought to improve the Company's market share and comprehensive competitiveness to provide a strong guarantee.

(3) Promote intelligent manufacturing and enhance the Company's competitive advantage

During the reporting period, guided by the concept of high-quality development, driven by technological innovation and enabled by science and technology, the Company actively used advanced technology to improve the quality and efficiency of production and construction. In the curtain wall project construction of Shenzhen Qianhai International Conference Center, the venue of Shenzhen Special Economic Zone's 40th anniversary celebration conference, the Company uses 3D scanning robot, BIM model and other advanced technical means to achieve efficient and high-quality scientific construction, which interprets the great craftsman's spirit of "products are excellent", and ensures the successful completion of the conference venue construction.

In 2020, the Company will comprehensively and deeply carry out the construction of intelligent factory, optimize the production mode, production process and production process, and carry out intelligent upgrading and transformation of production links to realize intelligent production. Welding robot, glue robot, automatic cutting machine and other intelligent production equipment have been applied to production and manufacturing. The second phase of MES system has been put into use, realizing the whole process information management from planning, manufacturing, warehousing to delivery, promoting the Company to develop in the direction of "information technology service + intelligent manufacturing", accelerating the upgrading from "manufacturing" to "intelligent manufacturing", and improving the production efficiency.

2. Rail transport screen door business

(1) Actively explore the market and promote the "double circulation" of domestic and international markets

In recent years, the state has successively issued a series of development plans, such as "three year action plan for enhancing the core competitiveness of manufacturing industry (2018-2020)", "outline for building a transportation power" and "13th five year plan for the development of modern comprehensive transportation system", focusing on the development of advanced manufacturing industries such as urban rail transit equipment. As an important equipment of rail transit, the Company's platform screen door system is one of the key equipment supported by the state for localization. The Company will seize new opportunities, rely on technological innovation, continuously develop domestic and foreign markets, and show more strength of "made in China" on the world stage.

During the reporting period, the Company received orders for professional technical maintenance services for platform screen door system of Singapore Metro Jurong line project, Hong Kong International Airport P4 terminal station, Shenzhen metro line 16, Xi'an Metro Line 5 phase II, Nanning rail transit line 5 phase I (Guokai Avenue Jinqiao passenger station), Fuzhou rail transit line 5, Shenzhen Metro line 1, 2, 5, 11, Nanchang Rail Transit Line 2, etc. By the end of the report period, the Company's order reserve of rail transit platform screen door equipment industry has reached RMB1,605,159,900, which is 2.46 times of the industry's operating revenue in 2020.

(2) Good growth momentum of revenue and profit and consolidation of leading position in the industry

During the reporting period, the Company completed the construction of 14 rail transit lines, including golden line of Bangkok, phase III of Shenzhen Metro Line 6, line 10 and line 4, Hangzhou metro line 16, north section of Shijiazhuang Metro Line 3 phase I, East extension of Nanning Metro Line 4 and line 2, Zhengzhou Metro line 4, Taiyuan Metro Line 2, Nanchang Metro Line 3, phase II of Fuzhou Metro Line 1 and Xi'an Metro Line 5 The platform screen door system has been successfully put into operation, with 205 stations and 303.3km line mileage, which is the highest in the industry, consolidating the Company's global leading position in the rail transit platform screen door equipment industry. At present, Fangda platform screen door system has been applied in the rail transit of 42 cities in the world, of which the coverage rate of metro operation in domestic cities has reached more than 70%, and more than 20 million people use Fangda platform screen door system every day, thus continuing to maintain the world's leading market share. During the reporting period, the industry realized operating income of RMB651,249,400, and realized net profit of RMB75,448,600, with the net profit increasing by 20.32% compared with the same period of last year.

(3) Maintenance technology services continue to improve

As the world's largest supplier of rail transit platform screen door system, the Company takes the lead in developing "intelligent maintenance" system by using big data, AI and 5g technology in the same industry. With high quality and efficient professional maintenance service, the Company has won wide praise in the urban rail transit industry, and the Company's technical maintenance service revenue continues to rise. During the reporting period, the revenue of technical maintenance services was RMB33,995,400, an increase of 36.82% over the same period of 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, the Company was repeatedly rated as "advanced outsourcing maintenance unit" and "excellent cooperative outsourcing unit" by the users of metro platform screen doors. 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 continued to implement the refined management of new energy photovoltaic power stations. The three solar photovoltaic power stations that have been connected to the grid maintained efficient, stable and safe operation, with a net profit of 10.8386 million yuan, an increase of 35.94% over the same period of last year. The operation efficiency of the three power stations met the design efficiency of the power station system. During the reporting period, the Company's solar photovoltaic power plants produced clean energy equivalent to reducing carbon dioxide emissions by about 20000 tons.

4. Real estate

(1) Changes in the macroeconomic situation and industry policy environment, the status of industry development and policy situation in the city where the Company's main projects

At the beginning of 2020, affected by the epidemic, the national real estate industry was greatly affected, and the national turnover fell. In 2020, China's economy began to recover, and the transaction scale of commercial residential buildings in 100 cities increased slightly, showing a trend of "rising, falling, and stable". In the second half of the year, the market picked up, but the subsequent increment was insufficient.

The main project locations of the Company are Shenzhen and Nanchang. Shenzhen is located in the core area of Guangdong, Hong Kong and Macao. The Company will focus on the development of urban renewal projects in Shenzhen.

Nanchang real estate is still under the control policy, residential transactions are stable as a whole, the supply of commercial and office buildings is large, and the price and quantity fall together. The municipal government plans to introduce relevant policies on commercial destocking.

Under the influence of macroeconomic and real estate industry regulation, the sales volume and gross profit rate of the Company's real estate sector will decrease, but it is expected to contribute to the Company's profits.

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

The Company's real estate business mainly adopts the business model of self-development, partial sales and partial self-supporting. At present, the Company mainly develops, sells and rents office, commercial and apartment products. The Company has established a professional team to operate and manage the Company's commercial and property.

The Fangda Town project developed by the Company is located in the north of Huaqiaocheng, Nanshan District, Shenzhen city. As of the end of the report period, the sales rate of the project is 92.80%. See "(V) sales of main projects in this section for details of the sales situation. The Fangda Town center project, located in Honggutan New District, Nanchang City, Jiangxi Province, is a commercial complex integrating office, apartment, shopping, leisure and entertainment. The project focuses on sales and rental The project will be sold in advance on December 28, 2019. As of the end of the report period, the sales rate of the project is 13.56%.

Although the Company is a later comer in the industry, the Fangda Town project was quickly recognized by the market and the sales rate was faster. As the Company's wholly-owned subsidiary, Fangda Real Estate Co., Ltd. has been rated as "Shenzhen real estate development industry brand value enterprise" by Shenzhen Real Estate Industry Association for three consecutive years and "Shenzhen real estate development industry development potential enterprise" for two consecutive years. Nanchang's commercial office buildings have a large inventory, and the volume and price are showing a downward trend. The location of the Company's Fangda Center project has obvious location advantages, and the products have good market expectations.

(3) New land reserve projects

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								

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	Item	Land location	Project form	Interests percentage	Starting time	Development progress	Completion rate	Land area (m^2)	Planning construction area (m^2)	Area completed in this phase (m^2)	Total area completed in this phase (m^2)	Estimated total investment (in RMB10,000)	Accumulated total investment (in RMB10,000)
Shenzhen Nanshan District	Fangda Town	No.2 Longzhu 4th Road	Office commercial complex	100.00%	May 1st, 2014	100%	100.00%	35,397.60	212,400.00	0	217,763.69	258,500	283,600
Honggutan New	Fangda Center	No.1516 Ganjian	Commercial	100.00%	1 May 2018	100%	100.00%	16,608.55	66,432.61	65,376.94	65,376.94	67,000	66,992.35

District, Nanchang		g North Avenue Fangda Center											

(5) Main production sales status

City/region	Item	Land location	Project form	Interests percentage	Building area	Sellable area (m^2)	Cumulative pre-sale (sales) area (m^2)	Pre-sale (sales) area in this period (m^2)	Amount of pre-sale (sales) in the current period (RMB10,000)	Cumulative settlement area (m^2)	Settlement area in the current period (m^2)	Settlement amount in this period (RMB10,000)
Shenzhen Nanshan District	Fangda Town	No.2 Longzhu 4th Road	Office commercial complex	100.00%	212,400	93,086.25	86,380.85	901.43	5,223.08	86,380.85	901.43	5,223.08
Honggutan New District, Nanchang	Fangda Center	No.1516 Ganjiang North Avenue Fangda Center	Commercial	100.00%	65,376.94	32,354.44	4,385.76	4,385.76	5,853.22	0	0	0

(6) Main production lease status

Item	Land location	Project form	Interests percentage	Leasable area (m^2)	Cumulative leased area (m^2)	Average lease ratio
Shenzhen Fangda Town	Shenzhen Nanshan District	Office commercial complex	100.00%	72,517.71	41,180.31	56.79%
Shenzhen Fangda Town	Shenzhen Nanshan District	Commercial shop	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%	11,037.20	11,037.20	100.00%
Fangda Building	Shenzhen Nanshan District	Office building	100.00%	17,792.47	12,454.13	70.00%

(7) First-level development of land

□ Applicable √ Inapplicable

(8) Financing source

Financing source	Ending financing balance (RMB10,000)	Financing cost range / average financing cost	Term structure (RMB10,000)			
			Within 1 year	1-2 years	2-3 years	Over 3 years
Bank loan	116,179.78	During the same period, the benchmark interest rate of the loan was adjusted at the agreed rate to 5.715%	8,929.78	8,750.00	13,500.00	85,000.00
Total	116,179.78		8,929.78	8,750.00	13,500.00	85,000.00

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

Under the continuous regulation of real estate policy, it is expected that the overall transaction scale of the real estate market will drop slightly in 2021, the differentiation of different cities will continue, and the transactions of the first tier and some second tier markets are expected to keep increasing. The Company is still optimistic about the future development of real estate in core cities and core areas. In the future, the Company will continue to expand the brand effect, deepen the product types, deepen the local market, and effectively improve the Company's operating performance.

In 2021, the main task of the Company's real estate sector is to realize the sales of Shenzhen Fangda Town project, and focus on promoting the sales and leasing of Nanchang Fangda Town center project.

In 2020, the Company's fangdabangshen project and Henggang Dakang project will be affected by the epidemic situation and policies, and the application of special regulations and project approval will be delayed to a certain extent. In 2021, the Company will actively promote the application of projects according to the latest local policies.

(10) 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 RMB176 million.

(11) Co-investment between Directors, supervisors and senior management and listed companies

□ Applicable √ Inapplicable

5. Innovation

The Company adheres to the development strategy of focusing on technological innovation to strengthen the Company's competitiveness. During the reporting period, the Company applied for 75 new patents and 46 new authorized patents, and independently developed 29 new products. We have actively promoted the introduction and application of advanced technologies such as intelligent manufacturing, robotics, Internet of things, AI, VR + Ar and big data, and achieved preliminary results. The construction of intelligent factories has been accelerated, and intelligent production facilities such as automatic welding and automatic gluing have been put into use. During the reporting period, the amount of R&D investment was 141.6119 million yuan, accounting for 4.75% of the sales revenue, an increase of 3.41% over the same period of last year, providing an important guarantee for the Company to achieve high-quality growth.

In 2020, management innovation remained the focus of the Company's work. We should scientifically formulate production plans, implement the "three reductions" of reducing inventory, cost and accounts receivable stock, and improve business efficiency. We should comprehensively carry out the "comparison, learning, catching up and Surpassing" activities to stimulate internal potential. We should hold the "Fangda craftsman" skill competition and "Fangda lecture" training To continuously improve the theoretical knowledge and operation skills of employees, and create a team of skilled talents with reasonable structure, exquisite technology and excellent style. In 2020, five employees including Yang Xingzhong, Chen Guowei, Liu Licheng, Liang ruke and Wu Tianjie were awarded the "top 100 craftsmen in Shenzhen"; Wenlin, Xu Qiang and Yu Zhenjian were awarded the titles of "top 10 scientific and technological talents", "top 10 outstanding young curtain wall designers" and "top 10 star craftsmen" by Shenzhen Decoration Industry Association.

6. Awards

During the reporting period, the Company was awarded the title of “Advanced Private Enterprise in Fighting New Coronary Pneumonia Epidemic” by the All-China Federation of Industry and Commerce, “Private Enterprise with Outstanding Contribution to Fighting the New Coronary Pneumonia Epidemic in Guangdong Province”, “The Most Beautiful Enterprise in Action Against the Epidemic”, and the 2020 China Enterprise Charity 500 Advanced private enterprise in Jiangxi Province’s "Thousands of Enterprises Helping Thousands of Villages" Targeted Poverty Alleviation Action, has been listed in the "Top 500 A-share Listed Companies Innovation Index in China" for two consecutive years, has been ranked among the "Top 500 Manufacturing Industries in Guangdong Province" and won the "Shenzhen Time-honored Brand" "The 40th Anniversary of the Shenzhen Special Economic Zone, "The 50 Most Potential Listed Companies", was awarded the "Outstanding Enterprise for Social Responsibility" for three consecutive years. The "FANGDA" brand was awarded the "International Reputation Brand" and won the honorary title of "Shenzhen Famous Brand" for six consecutive times. Chairman Xiong Jianming won the honors of "2020 China Charity Entrepreneur", "2020 ‘Golden Quality’ Outstanding Entrepreneur Award", and "Present to the Special Zone 40 Years to Salute 40 Brands".

During the reporting period, the Shenzhen Overseas Chinese Town Building, Shenzhen Hanjing Financial Center, and Wuxi Wanda City’s Phase I Wanda Mall Exterior Decoration Project Bid Section 2, and Shenzhen Energy Building, which were constructed by the subsidiary Fangda Construction Technology, were awarded the “Architectural Engineering Decoration” by the China Building Decoration Association. Shenzhen Hanjing Financial Center, Shenzhen International Convention and Exhibition Center (Phase I) and Shenzhen Overseas Chinese Town Building won the “Guangdong Province Excellent Architectural Decoration Engineering Award”; the Shenzhen Overseas Chinese Town Building undertaken by Shenzhen won the “15th AL-Survey Best Love the curtain wall project"; the curtain wall project of the Shenzhen International Convention and Exhibition Center won the third prize of the "First Architectural Decoration BIM Competition"; the Shenzhen International Convention and Exhibition Center (Phase 1), Shenzhen Hanjing Financial Center, Shenzhen Hanjing Times Building, Shenzhen Overseas Chinese Town The building, Shenzhen Shuibei International Jewelry Center, Shenzhen Huide Building, and Shenzhen Shenye Zhongcheng respectively won the "Shenzhen Golden Peng Award for Decoration in 2019"; the "Unit Type Porcelain Curtain Wall" with independent intellectual property rights was awarded by the China Building Decoration Association "Building Decoration Industry Science and Technology Award", this patented technology won the "Top Ten Science and Technology Innovation Achievement Award" of Shenzhen Decoration Industry.

During the reporting period, the subsidiary Fangda Zhichuang Technology won the "Shenzhen Industry Leaders Top 100 Enterprises", the "Socialist Pilot Demonstration Zone Equipment Industry Technology Innovation Contribution Award", "2020 Ganpo Helps Akto's Poverty Alleviation Model Group", 2020 (The 13th) Rail Transit and Urban International Summit "2019 Excellent Supplier of Screen Doors", "Excellent Equipment Supplier" issued by Shenzhen Metro Group Co., Ltd., "Advanced Outsourcing Maintenance Unit" by Xiamen Rail Transit Group Co., Ltd. , Tianjin Rail Transit Operation Group Co., Ltd. "Excellent Cooperative Outsourcing Unit", Hohhot Metro Line 1 Construction Management Co., Ltd. "Excellent Supplier", Wuhan Wuhan Railway Travel Service Media Co., Ltd. Customer Service Maintenance Branch "Excellent Outsourcing Company" "Maintenance Project" and the "Recognition of Outsourcing Maintenance Work" issued by the Maintenance Center of Nanchang Rail Transit Group Co., Ltd. Operation Branch.

Subsidiary Jiangxi Land was awarded the "Model Group of Compassion for the Prevention and Control of New Coronary Pneumonia in 2020", and Fangda Real Estate was awarded the title of "Brand Value Enterprise in Shenzhen Real Estate Development Industry" for three consecutive years.

2. Main business analysis

1. Summary

For details see Management Discussion and Analysis – 1. Profile

2. Income and costs

(1) Turnover composition

In RMB

	2020		2019		YOY change (%)
	Amount	Proportion in operating costs (%)	Amount	Proportion in operating costs (%)	
Total turnover	2,979,296,410.16	100%	3,005,749,558.66	100%	-0.88%
Industry					
Metal production	2,141,476,129.47	71.88%	2,196,425,708.75	73.07%	-2.50%
Railroad industry	651,249,442.29	21.86%	460,906,724.26	15.33%	41.30%
New energy industry	19,978,873.86	0.67%	20,103,218.63	0.67%	-0.62%
Real estate	151,222,473.25	5.08%	307,563,025.40	10.23%	-50.83%
Others	15,369,491.29	0.52%	20,750,881.62	0.69%	-25.93%
Product					
Curtain wall system and materials	2,141,476,129.47	71.88%	2,196,425,708.75	73.07%	-2.50%
Subway screen door and service	651,249,442.29	21.86%	460,906,724.26	15.33%	41.30%
PV power generation products	19,978,873.86	0.67%	20,103,218.63	0.67%	-0.62%
Real estate sales	151,222,473.25	5.08%	307,563,025.40	10.23%	-50.83%
Others	15,369,491.29	0.52%	20,750,881.62	0.69%	-25.93%
District					
In China	2,825,857,732.62	94.85%	2,824,371,016.83	93.97%	0.05%
Out of China	153,438,677.54	5.15%	181,378,541.83	6.03%	-15.40%

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

√ Applicable □ Inapplicable

In RMB

	Turnover	Operating cost	Gross margin	Year-on-year	Year-on-year	Year-on-year

				change in operating revenue	change in operating costs	change in gross margin
Industry						
Metal production	2,141,476,129.47	1,774,196,596.41	17.15%	-2.50%	-4.80%	2.00%
Real estate	151,222,473.25	114,818,966.26	24.07%	-50.83%	346.95%	-91.05%
Railroad industry	651,249,442.29	511,339,468.47	21.48%	41.30%	48.71%	-3.92%
Product						
Curtain wall system and materials	2,141,476,129.47	1,774,196,596.41	17.15%	-2.50%	-4.80%	2.00%
Real estate sales	151,222,473.25	114,818,966.26	24.07%	-50.83%	346.95%	-91.05%
Metro screen door	651,249,442.29	511,339,468.47	21.48%	41.30%	48.71%	-3.92%
District						
In China	2,825,857,732.62	2,303,733,820.91	18.48%	0.05%	13.15%	-9.43%

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

□ Applicable √ Inapplicable

In RMB

	Turnover	Operating cost	Gross margin	Year-on-year change in operating revenue	Year-on-year change in operating costs	Year-on-year change in gross margin
Industry						
Metal production	2,141,476,129.47	1,774,196,596.41	17.15%	-2.50%	-4.80%	2.00%
Product						
Curtain wall system and materials	2,141,476,129.47	1,774,196,596.41	17.15%	-2.50%	-4.80%	2.00%
District						
In China	2,035,536,957.95	1,710,029,904.88	15.99%	-3.21%	-5.29%	1.85%

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

□ Applicable √ Inapplicable

Different business types of the Company

In RMB

Business type	Turnover	Operating cost	Gross margin
Curtain wall system and materials	2,141,476,129.47	1,774,196,596.41	17.15%

Whether the Company runs business through the Internet

□ Yes √ No

Whether the Company runs overseas projects

√ Yes □ No

No.	Location	Number of overseas projects	Total amount of overseas project contracts (RMB10,000)
1	Australia	8	14,390.34
2	Southeast Asia	1	4,870.37
	Total	9	19,260.71

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

□ Yes √ No

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

√ Applicable □ Inapplicable

In RMB

	Project amount	Cumulative recognized output value	Amount of unfinished part
Unfinished project	6,343,113,784.88	3,195,264,742.88	3,147,849,042.00

Major unfinished project

√ Applicable □ Inapplicable

In RMB

Item	Project amount	Construction period	Completion percentage	Income recognized in this period	Cumulative recognized income	Payment collection	Balance of accounts receivable
Tencent Digital Building curtain wall project	314,399,189.26	September 4, 2018 – November 20, 2019(The construction period agreed in the construction contract is different from the actual construction situation. The customer has made corresponding adjustments to	58.14%	131,330,574.65	182,799,146.56	134,229,918.10	39,994,441.07

		the construction period according to the actual situation. The current project is progressing smoothly).					

In RMB

	Accumulative occurred costs	Accumulative recognized gross margin	Estimated loss	Settled amount	Balance of unpaid amount of finished project
Finished but not settled project	3,476,427,151.59	824,584,471.14	0.00	3,500,243,552.24	800,768,070.49

Any major outstanding unsettled projects during the reporting perio.

□ Applicable √ Inapplicable

(5) Operation cost composition

Industry

In RMB

Industry	Item	2020		2019		YOY change (%)
		Amount	Proportion in operating costs (%)	Amount	Proportion in operating costs (%)	
Metal production	Raw materials	1,123,365,829.74	63.32%	1,233,265,964.58	66.18%	-2.86%
Metal production	Installation and engineering costs	445,959,180.45	25.14%	422,121,605.36	22.65%	2.49%
Metal production	Labor cost	100,484,793.92	5.66%	106,412,147.98	5.71%	-0.05%
Railroad industry	Raw materials	318,518,796.97	62.29%	233,885,738.50	68.02%	-5.73%
Railroad industry	Installation and engineering costs	75,861,403.42	14.84%	40,119,904.40	11.67%	3.17%
Railroad industry	Labor cost	32,435,591.19	6.34%	37,872,672.06	11.01%	-4.67%
Real estate	Construction and installation cost	64,064,455.04	55.80%	37,414,096.74	-80.47%	136.27%
Real estate	Land cost	2,998,466.20	2.61%	-164,158,729.89	353.07%	-350.46%
Real estate	Loan interest	33,180.45	0.03%	3,308,860.53	-7.12%	7.15%
Real estate	Labor cost	12,855,369.02	11.20%	14,043,313.15	-30.20%	41.40%

Notes

In addition to the above costs, other costs are mainly energy costs such as water, electricity and rent.

Main business cost

In RMB

Cost composition	Business type	2020		2019		YOY change (%)
		Amount	Proportion in operating costs (%)	Amount	Proportion in operating costs (%)	
Raw materials	Curtain wall system and materials	1,123,365,829.74	63.32%	1,233,265,964.58	66.18%	-2.86%
Installation and engineering costs	Curtain wall system and materials	445,959,180.45	25.14%	422,121,605.36	22.65%	2.49%
Labor cost	Curtain wall system and materials	100,484,793.92	5.66%	106,412,147.98	5.71%	-0.05%

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

√ Yes □ No

In this period, the Company set up a company directly controlled and 3 subsidiaries indirectly controlled. The Company directly controlled is Shenzhen Fangda Investment Partnership (Limited Partnership), and the 3 companies controlled indirectly are: Shenzhen Lifu Investment Co., Ltd., Shenzhen Xunfu Investment Co., Ltd. and Fangda Jianke Hong Kong Co., Ltd. added 4 companies to the consolidated statements for this period.

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

□ Applicable √ Inapplicable

(8) Major sales customers and suppliers

Main customers

Total sales amount to top 5 customers (RMB)	449,060,999.47
Proportion of sales to top 5 customers in the annual sales	15.07%
Percentage of sales of related parties in top 5 customers in the annual sales	0.00%

Information of the Company's top 5 customers

No.	Customer	Sales (RMB)	Percentage in the annual sales
1	No.1	120,486,765.73	4.04%
2	No.2	90,066,693.35	3.02%

3	No.3	88,048,505.68	2.96%
4	No.4	81,894,414.24	2.75%
5	No.5	68,564,620.47	2.30%
Total	--	449,060,999.47	15.07%

Other information about major customers

□ Applicable √ Inapplicable

Main suppliers

Purchase amount of top 5 suppliers (RMB)	544,883,166.90
Proportion of purchase amount of top 5 suppliers in the total annual purchase amount	21.18%
Percentage of purchasing amount of related parties in top 5 customers in the annual purchasing amount	0.00%

Information of the Company's top 5 suppliers

No.	Supplier	Purchase amount (RMB)	Percentage in the annual purchase amount
1	No.1	155,480,661.68	6.04%
2	No.2	138,903,997.24	5.40%
3	No.3	87,543,049.51	3.40%
4	No.4	86,476,124.00	3.36%
5	No.5	76,479,334.47	2.97%
Total	--	544,883,166.90	21.18%

Other information about major suppliers

□ Applicable √ Inapplicable

3. Expenses

In RMB

	2020	2019	YOY change (%)	Notes
Sales expense	39,303,536.85	57,584,186.20	-31.75%	This is mainly due to the decrease in real estate sales, the corresponding decrease in labor and sales agency fees, and the implementation of the new revenue standard to classify the transportation expenses belonging to the performance cost into the operating cost.
Administrative expense	141,769,402.74	170,443,795.50	-16.82%	
Financial expenses	87,013,598.41	82,608,834.38	5.33%	
R&D cost	141,611,939.34	59,754,971.20	136.99%	Mainly due to the increase in R & D personnel and investment in R & D this year

Taxes and surcharges	-222,323,473.74	61,963,170.98	-458.80%	See remarks for details

Remarks:

This year, the amount of taxes and surcharges changed a lot, mainly because the subsidiary Fangda Real Estate received the liquidation notice of land value-added tax from the tax bureau in December 2020. Fangda Real Estate calculated the land value-added tax of the Fangda Town project according to the relevant laws and regulations of land value-added tax and liquidation methods, and offset the land value-added tax of RMB250 million withdrawn in previous years. As of the reporting date, Fangda Real Estate has completed the liquidation declaration and payment of land value-added tax. At present, the tax bureau is in the process of auditing, and the final amount of tax payable for land value-added tax liquidation is subject to the examination and approval result of the tax bureau.

The reasons for the difference between the withholding land value-added tax and the actual liquidation declaration and payment of Fangda Real Estate are as follows:

1. The actual settlement cost of the project increased. During the reporting period, Fangda Real Estate completed the settlement or dispute check of various engineering costs of Fangda Town project, and the final settlement increased by 6% over the original estimated cost, increasing about RMB111 million.

2. The deductible cost of VAT is adjusted and increased according to the scope of tax liquidation. Fangda Real Estate hired a professional tax agent firm to audit the land value-added tax settlement, audited the project cost according to the scope of tax settlement, adjusted the cost sharing of self-supporting and sales parts, and issued the land value-added tax settlement audit report.

The above two factors make the comprehensive tax negative rate of land value-added tax paid by liquidation declaration lower than that of original provision.

4. R&D investment

√ Applicable □ Inapplicable

The Company adheres to the development strategy of focusing on technological innovation to strengthen the Company's competitiveness. During the reporting period, the Company applied for 75 new patents and 46 new authorized patents, and independently developed 29 new products. We have actively promoted the introduction and application of advanced technologies such as intelligent manufacturing, robotics, Internet of things, AI, VR + Ar and big data, and achieved preliminary results. The construction of intelligent factories has been accelerated, and intelligent production facilities such as automatic welding and automatic gluing have been put into use. During the reporting period, the amount of R&D investment was 141.6119 million yuan, accounting for 4.75% of the sales revenue, an increase of 3.41% over the same period of last year, providing an important guarantee for the Company to achieve high-quality growth.

R&D investment

	2020	2019	Change
R&D staff number	565	503	12.33%
R&D staff percentage	25.17%	21.00%	4.17%
R&D investment amount (RMB)	141,611,939.34	136,943,143.23	3.41%
Investment percentage in operation turnover	4.75%	4.56%	0.19%
Capitalization of R&D investment amount (RMB)	0.00	0.00	0.00%

Percentage of capitalization of R&D investment in the R&D investment	0.00%	0.00%	0.00%

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

□ Applicable √ Inapplicable

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

□ Applicable √ Inapplicable

5. Cash flow

In RMB

Item	2020	2019	YOY change (%)
Sub-total of cash inflow from business operations	3,557,072,996.63	2,745,391,880.62	29.57%
Sub-total of cash outflow from business operations	3,008,363,210.73	2,750,676,711.39	9.37%
Cash flow generated by business operations, net	548,709,785.90	-5,284,830.77	10,482.73%
Sub-total of cash inflow generated from investment	9,143,834,240.33	7,100,600,589.19	28.78%
Subtotal of cash outflows	9,018,647,958.83	7,555,258,305.31	19.37%
Cash flow generated by investment activities, net	125,186,281.50	-454,657,716.12	127.53%
Subtotal of cash inflow from financing activities	2,748,060,091.27	1,094,836,280.53	151.00%
Subtotal of cash outflow from financing activities	3,121,218,820.25	866,537,570.34	260.19%
Net cash flow generated by financing activities	-373,158,728.98	228,298,710.19	-263.45%
Net increase in cash and cash equivalents	298,982,484.49	-230,920,987.78	229.47%

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

√ Applicable □ Inapplicable

During the reporting period, the net cash flow from operating activities of the Company increased by 10482.73% compared with that of last year, mainly due to the Company's real estate business providing mortgage guarantee for commercial housing purchasers. After the house property certificate and mortgage registration procedures are completed in this period, the restrictions are removed, and the real estate sales proceeds are collected. The net cash flow from investment activities increased by 127.53% compared with that of last year, mainly due to the withdrawal of mortgage guarantee in this period At the end of the previous period, the balance of financial investment, construction in progress and investment in real estate and other buildings decreased, and the net cash flow from financing activities decreased by 263.45% compared with last year, mainly due to the decrease in the net income and expenditure of bank loans in the current period and the payment of B-share repurchase funds.

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

√ Applicable □ Inapplicable

During the reporting period, the difference between the net cash flow generated by the Company's business activities and the net profit of this year is mainly due to the release of the limitation of the phased guarantee deposit of the real estate industry for the commercial housing purchasers.

3. Non-core business analysis

√ Applicable □ Inapplicable

In RMB

	Amount	Profit percentage	Reason	Whether continuous
Investment income	1,274,767.24	0.27%		No
Gain/loss caused by changes in fair value	19,221,299.32	4.12%	Due to adjustment of fair value of investment real estate	No
Assets impairment loss	52,970,037.82	11.35%	It mainly refers to the provision for impairment of contract assets	No
Non-operating revenue	522,504.72	0.11%		No
Non-business expenses	35,564,536.75	7.62%	Mainly litigation liquidated damages and donation expenses	No
Credit impairment loss	29,820,678.51	6.39%	Mainly bad debt provision corresponding to accounts receivable	No

IV. Assets and Liabilities

1. Major changes in assets composition

The Company implemented new income standard or new lease standard for the first time since 2020, and adjust and implemented relevant items of financial statements at the beginning of the year

Applicable

In RMB

	End of 2020		Beginning of 2020		Change (%)	Notes
	Amount	Proportion in total assets	Amount	Proportion in total assets		
Monetary capital	1,459,840,020.10	12.30%	1,209,811,978.95	10.64%	1.66%	
Account	616,195,129.4	5.19%	462,694,993.85	4.07%	1.12%	

receivable	0					
Inventory	837,831,790.88	7.06%	733,711,143.46	6.45%	0.61%	
Investment real estate	5,634,648,416.52	47.48%	5,522,391,984.11	48.57%	-1.09%	
Long-term share equity investment	55,902,377.95	0.47%	57,222,240.83	0.50%	-0.03%	
Fixed assets	483,161,673.38	4.07%	477,332,830.92	4.20%	-0.13%	
Construction in process	168,626,803.01	1.42%	129,988,982.86	1.14%	0.28%	
Short-term loans	1,048,250,327.62	8.83%	724,618,197.34	6.37%	2.46%	
Long-term loans	1,099,411,462.35	9.26%	546,501,491.56	4.81%	4.45%	This is mainly due to the borrowing in the new growth period of the current period
Non-current liabilities due in 1 year	103,359,833.57	0.87%	922,346,563.72	8.11%	-7.24%	Mainly due to the repayment of loans in the current period
Contract assets	1,425,040,223.27	12.01%	1,297,743,546.73	11.41%	0.60%	

2. Assets and liabilities measured at fair value

√ Applicable □ Inapplicable

In RMB

Item	Opening amount	Gain/loss caused by changes in fair value	Accumulative changes in fair value accounting into the income account	Impairment provided in the period	Amount purchased in the period	Amount sold in the period	Other change	Closing amount
Financial assets								
1. Transactional financial assets	10,330,062.18							4,051,015.05

(excluding derivative financial assets)								
2. Derivative financial assets								6,974,448.22
4. Investment in other equity tools	20,660,181.44	-3,031,873.85	-17,783,543.61					17,628,307.59
Subtotal	30,990,243.62	-3,031,873.85	-17,783,543.61					28,653,770.86
Investment real estate	5,306,116,360.12	19,205,841.18	11,675,404.61		57,690,444.55	5,504,673.99	250,783,476.54	5,628,291,448.40
Receivable financing	2,954,029.00							10,727,129.28
Other non-current financial assets	5,009,728.02	15,458.14						5,025,186.16
Total	5,345,070,360.76	16,189,425.47	-6,108,139.00		57,690,444.55	5,504,673.99	250,783,476.54	5,672,697,534.70
Financial liabilities	96,767.62							915,234.93

Other change

Other changes of investment real estate were RMB250,783,476.54, mainly due to the completion acceptance and planning acceptance of Jiangxi Nanchang Fenghuangzhou Fangda Center project in this period, which started to be measured by fair value, and the investment real estate under construction measured by cost was RMB245,953,338.54 and was converted into investment real estate measured by fair value; at the end of the reporting period, the investment real estate was measured according to the fair value assessed by professional asset appraisal institutions.

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

□ Yes √ No

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

Item	Book value on December 31, 2020 (RMB)	Reason
Monetary capital	435,587,632.71	Margin, pledge and judicial frozen deposit, etc.
Account receivable	38,906,851.06	Loan by pledge

Inventory	103,973,925.13	Credit Mortgage, Mortgage Loan
Investment real estate	2,820,277,340.71	Loan by pledge
Fixed assets	63,229,493.11	Loan by pledge
Construction in process	44,368,937.04	Loan by pledge
Intangible assets	19,429,756.30	Loan by pledge
100% stake in Fangda Property Development held by the Company	200,000,000.00	Loan by pledge
Total	3,725,773,936.06	

5. 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 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	Actual gain/loss in the report period

												net assets in the report period	
Shanghai Futures Exchange	No	No	Shanghai aluminum		February 6, 2020	Thursday, December 31, 2020		22,803.47	14,691.38		8,112.09	1.51%	653.09
Banks	No	No	Forward foreign exchange	2,166	2 August 2019	Thursday, December 31, 2020	2,166	11,055.98	7,418.95		5,803.03	1.08%	26.97
Total				2,166	--	--	2,166	33,859.45	22,110.33		13,915.12	2.59%	680.06

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 is the derivatives investment business. The Company has established and implemented the Administrative Measures for the Derivatives Investment Business, the Internal Control and Risk Management System for Commodity Futures Hedging Business, and the approval authority, business management, risk management, information disclosure and file management of the derivatives trading business, etc. in order to effectively control the risk of the Company's derivatives holdings.
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	None

compared to last period	
Opinions of independent directors on the Company's derivative investment and risk controlling	None

5. Use of raised capital

□ Applicable √ Inapplicable

The Company used no raised capital in the report period.

VI. Major assets and equity sales

1. Major assets sales

□ Applicable √ Inapplicable

The Company sold no assets in the report period.

2. Major equity sales

√ Applicable □ Inapplicable

Counterpart	Stock sold	Disposal day	Price (in RMB10,000)	The equity contributed by the equity to the listed company from the beginning of the current period to the selling date (in ten thousand yuan)	Impacts	Proportion of net profit contributed by listed Companies to equity investments as a percentage of total net profits	Equity sales pricing principle	Related transaction	Relationship with the counter party	Whether the equity involved has been completely transferred	Whether it is implemented according to schedule, if it is not implemented according to plan, it should explain the reasons and the measures the Company has	Date of disclosure	Index for information disclosure

											taken		
Gong Qing Cheng Yingfa Investment Partnership Enterprise	5.71% equity of Fangda Zhichuang Technology Co., Ltd., a wholly-owned subsidiary of the original company	Monday, August 17, 2020	2,661.67	454.84	It has no significant impact on the Company's daily production and operation, and has no impact on the Company's current net profit (according to the relevant provisions of the accounting standards, the parent company disposes the long-term equity investment in the subsidiary without	0.00%	It is calculated according to the price determined in the asset appraisal report issued by the asset appraisal institution	No	None	Yes	It is completed	Wednesday, June 24, 2020	Announcement on Equity Transfer of Wholly Owned Subsidiary on http://www.cninfo.com.cn on June 24, 2020

					losing the control right. In the consolidated financial statements, the difference between the disposal price and the share of net assets is included in the capital reserve.								

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 Jianke	Subsidiaries	Curtain wall system and materials	500,000,000.00	3,466,131,725.88	1,196,617,185.40	1,962,642,074.95	181,085,382.82	162,465,293.74
Fangda Property	Subsidiaries	Real estate	200,000,000.00	5,957,895,593.88	2,457,372,720.02	97,137,398.98	134,253,555.30	78,655,282.50
Fangda Zhichuang	Subsidiaries	Subway screen door and service	105,000,000.00	776,900,841.65	245,400,952.91	649,888,076.25	37,019,757.51	28,983,457.83
Kechuangyua	Subsidiaries	Subway	5,000,000.00	65,447,789.8	52,395,803.0	50,882,662.9	49,086,686.0	43,280,923.7

n		screen door and service		5	7	4	6	1

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
Shenzhen Fangda Investment Partnership (Limited Partnership)	Newly set	None
Shenzhen Lifu Investment Co., Ltd	Newly set	None
Shenzhen Xunfu Investment Co., Ltd	Newly set	None
Fangda Jianke Hong Kong Co., Ltd.	Newly set	None

Major joint-stock companies

VIII. Structural entities controlled by the Company

□ Applicable √ Inapplicable

IX. Future Prospect

(1) Competition map and development trned

1. Smart curtain wall and material system industry

In recent years, with the rapid growth of China's economy and the acceleration of urbanization, China's real estate and construction industry continue to grow, and the high-end curtain wall and material industry has shown great development potential. In the first year of the fourteenth five year plan, the State takes promoting new infrastructure construction as an important part of expanding investment space and building a new development pattern. New urbanization, one belt, one road construction, and the construction of Guangdong, Hong Kong and Macau will become the important driving force and precious opportunity for the future development of high-end curtain wall system and material industry.

2. Rail transport screen door business

According to the statistics of China Urban Rail Transit Association, as of December 31, 2020, a total of 45 cities in mainland China have opened 7978.19 km of urban rail transit lines. In 2020, a total of 1241.99 km of new urban rail transit lines will be added, setting a new record. During the 13th Five Year Plan period, the total length of new urban rail transit lines in mainland China reached 4360 km, with an average annual length of 872 km. In the past five years, the length of newly added urban rail transit lines exceeds the total length of urban rail transit lines before the 13th five year plan. According to the latest forecast of "China's urban rail transit market development report 2020", it is estimated that 40 urban rail transit lines in Shanghai, Chongqing, Shenzhen, Xiamen, Nanning, Ningbo, Jinan and Wuxi will start construction from 2021 to 2022, with a total mileage of 3381.94 km, 1377 stations and a total investment of 1992.824 billion yuan. China's urban rail transit market still maintains a large-scale construction Situation.

3. New energy industry

China's photovoltaic market will enter the next stage of rapid development under the guidance of carbon neutral target. It is predicted that China's new installed capacity will be 55-65gw in 2021, and the domestic average annual new installed capacity will be 70-90gw in the 14th five year plan. The development of large domestic power station bases will become a trend, and parity projects (or non subsidy projects) will continue to be the main force of grid connected projects in the future. While promoting China's energy structure transformation, economic transformation and high-quality development, it will also play an active leading role in the world's low-carbon transformation. At the same time, China's photovoltaic industry is also facing new energy distribution and storage and complex external environment And so on.

4. Real estate

In 2021, the pace of development of the national real estate market will slow down. Under the background of new urbanization, key resources such as population and land will accelerate to gather in urban agglomerations and central cities. Regional differentiation will bring new development opportunities for Guangdong, Hong Kong and Macao Great Bay district. The top-level design of Guangdong, Hong Kong and Macao Great Bay District has been implemented. There are many central support policies, mature industrial development, strong population attraction, and strong demand in real estate market. In addition, the overall regional market has continued to adjust at a low level in recent years, and the market demand has been partially suppressed. Under the background of the continuous emergence of regional coordinated development, the market is booming The recovery momentum is strong.

(2) Company development strategy and business plan

In 2021, the 30th anniversary of the establishment of the Company, standing at a new starting point, the Company will continue to focus on the management theme of "high-quality development", strive to improve the development quality and product competitiveness of the enterprise, accurately position the marketing strategy, make full use of the brand advantage of haofangda, seize the opportunity of "new infrastructure", and focus on the core areas and regions of Guangdong, Hong Kong and Macao, Yangtze River Delta, Chengdu and Chongqing Home market, strive for more high-quality orders. By means of acquisition and industrial merger and acquisition, we can improve and extend the industrial chain, broaden the business scope and industrial scale, expand and strengthen the main business, and enhance the core competitiveness of the Company.

At the same time, we will make full use of AI, 5g, big data, robots and other information and intelligent technologies to help the Company's technological progress, continue to increase innovation, and carry out in-depth and comprehensive construction of intelligent factories. Speed up the completion of the final sales of Fangda Town office building in Shenzhen and the sales and rental of Nanchang Fangda Town center, continue to do a good job in the business investment and operation of Fangda Town, build a regional business benchmark, and continuously improve the business revenue of Fangda Town. Through the open and inclusive enterprise culture, we should practice the employment mechanism of "coming in, staying and using flexibly", optimize the salary, incentive and assessment system, improve the channels for employees' growth and promotion, strengthen the construction of talent echelon and the accumulation of human resources, and ensure the adequate supply of talents. The Company will further improve the process system, stimulate the vitality of the organization, improve the operation efficiency and profitability of the enterprise, and realize the sustainable and effective development of the enterprise through process reengineering and quantitative management.

(3) Capital demand and source for projects in progress

To realize the business target in 2021, the Company will develop suitable financial and capital plans, accelerate the collection of accounts receivable, sales payment from sales of Fangda Town, expand financing channels, and use share issuance, bank loans and other financing products to meet the demand for capital.

(4) Risks and solutions

1. Risks and Countermeasures of macroeconomic uncertainty and policy changes

The global economy is always faced with many uncertainties. In addition, emergencies such as the new coronavirus epidemic may also bring unpredictable risks to the overall economy. The main business sectors of the Company are closely related to the macro-economy and industry policies, and are greatly affected by the overall macro-economic development. If China's economy develops slowly or fluctuates periodically in the future, the reduction of fixed asset investment will affect the demand of public building curtain wall industry and rail transit equipment industry, which will have an adverse impact on the Company's future profitability. In view of the above risks, the Company will pay close attention to the changes of macro-economy and policy situation at home and abroad, timely adjust the Company's business strategy, and further enhance its market competitiveness, operation and management ability, so as to improve its anti risk ability.

2. Market risks and measures

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

3. Management risks and measures

In recent years, with the Company's curtain wall and material system industry, rail transit screen door industry orders increasing year by year and the Company's real estate property sector increased, the Company's assets, business, personnel and other aspects have expanded significantly, the organizational structure and management system will tend to Due to the complexity, the Company may face the management risk of industrial scale expansion. The Company will continue to improve the management mode, integrate business management, optimize the business flow, seeking to build a high-efficient and solid management team. We will introduce high-quality, professional technical and management talents in different fields to strengthen the Company's core competitiveness.

4. Production and operation risks and measures

The macro-economy and market demand have added to the fluctuation in prices of main raw materials and labor, affecting the Company’s profitability and creating additional production and operation risks for the Company. The Company will make use of raw material futures products to hedge against the risk of large price fluctuations, strive to reduce procurement and manufacturing costs, increase technology research and development efforts, reduce the loss of raw materials, improve the automation and intelligence of production equipment, strengthen staff skills training, improve staff labor efficiency, and maintain the sustainable development of the Company.

5. Real estate industry risks and countermeasures

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

X. Acceptance of surveys, negotiation and visits

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

√ Applicable □ Inapplicable

Time/date	Place	Way	Visitor	Visitor	Main content involved and materials provided	Disclosure of information
Friday, June 12, 2020	Shenzhen Fangda Building meeting room	Onsite investigation	Institution	Great Wall Securities	Business and future development	Investor Relationship Record Form on www.cninfo.com.cn
30 September 2020	Shenzhen Fangda Town Meeting room	Onsite investigation	Institution	Guotai Junan Securities Co., Ltd., Shenzhen Cyberna	Business and future development	Investor Relationship Record Form on www.cninfo.com.cn

				Capital Management Partnership (Limited Partnership), Shenzhen Dexun Investment Co., Ltd., Shenzhen Qianhai Pai Asset Management Co., Ltd., Shenzhen Qianhai Hongxing Investment Co., Ltd., Qianhai Yangtze River Fund Management (Shenzhen) Co., Ltd., Shenzhen Zhongna Capital Investment Management Co., Ltd., Shenzhen Qianhai Daqian Huayan Investment Co., Ltd., Shenzhen Qianhai Leying Investment Management Co., Ltd., Shenzhen Daqin Fund Management Co., Ltd., Shenzhen Private Equity Chamber of Commerce		

TIme	44
Number of institutes	12
Number of individuals	41
Number of other visitors	1
Disclosure of any non-public information	No

Chapter 5 Significant Events

I. Profit distribution and reserve capitalization plan

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

√ Applicable □ Inapplicable

During the report period, the Company implemented the profit distribution plan for 2019. Approved by the annual general meeting of shareholders in 2019 held on May 8, 2020, the Company's profit distribution plan in 2019 is as follows: the Company will distribute cash dividend of RMB 0.50 (tax included) to all shareholders for every 10 shares based on the total share capital after the closing of the market on the day of equity registration when the profit distribution plan is implemented. A total of RMB54413947.55 will be distributed in cash, and no bonus shares will be given, nor will the capital reserve be converted into share capital.

During the period from the disclosure of the profit distribution plan in 2019 to its implementation, the Company completed the repurchase of some domestic listed foreign shares (B shares) in 2019, and completed the repurchase and cancellation procedures of 35105238 B shares in Shenzhen Branch of China Securities Depository and Clearing Co., Ltd. on May 20, 2020. After the cancellation, the total share capital of the Company was reduced from 1123384189 shares to 1088278951 shares. The total share capital of the Company is 1088278951 shares after the stock right registration date of the implementation of the profit distribution plan in 2019 is June 3, 2020. That is to say, this profit distribution is based on 1088278951 shares, and the cash dividend of RMB 0.50 (tax included) is distributed to all shareholders for every 10 shares. A total of RMB54413947.55 will be distributed in cash without bonus shares or capital reserve conversion.

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

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

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

In 2019, the Company will distribute a cash dividend of RMB 0.50 (tax included) to all shareholders for every 10 shares based on 1088278951 shares of the Company's total share capital after the closing of the market on June 3, 2020 on the equity registration date when the profit distribution plan is implemented. No bonus shares will be given and no capital reserve will be converted into share capital.

2020: no cash dividends, no bonus shares, no capital accumulation fund to increase share capital, and no undistributed

profits to be carried forward to the next year.

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

In RMB

Year	Cash dividend (including tax)	Net profit attributable to shareholders in the consolidated financial statements	Cash Dividend proportion in the net project attributable to shareholders in the consolidated financial statements	Cash dividend paid in other manners (such as repurchase of shares)	Proportion of cash dividends in other ways in the consolidated statement of net profit attributable to shareholders of common stock of listed companies	Total cash dividend (including other manners)	The proportion of total cash dividends (including other methods) to the net profit attributable to shareholders of common shares of listed companies in the consolidated statement
2020	0.00	382,051,466.98	0.00%	142,134,417.40	37.20%	142,134,417.40	37.20%
2019	54,413,947.55	347,771,182.73	15.65%	88,223,945.70	25.37%	142,637,893.25	41.01%
2018	224,676,837.80	2,246,164,571.68	10.00%	111,166,053.48	4.95%	335,842,891.28	14.95%

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

√ Applicable □ Inapplicable

Cash dividend proposed despite the Company records profits in report period and a positive undistributed profit/ Reason	Use and use plan of the company's undistributed profits
The total amount of cash dividends of the company in the last three years (2018-2020) is RMB620,615,200 (including cash paid for repurchase B shares), accounting for 62.56% of the average annual net profit attributable to the shareholders of the listed company in recent three years. There is no significant difference between the cash dividend of the Company and the average of the listed companies in the industry. The profit distribution plan of the Company complies with the articles of association and relevant regulations.	According to the development needs of the Company, the undistributed profits in 2020 will be used for the operation and development of the company.

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. Performance of promises

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

□ Applicable √ Inapplicable

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

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

□ Applicable √ Inapplicable

IV. Non-operating capital use by the controlling shareholder or related parties in the reporting term

□ Applicable √ Inapplicable

The controlling shareholder and its affiliates occupied no capital for non-operating purpose of the Company during the report period.

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

□ Applicable √ Inapplicable

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

√ Applicable □ Inapplicable

(1) Changes in accounting policies

On July 5, 2017, the Ministry of Finance issued the accounting standards for Business Enterprises No. 14 - Revenue (CK [2017] No. 22) (hereinafter referred to as the "new revenue standards"). Domestic listed enterprises are required to implement the new income standard from January 1, 2020. The Company implemented the new income standard on January 1, 2020 to adjust the relevant contents of accounting policies.

The new income standard requires that the cumulative impact of the first implementation of the standard should be adjusted to the amount of retained earnings and other relevant items in the financial statements at the beginning of the first implementation year (i.e. January 1, 2020), and the information of the comparable period should not be adjusted. On December 10, 2019, the Ministry of Finance issued the interpretation of accounting standards for Business Enterprises No. 13.

On December 10, 2019, the Ministry of Finance issued the interpretation of accounting standards for Business Enterprises No. 13. The Company implemented the interpretation on January 1, 2020, and did not trace back the previous years.

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

Due to the implementation of the new income standard, the Company's consolidated financial statements were adjusted accordingly as of January 1, 2020, including accounts receivable of - 1493496313.22 yuan, contract assets of 1297743546.73 yuan, other non current assets due within one year of 50120998.68 yuan, other non current assets of 145631767.81 yuan, advances of - 135007647.28 yuan, contract liabilities of 124240948.05 yuan and other current liabilities of 10766 yuan, 699.23 yuan, and the relevant adjustment has no impact on the shareholders' equity attributable to the parent company in the consolidated financial statements of the Company. At the same time, due to the implementation of the new income standard, there is no impact on the financial statements of the parent company of the Company.

(2) Changes in major accounting estimates

At the beginning of 2020, according to the new financial instruments standard, the relevant enterprises should assess whether the credit risk of the relevant financial instruments has changed significantly on each balance sheet date. According to the method of calculating the expected credit loss, the Company uses the latest historical data and combined with forward-looking factors to calculate the expected credit loss in 2020 In order to objectively and truly reflect the financial situation and operating results of the Company's various businesses, the accounting estimates of the expected credit loss rate of accounts receivable and contract assets are changed. The accounting estimate change was approved by the 22nd Meeting of the 8th board of directors on April 16, 2020.

The statement items affected by the change of accounting estimate are as follows: increased accounts receivable by RMB24,118,098.91, increased contract assets by RMB71,658,974.92, increased other non current assets due within one year by RMB11,866,064.90, increased other non current assets by RMB3,415,296.51, decreased deferred income tax assets by RMB16,744,810.10, increased surplus reserve by RMB334.64, increased undistributed profit by RMB93,672, 139.18, increased minority shareholders' equity RMB641,151.31, increased credit impairment loss RMB24,118,098.91, increased asset impairment loss

RMB86,940,336.32 yuan, increased income tax expense RMB16,744,810.10, increased minority shareholders' profit and loss RMB64,1151.31.

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

□ Applicable √ Inapplicable

No retrospective restatement of major accounting errors in the report period

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

√ Applicable □ Inapplicable

In this period, the Company set up a company directly controlled and 3 subsidiaries indirectly controlled. The Company directly controlled is Shenzhen Fangda Investment Partnership (Limited Partnership), and the 3 companies controlled indirectly are: Shenzhen Lifu Investment Co., Ltd., Shenzhen Xunfu Investment Co., Ltd. and Fangda Jianke Hong Kong Co., Ltd. added 4 companies to the consolidated statements for this period.

IX. Engaging and dismissing of CPA

CPA engaged currently

Domestic public accountants name	RSM Thornton (limited liability partnership)
Remuneration for the domestic public accountants (in RMB10,000)	150
Consecutive years of service by the domestic public accountants	2
Name of certified accountants of the domestic public accountants	Chen Zhaoxin, Zeng Hui, Hu Gaosheng
Consecutive years of service by the domestic public accountants	Chen Zhaoxin has served for four years, Zeng Hui for three years and Hu Gaosheng for one year
Overseas public accountants name (if any)	None
Remuneration for the overseas public accountants (in RMB10,000)	0
Consecutive years of service by the overseas public accountants (if any)	None
Name of certified accountants of the overseas public accountants (if any)	None
Consecutive years of service by the domestic public accountants	None

Whether the CPA is replaced

□ Yes √ No

Engaging of internal control audit CPA, financial advisor and sponsor

√ Applicable □ Inapplicable

During the reporting period, the Company continued engaging RSM China (limited liability partnership) as the financial statement and internal control auditing CPA with a fee of RMB1.5 million.

X. Delisting after disclosure of annual report

□ Applicable √ Inapplicable

XI. Bankruptcy and capital reorganizing

□ Applicable √ Inapplicable

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

XII. Significant lawsuit and arbitration

□ Applicable √ Inapplicable

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

XIII. Punishment and rectification

□ Applicable √ Inapplicable

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

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

√ Applicable □ Inapplicable

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

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

□ Applicable √ Inapplicable

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

XVI. Material related transactions

1. Related transactions related to routine operation

□ Applicable √ Inapplicable

The Company made no related transaction related to daily operating in the report period.

2. Related transactions related to assets transactions

□ Applicable √ Inapplicable

The Company made no related transaction of assets or equity requisition and sales in the report period.

3. Related transactions related to joint external investment

□ Applicable √ Inapplicable

The Company made no related transaction of joint external investment in the report period.

4. Related credits and debts

□ Applicable √ Inapplicable

The Company had no related debt in the report period.

5. Other major related transactions

□ Applicable √ Inapplicable

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

XVII. Significant contracts and performance

1. Asset entrusting, leasing, contracting

(1) Asset entrusting

□ Applicable √ Inapplicable

The Company made no custody in the report period.

(2) Contracting

□ Applicable √ Inapplicable

The Company made no contract in the report period

(3) Leasing

□ Applicable √ Inapplicable

There is no leasing during the reporting period.

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	Guarantee	Actual date	Actual	Type of	Term	Complete	Related

	disclosure	amount		amount of guarantee	guarantee		d or not	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	Saturday, April 18, 2020	50,000	Tuesday, July 14, 2020	32,864.69	Joint liability	since engage of contract to 2 years upon due of debt	No	Yes
Fangda Jianke	Saturday, April 18, 2020	40,000	30 September 2020	18,309.38	Joint liability	since engage of contract to 2 years upon due of debt	No	Yes
Fangda Jianke	Wednesday, January 30, 2019	30,000	1 August 2019	9,500	Joint liability	since engage of contract to 2 years upon due of debt	No	Yes
Fangda Jianke Co., Ltd., Fangda Zhichuang Co., Ltd., Kechuangyuan, the Company	Wednesday, January 30, 2019	60,000	Monday, February 24, 2020	23,944.07	Joint liability	since engage of contract to 2 years upon due of debt	No	Yes
Fangda Jianke	Saturday, April 18, 2020	25,000	Tuesday, September 22, 2020	5,973.25	Joint liability	since engage of contract to 2 years upon due of debt	No	Yes
Fangda Jianke	Saturday, April 18, 2020	30,000	Friday, June 12, 2020	27,047.79	Joint liability	since engage of contract to 2 years upon due of debt	No	Yes
Fangda Jianke	Wednesday, January 30, 2019	15,000	Friday, April 10, 2020		Joint liability	since engage of contract to 2 years upon due of debt	No	Yes
Fangda Jianke	Wednesday, January 30, 2019	20,000	Friday, March 6, 2020		Joint liability	since engage of contract to 2 years upon due of debt	No	Yes
Fangda Jianke and	Wednesday,	14,000	Wednesday,	9,905.68	Joint liability	since engage	No	Yes

Fangda Zhichuang	January 30, 2019		December 18, 2019			of contract to 2 years upon due of debt		
Fangda Zhichuang	Saturday, April 18, 2020	40,000	Tuesday, July 28, 2020	28,375.36	Joint liability	since engage of contract to 2 years upon due of debt	No	Yes
Fangda Zhichuang	Saturday, April 18, 2020	20,000	16 June 2020		Joint liability	since engage of contract to 2 years upon due of debt	No	Yes
Fangda Zhichuang	Saturday, April 18, 2020	15,000	30 September 2020	4,941.4	Joint liability	since engage of contract to 2 years upon due of debt	No	Yes
Fangda Zhichuang	Saturday, April 18, 2020	3,000	29 June 2020	3,000	Joint liability	From the effective date of this contract to three years after the expiration of the debt performance period under the "guarantee agreement" (or the debt early maturity date announced by Party B)	No	Yes
Fangda Zhichuang	Wednesday, January 30, 2019	10,000	Friday, April 10, 2020		Joint liability	From the effective date of this contract to three years after the expiration of the debt performance period under	No	Yes

						the "guarantee agreement" (or the debt early maturity date announced by Party B)		
Fangda New Material	Saturday, April 18, 2020	8,000	23 May 2020	1,979.29	Joint liability	since engage of contract to 2 years upon due of debt	No	Yes
Fangda New Material	Saturday, April 18, 2020	6,500	Tuesday, July 14, 2020	1,354.24	Joint liability	since engage of contract to 2 years upon due of debt	No	Yes
Fangda Property	Wednesday, December 4, 2019	135,000	25 February 2020	97,147.63	Joint liability	since engage of contract to 2 years upon due of debt	No	Yes
Fangda Property	Wednesday, January 30, 2019	20,000	19 June 2019	19,032.15	Joint liability	since engage of contract to 2 years upon due of debt	No	Yes
Fangda Zhijian	Wednesday, January 30, 2019	8,000	31 July 2019	4,097.35	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)		386,500		Total of guarantee to subsidiaries actually occurred in the report term (B2)		370,133.43		
Total of guarantee to subsidiaries approved as of the report term (B3)		549,500		Total of balance of guarantee actually provided to the subsidiaries as of end of report term (B4)		287,472.28		
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)	386,500	Total of guarantee occurred in the report term (A2+B2+C2)	370,133.43
Total of guarantee approved as of end of report term (A3+B3+C3)	549,500	Total of guarantee occurred as of the end of report term (A4+B4+C4)	287,472.28
Percentage of the total guarantee occurred (A4+B4+C4) on net asset of the Company		53.42%	
Including:			
Guarantees provided to the shareholders, substantial controllers and the related parties (D)		0	
Guarantee provided directly or indirectly to objects with over 70% of liability on asset ratio (E)		19,032.15	
Amount of guarantee over 50% of the net asset (F)		18,429.42	
Total of the above 3 (D+E+F)		19,032.15	
Note of immature guarantee with guarantee liabilities or possible joint damage liabilities in the report period		None	
Statement of external guarantees violating the procedure		None	

(2) Incompliant external guarantee

□ Applicable √ Inapplicable

The Company made no incompliant external guarantee in the report period.

3. Entrusted cash capital management

(1) Wealth management

√ Applicable □ Inapplicable

Wealth management during the reporting period

In RMB10,000

Type	Source of fund	Amount	Undue balance	Due balance to be recovered
Bank financial products	Self-owned fund	79,029.74	405.1	0
Total		79,029.74	405.1	0

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

□ Applicable √ Inapplicable

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

□ Applicable √ Inapplicable

(2) Trusted loans

√ Applicable □ Inapplicable

Overview of entrusted loans during the reporting period

In RMB10,000

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

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

□ Applicable √ Inapplicable

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

□ Applicable √ Inapplicable

4. Major contracts for daily operation

□ Applicable √ Inapplicable

5. Other significant contract

□ Applicable √ Inapplicable

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

XVI Social responsibilities

1. Fulfillment of social responsibilities

The Company has disclosed the "2020 Social Responsibility Report", the details of which were published on the http://www.cninfo.com.cn on March 23, 2020.

2. Performance of poverty relieving responsibilities

(1) Annual epidemic prevention and control, targeted poverty alleviation and summary

In 2020, the Company and its employees donated a total of RMB7.7662 million for epidemic prevention and control, targeted poverty alleviation and other matters. The main items are as follows:

1. In order to prevent and control the new crown epidemic, the Company supports medical staff who are on the front line of the epidemic, respectively donating RMB2 million to the Wuhan Red Cross Society and RMB1 million to the Jiangxi Red Cross Foundation for the purchase of prevention and control materials, motivate frontline medical staff;
2. Period To help the large tenants in Shenzhen, the Company has reduced the rent by RMB2.52 million;
3. The Company donated RMB2 million to the Jiangxi Red Cross Foundation to support poverty alleviation in Aktao County, Xinjiang;
4. The Company organized party members and employees to donate RMB120,500 to fight the epidemic;
5. The Company donated 50,000 masks to the new district of Nanchang City, equivalent to RMB112,500 in capital;

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

(2) Result of targeted poverty alleviation

Specifications	Unit	Qty/Description
1. General situation	——	——
Including: 1. Fund	(in RMB10,000)	200.1
II. Investment	——	——
1. Industry development poverty relief	——	——
Including: 1.1 Industry development projects	——	Others
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)	200.1
9. Others	——	——
III. Prizes	——	——
Top 500 charitable enterprises in China in 2020		
Jiangxi Province "thousands of enterprises help thousands of villages" precise poverty alleviation action advanced private enterprise title		
Example group of Jiangxi Poyang to help aketao out of poverty in 2020		
Chairman Xiong Jianming won the title of "2020 China Charity entrepreneur"		

(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.

3. Environmental protection

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

□ Yes √ No

No

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

XIX. Other material events

√ Applicable □ Inapplicable

1. 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. As of September 22, 2020, the Company's 2020 repurchase period for some domestically listed foreign shares (B shares) has expired. A total 14,404,724 B shares have been repurchased. The highest price of repurchase is HK$3.47 per share. The lowest price is HK$3.16 per share, and the cumulative payment of HK$48,359,819.24 (including transaction-related expenses). The Company has disclosed the "Announcement on the Expiry of the Repurchase Period and the Implementation Results of Share Repurchase" on September 24, 2020. The repurchased shares shall be cancelled and the registered capital shall be reduced after being reviewed and approved by the general meeting of shareholders within three years after the announcement of the repurchase results is disclosed; if the Company's shareholders' meeting does not pass the review, the shares that have been repurchased will be transferred within three years according to relevant regulations.

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

During the reporting period, the Company's relevant qualifications have not changed significantly, and the validity period has not expired.

No.	Qualification	Valid period
1	Construction curtain wall designing class A	Until March 16, 2025
2	Construction curtain wall contracting class A	Until December 31, 2021
3	Construction decoration contracting class B	Until December 31, 2021
4	Steel structure engineering contracting class B	Until December 31, 2021
5	Construction mechanical and electric equipment installation contracting class C	Until December 31, 2021
6	City and road lighting engineering contracting class C	Until December 31, 2021
7	Construction mechanical and electric equipment installation contracting class A	Until February 25, 2025

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

XX. Material events of subsidiaries

□ Applicable √ Inapplicable

Chapter VI Changes in Share Capital and Shareholders

I. Changes in shares

1. Changes in shares

In share

	Before the change		Change (+,-)					After the change	
	Quantity	Proportion	Issued new shares	Bonus shares	Transferred from reserves	Others	Subtotal	Quantity	Proportion
I. Shares with trade restriction conditions	1,431,568	0.13%				870,525	870,525	2,302,093	0.21%
1. State-owned shares									
2. State-owned legal person shares									
3. Other domestic shares	1,431,568	0.13%				870,525	870,525	2,302,093	0.21%
Including: Shares held by domestic legal persons									
Domestic natural person shares	1,431,568	0.13%				870,525	870,525	2,302,093	0.21%
4. Shares held by foreign investors									
Including: Shares held by foreign legal persons									
Domestic natural person shares									
II. Unrestricted shares	1,121,952,621	99.87%				-35,975,763	-35,975,763	1,085,976,858	99.79%
1. Common shares in RMB	678,283,904	60.38%				-870,525	-870,525	677,413,379	62.25%
2. Foreign shares in domestic market	443,668,717	39.49%				-35,105,238	-35,105,238	408,563,479	37.54%
3. Foreign shares in overseas market									
4. Others									
III. Total of capital shares	1,123,384,	100.00%				-35,105,2	-35,105,2	1,088,278	100.00%

	189					38	38	,951	

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. Xiong Jianming, chairman of the board of directors of the Company, increased 1171000 A-share shares of the Company from the secondary market through the securities trading system of Shenzhen Stock Exchange from July 1, 2020 to August 27, 2020. Among them, 878250 shares are senior management lock-in shares with limited sales conditions. Therefore, 878250 shares of the Company are increased with limited sales conditions and 878250 shares are decreased with unlimited sales conditions.

3. 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 reduced, and 4,775 shares of restricted shares were increased.

4. 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. Repurchase of some domestic listed foreign shares (B shares) in 2019: from April 3, 2020 to May 12, 2020, a total of 35105238 B shares of the Company have been repurchased, with the highest price of HK $3.33 per share and the lowest price of HK $2.45 per share, and the accumulated payment of HK $108930044.20 (including transaction related fees). The cancellation procedures of 35105238 shares repurchased have been completed on May 20, 2020. For details, please refer to the announcement on completion of cancellation of repurchased shares disclosed by the Company on May 22, 2020.

2. Repurchase of some domestic listed foreign shares (B shares) in 2020: as of September 22, 2020, the repurchase period has expired, and 14404724 B shares of the Company have been repurchased, with the highest price of HK $3.47 per share and the lowest price of HK $3.16 per share, and the cumulative payment of 48359, 819.24 Hong Kong dollars (including transaction related

expenses). The Company has disclosed the announcement on the expiration of the repurchase period and the implementation results of share repurchase on September 24, 2020. The shares to be repurchased will be cancelled and the registered capital will be reduced after being deliberated and approved by the general meeting of shareholders within three years after the announcement of the repurchase results is disclosed. If the deliberation is not approved by the general meeting of shareholders, the repurchased shares will be cancelled within three years according to relevant regulations transfer the possession of.

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

□ Applicable √ Inapplicable

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

□ Applicable √ Inapplicable

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

□ Applicable √ Inapplicable

2. Changes in conditional shares

√ Applicable □ Inapplicable

In share

Shareholder name	Conditional shares at beginning of the period	Increased this period	Released this period	Conditional shares at end of the period	Reason of condition	Date of releasing
Xiong Jianming	1,417,243	878,250		2,295,493	Increase of shareholding	25% of the annual shareholding is released from the sale
Ye Zhiqing	14,325		14,325		The supervisor leaves after the expiration of his term of office	Monday, November 9, 2020
Fan Xiaodong		6,600		6,600	Newly elected supervisor	25% of the annual shareholding is released from the sale
Total	1,431,568	884,850	14,325	2,302,093	--	--

II. Share placing and listing

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

□ Applicable √ Inapplicable

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

□ Applicable √ Inapplicable

3. Current employees' shares

□ Applicable √ Inapplicable

III. Shareholders and the substantial controller of the Company

1. Shareholders and shareholding

In share

Number of shareholders of common shares at the end of the report period	59,221	Total number of ordinary share shareholders at the end of the month before the disclosure date of the annual report	57,995	Number of shareholders of preferred stocks of which voting rights recovered in the report period	0	Total number of shareholders of preference shares of which voting rights resumed at the end of the month before the disclosure date of the annual report	0

Shareholders holding 5% of the Company's shares or top-10 shareholders								
Shareholder name	Nature of shareholder	Shareholding percentage	Number of shares held at the end of the reporting period	Change in the reporting period	Conditional shares	Amount of shares without sales restriction	Pledging or freezing	
							Share status	Quantity
Shenzhen Banglin Technologies Development Co., Ltd.	Domestic non-state legal person	10.87%	118,307,546	3,464,892	0	118,307,546	Pledged	32,700,000
Shengjiu Investment Ltd.	Foreign legal person	9.66%	105,134,562	1,440,533	0	105,134,562		
Fang Wei	Overseas natural person	2.79%	30,322,437	-4,723,102	0	30,322,437		
Gong Qing Cheng Shi Li He Investment Management Partnership	Domestic non-state legal person	1.46%	15,860,609	-10,930,879	0	15,860,609		

Enterprise (limited partner)								
VANGUARD EMERGING MARKETS STOCK INDEX FUND	Foreign legal person	0.58%	6,312,683	-1,633,800	0	6,312,683		
VANGUARD TOTAL INTERNATIONAL STOCK INDEX FUND	Foreign legal person	0.57%	6,247,740	375,733	0	6,247,740		
Shenwan Hongyuan Securities (Hong Kong) Co., Ltd.	Foreign legal person	0.53%	5,783,896	-1,847,400	0	5,783,896		
Qu Chunlin	Domestic natural person	0.52%	5,666,861	1,359,850	0	5,666,861		
First Shanghai Securities Limited	Foreign legal person	0.36%	3,938,704	-63,000	0	3,938,704		
Shanghai Silver Leaf Investment Co., Ltd.-Silver Leaf Quantitative Hedging Phase 1 Private Securities Investment Fund	Others	0.35%	3,755,500	3,755,500	0	3,755,500		
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.						
Description of the above shareholders involved in entrusted / entrusted voting right and waiver of voting right		None						

Top 10 holders of unconditional shares			
Shareholder name	Amount of shares without sales restriction	Category of shares	
		Category of shares	Quantity

Shenzhen Banglin Technologies Development Co., Ltd.	118,307,546	RMB common shares	118,307,546
Shengjiu Investment Ltd.	105,134,562	Domestically listed foreign shares	105,134,562
Fang Wei	30,322,437	RMB common shares	30,322,437
Gong Qing Cheng Shi Li He Investment Management Partnership Enterprise (limited partner)	15,860,609	RMB common shares	15,860,609
VANGUARD EMERGING MARKETS STOCK INDEX FUND	6,312,683	Domestically listed foreign shares	6,312,683
VANGUARD TOTAL INTERNATIONAL STOCK INDEX FUND	6,247,740	Domestically listed foreign shares	6,247,740
Shenwan Hongyuan Securities (Hong Kong) Co., Ltd.	5,783,896	Domestically listed foreign shares	5,783,896
Qu Chunlin	5,666,861	RMB common shares	5,666,861
First Shanghai Securities Limited	3,938,704	Domestically listed foreign shares	3,938,704
Shanghai Silver Leaf Investment Co., Ltd.-Silver Leaf Quantitative Hedging Phase 1 Private Securities Investment Fund	3,755,500	RMB common shares	3,755,500
No action-in-concert or related parties among the top10 unconditional shareholders and between the top10 unconditional shareholders and the top10 shareholders	Among the shareholders, Shenzhen Banglin Technology Development Co., Ltd. and Shengjiu Investment Co., Ltd. are parties action-in-concert. Shenzhen Banglin Technology Development Co., Ltd. and Gong Qing Cheng Shi Li He Investment Management Partnership Enterprise are related parties. The Company is not notified of other action-in-concert or related parties among the other holders of current shares.		
Top-10 common share shareholders participating in margin trade	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., and Shanghai Yinye Investment Co., Ltd.-Yinye Quantitative Hedging Phase 2 Private Securities Investment Fund through Xiangcai Securities Co., Ltd. The customer credit transaction guarantee securities account holds 3,755,500 shares of the Company.		

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

□ Yes √ No

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

2. Profile of the controlling shareholders

Shareholder nature: natural person holding

Type of shareholder: legal person

Name of controlling shareholder	Legal representative/responsible person	Date of establishment	Organization code	Main business
Shenzhen Banglin Technologies Development Co., Ltd.	Chen Jinwu	Jun. 7, 2001	914403007298400552	Industrial investment, developing of electronic products, technical consulting, domestic commerce, material trading
Stock ownership of other domestic and overseas listed company controlled or whose shares are held by controlling shareholders	None			

Changes in the controlling shareholder in the reporting period

□ Applicable √ Inapplicable

No change in the controlling shareholder in the report period

3. Actual controller and persons acting in concert

Nature of actual controller: domestic natural person

Type of actual controller: natural person

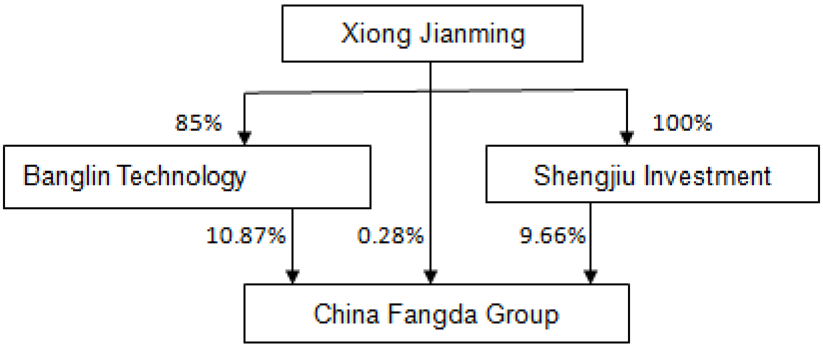
Name of substantial controller	Relationship with the actual controller	Nationality	Right of residence in another country or region
Xiong Jianming	Himself	Chinese	Yes
Job and position	Chairman of the Board and president of the Company over the past 5 years		
Profiles of domestic and overseas listed companies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

Change in the actual controller in the report period

□ Applicable √ Inapplicable

No change in the actual shareholder in the report period

7. Chart of the controlling relationship



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

□ Applicable √ Inapplicable

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

□ Applicable √ Inapplicable

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

□ Applicable √ Inapplicable

Chapter VII Preferred Shares

□ Applicable √ Inapplicable

The Company had no preferred share in the report period.

VIII. Information about the Company’s Convertible Bonds

□ Applicable √ Inapplicable

No convertible bonds in the report period

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

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

PRINTED NAME	Position	Job status	Sex	Age	Starting date of the term	End date of the term	Number of shares held at beginning of the period	Increased shares in this period (share)	Decreased shares in this period (share)	Other increase and decrease (share)	Number of shares held at end of the period
Xiong Jianming	Chairman, president	In office	M	63	Monday, November 20, 1995	Monday, May 8, 2023	1,889,657	1,171,000			3,060,657
Xiong Jianwei	Director	In office	M	52	Friday, April 16, 1999	Monday, May 8, 2023					
Zhou Zhigang	Director	In office	M	58	Monday, April 9, 2007	Monday, May 8, 2023					
Zhou Zhigang	Vice president	In office	M	58	Tuesday, April 11, 2017	Monday, May 8, 2023					
Zhou Zhigang	Secretary of the Board	Resigned	M	58	Wednesday, October 22, 2003	8 May 2020					
Lin Kebin	Director	In office	M	43	Tuesday, April 11, 2017	Monday, May 8, 2023					
Lin Kebin	Vice president	In office	M	43	Friday, June 6, 2008	Monday, May 8, 2023					
Guo Jinlong	Independent director	In office	M	59	Tuesday, April 11, 2017	Monday, May 8, 2023					
Huang Yaying	Independent	In office	M	58	8 May 2020	Monday, May 8,					

	director					2023					
Cao Zhongxiong	Independent director	In office	M	42	8 May 2020	Monday, May 8, 2023					
Dong Gelin	Supervisory Committee meeting convener	In office	M	42	Friday, December 28, 2018	Monday, May 8, 2023					
Cao Naisi	Supervisor	In office	F	42	Tuesday, April 11, 2017	Monday, May 8, 2023					
Fan Xiaodong	Supervisor	In office	M	34	8 May 2020	Monday, May 8, 2023	8,800				8,800
Wei Yuexing	Vice president	In office	M	52	Jul. 29, 2011	Monday, May 8, 2023					
Xiao Yangjian	Secretary of the Board	In office	M	36	Tuesday, June 23, 2020	Monday, May 8, 2023					
Guo Wanda	Independent director	Resigned	M	55	Monday, March 31, 2014	8 May 2020					
Deng Lei	Independent director	Resigned	M	42	Tuesday, February 16, 2016	8 May 2020					
Ye Zhiqing	Supervisor	Resigned	M	46	Friday, December 28, 2018	8 May 2020	19,100				19,100
Total	--	--	--	--	--	--	1,917,557	1,171,000	0	0	3,088,557

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
Deng Lei	Independent	Leaving office	8 May 2020	Office term expires

	director			
Ye Zhiqing	Staff representative supervisor	Leaving office	8 May 2020	Office term expires
Zhou Zhigang	Secretary of the Board	Leaving office	8 May 2020	Office term expires
Huang Yaying	Independent director	Elected	8 May 2020	Re-elected
Cao Zhongxiong	Independent director	Elected	8 May 2020	Re-elected
Fan Xiaodong	Supervisor	Elected	8 May 2020	Re-elected
Xiao Yangjian	Secretary of the Board	Engaged	Tuesday, June 23, 2020	Re-elected

III. Office Description

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

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

2. Mr. Xiong Jianwei: Master of business administration. Now he is the director of the Company, chairman of Fangda Jianke company, and member of the 14th Nanchang CPPCC Standing Committee.

3. Mr. Zhou Zhigang: Bachelor degree. He is now the director and vice president of the Company. He used to be the Secretary of the board of directors, director of the marketing headquarters, general manager of the enterprise management center, and director of the human resources department of the Company.

4. Mr. Lin kebing: Bachelor degree. He is now the director and vice president of the Company. He was once the financial director of the Company.

5. Guo Jinlong: master's degree, CPA. He was a member of the fifth session of the CPPCC of Shenzhen City. He is currently the deputy to the sixth session of the People's Congress of Shenzhen, vice chairman of Guangdong Certified Public Accountants Association (limited liability partnership), partner of ShineWing Certified Public Account, and an independent director of the Company, Shenzhen Sanlipu Photoelectric Technology Co., Ltd. and Inner Mongolia Furui Medical Technology Co., Ltd. He was a former member of the 5th CPPCC Shenzhen.

6. Mr. Huang YAYING: Master, Professor, part-time lawyer. He is currently a professor of Shenzhen University, a part-time lawyer of Beiyuan law firm, and an independent director of the Company, Han's Laser Technology Industry Group Co., Ltd., Shenzhen BAOYING Construction Holding Group Co., Ltd., and Shenzhen Lihe Technology Innovation Co., Ltd. He was once a professor of Northwest University of Political Science and Law, and dean of Shenzhen University Law School.

7. Mr. Cao Zhongxiong: doctor, now is the executive director of New Economy Research Institute of comprehensive development and Research Institute (Shenzhen, China). He is engaged in the research and consulting work of new economy and enterprise strategy.

He is an independent director of the Company. He was once a technician of China National Chemical Corporation Bluestar Cleaning Agent Co., Ltd. of China National Chemical Corporation.

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

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

10. Mr. Fan Xiaodong: Bachelor degree, major in law. He joined the legal department of the Company in 2011. He is now the supervisor and vice minister of the legal department of the Company.

11. Mr. Wei Yuexing holds a Bachelor degree and is a senior engineer. He is the vice president of the and general manager of Fangda Jianke.

12. Mr. Xiao Yangjian: Bachelor degree. Now he is the Secretary of the board of directors of the Company. He once served as deputy general manager and Secretary of the board of directors of Shenzhen Xiongtao Power Technology Co., Ltd. and deputy general manager and Secretary of the board of directors of Shenzhen Guangfeng Technology Co., Ltd.

Offices held at shareholders entitie

√ Applicable □ Inapplicable

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

Offices held at other entities

√ Applicable □ Inapplicable

Name	Entity name	Office	Starting date of the term	End date of the term	Whether any remuneration is paid at the shareholder entity
Guo Jinlong	ShineWing Certified Public Accountants (limited liability partnership)	Partner	Saturday, October 1, 2005		Yes
Guo Jinlong	Shenzhen Sanlipu Photoelectric Technology Co., Ltd.	Independent director	Friday, July 10, 2020		Yes
Guo Jinlong	Inner Mongolia Furui Medical Technology Co., Ltd	Independent director	Wednesday, May 20, 2020		Yes

Huang Yaying	Shenzhen University	Professor	Tuesday, September 16, 2003		Yes
Huang Yaying	Beiyuan law firm	Part-time lawyer	Wednesday, April 15, 2020		No
Huang Yaying	Han's Laser Technology Industry Group Co., Ltd	Independent director	Friday, October 11, 2013		Yes
Huang Yaying	Shenzhen BAOYING Construction Holding Group Co., Ltd.	Independent director	Tuesday, June 2, 2020		Yes
Huang Yaying	Shenzhen Lihe Technology Innovation Co., Ltd.	Independent director	Monday, February 10, 2020		Yes
Cao Zhongxiong	General Development Research Institute (Shenzhen, China)	Executive director of New Economy Research Institute	Thursday, January 15, 2015		Yes
Office description	The above-mentioned three are independent directors of the Company.				

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

□ Applicable √ Inapplicable

IV. Remunerations of the Directors, Supervisors and Senior Executives

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

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

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

Payment on monthly basis

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

In RMB10,000

PRINTED NAME	Position	Sex	Age	Job status	Total remuneration	Remuneration from related parties
Xiong Jianming	Chairman, president	M	63	In office	228.67	No
Xiong Jianwei	Director	M	52	In office	107.34	No

Zhou Zhigang	Director, vice president	M	58	In office	81.43	No
Lin Kebin	Director, vice president	M	43	In office	105.28	No
Guo Jinlong	Independent director	M	59	In office	8	No
Huang Yaying	Independent director	M	58	In office	5.14	No
Cao Zhongxiong	Independent director	M	42	In office	5.14	No
Dong Gelin	Supervisory Committee meeting convener	M	42	In office	71.9	No
Cao Naisi	Supervisor	F	42	In office	58.55	No
Fan Xiaodong	Supervisor	M	34	In office	40.36	No
Wei Yuexing	Vice president	M	52	In office	105.47	No
Xiao Yangjian	Secretary of the Board	M	36	In office	47.75	No
Guo Wanda	Independent director	M	55	Resigned	2.86	No
Deng Lei	Independent director	M	42	Resigned	2.86	No
Ye Zhiqing	Supervisor	M	46	Resigned	25.42	No
Total	--	--	--	--	896.17	--

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

□ Applicable √ Inapplicable

5. Employees

1. Staff number, professional composition and education

Staff number of the parent	65
Staff number of major subsidiaries	1,693
Total staff number	2,245
Number of employees receiving remuneration in the period	2,245
Resigned and retired staff number to whom the parent and major subsidiaries need to pay remuneration	0
Professional composition	

Categories of professions	Number of people
Production	820
Sales & Marketing	69
Technicians	1,140
Finance & Accounting	73
Administration	143
Total	2,245
Education	
Categories of education	Number of people
High school or below	1,014
College diploma	452
Bachelor	756
Master's degree	21
Doctor's degree	2
Total	2,245

2. Remuneration policy

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

3. Training program

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

4. Labor outsourcing

√ Applicable □ Inapplicable

Total number of hours of labor outsourcing	14,516,926.35
Total remuneration paid for labor outsourcing (RMB)	466,846,880.09

Chapter X Corporation Governance

1. Overview

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

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

□ Yes √ No

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

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

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

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

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

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

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

3. Competition

□ Applicable √ Inapplicable

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

1. Annual shareholder meeting during the report period

Meeting	Type	Participation of	Date	Date of	Index for information disclosure

		investors		disclosure	
2019 Annual Shareholder Meeting	Annual shareholders' meeting	24.66%	8 May 2020	Saturday, May 9, 2020	Notice on Resolutions of the Annual Shareholders' Meeting (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

V. Performance of independent directors during the report period

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

Independent directors' presenting of board meetings and shareholders' meetings in the report period							
Name of independent director	Time of board meetings should have attended	Number of board meetings attended	Presented by telecom	Number of board meetings attended by proxy	Number of board meetings not attended	Absent for two consecutive meetings	Number of shareholders' meetings attended
Guo Jinlong	8	3	5	0	0	No	1
Huang Yaying	5	2	3	0	0	No	0
Cao Zhongxiong	5	2	3	0	0	No	0
Guo Wanda (left after term expired)	3	1	2	0	0	No	1
Deng Lei (left after term expired)	3	1	2	0	0	No	1

Statement for absence for two consecutive board meetings

None

2. Objection raised by independent directors

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

□ Yes √ No

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

3. Other statement for performance of independent directors

Adoption of suggestion proposed by independent directors

√ Yes □ No

Statement for suggestion adopted or not by the Company

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

VI. Performance of specific committees under the Board

(1) Performance of the Development Strategy Committee

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

1. On April 16, 2020, the Company held the 6th meeting of the 8th Development Strategy Commission to listen to the report on production and operation in 2019 and production and operation plan for 2020.

2. On August 20, 2020, the 1st meeting of the Development Strategy Committee of the 8th term of the Board was held to view the Company's production and operation in the first half of 2020 and studied the fulfillment of the business plan in the first half of the year and places to be improved in the second half.

(2) Performance of the Auditing Committee

During the reporting period, the audit committee of the board of directors of the Company held four meetings to review the audit work arrangement, regular financial reports, selection and employment of accounting firms, aluminum futures hedging and foreign exchange derivatives trading. Details of the meetings are disclosed as follows:

1. On April 10, 2020, the 14th meeting of the Auditing Committee of the 8th term of the Board was held to review the financial statements with the initial opinion issued by the CFA for 2019 and approve the auditor report issued by the CFA. After the CFA issued to final auditor's opinion, the Auditing Committee submitted the resolution on the annual financial statements to the Board and issued the summary report on the auditing of the CFA for this year.

2. On April 16, 2020, the Company held the 15th meeting of the audit committee of the 8th board of directors. The meeting listened to the financial and internal audit work report of 2019, and deliberated and approved (1) the Company's audited financial and accounting statements of 2019; (2) the financial and accounting statements of the first quarter of 2020; (3) the proposal to hire the audit institution of 2020; (4) the Company's internal audit report of 2019 Work plan; (5) feasibility analysis on Aluminum Futures Hedging and foreign exchange derivatives trading business; (6) proposal on adjusting investment amount and service life of aluminum futures hedging and foreign exchange derivatives trading business; (7) self-evaluation report on internal control of the Company in 2019. The audit committee suggests that the internal audit body should increase communication with the audit committee to help the committee better under the Company's condition and make higher requirements on the audit quality. The members of the audit committee gave professional advice on improving the Company's processes, optimizing the system, and risk prevention from various perspectives based on their own experience in different industries. They also put forward higher requirements for the Company's future internal control work.

3. On August 20, 2020, the Company held the first meeting of the audit committee of the ninth board of directors, and reported to the members the financial work and internal audit report for the first half of 2020. The financial statements of the Company for the half year of 2020 were reviewed and approved.

4. On October 19, 2020, the Company held the second meeting of the audit committee of the ninth board of directors, and deliberated and approved (1) the financial statements of the third quarter of 2020; (2) the feasibility analysis on the development of commodity futures option hedging business; (3) the proposal on the development of commodity futures option hedging business.

(3) Performance of the Remuneration and Assessment Committee

During the reporting period, the remuneration and assessment committee of the board of directors of the Company held two meetings to review the remuneration and Allowance Schemes of the directors and senior managers of the Company in accordance with the working rules of the remuneration and assessment committee formulated by the Company. Details of the meetings are disclosed as follows:

1. On April 16, 2020, the Company held the third meeting of the remuneration and assessment committee of the eighth board of directors, and deliberated and passed (1) the proposal on the remuneration of directors and senior managers in 2019; (2) the annual allowance scheme for the ninth directors (including independent directors) of the Company.

2. On May 8, 2020, the Company held the first meeting of the compensation and assessment committee of the ninth board of directors, deliberating and approving the ninth senior management compensation plan of the Company.

VII. Performance of Supervisory Committee

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

□ Yes √ No

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

(2) The Supervisory Committee' Work Report 2020

In 2020, the Supervisory Committee performed its duties and obligations in supervision and protect all shareholders' and the Company's interests in accordance with the Company Law, Share Listing Rules, Articles of Association and Rules of the Procedure of the Supervisory Committee. The 2020 supervisory committee's work plan is as follows:

1. Opinions

(1) Legal compliance

In 2020, the Board of Supervisors of the Company supervised the operation of the Company in accordance with the law. In the report period, the Company has been operated in accordance with law. The convening of meeting of the Board and the decision-making process are compliant with law, regulations and Articles of Association; the internal control system is solid. Directors and senior management have performed their obligations. No violation against law, regulations, Articles of Association and interests of the Company and shareholders was discovered.

(2) Financial condition

During the period, the Board of Supervisors supervised the financial affairs of the Company. The accounting management has been compliant with the Accounting Law, Enterprise Accounting Standard. No false, misleading statement or significant omission was found in financial statements. The financial reports of the Company reflect the Company's financial position, operation performance, cash flows and major risks truthfully, accurately and completely. The CPA has issued the standard auditor's report in 2020, which is objective, fair and truthful. It reflects the Company's financial position and operation performance.

(3) Implementation of internal control

According to the board of supervisors, the design and operation of the internal control is effective and meets the Company's management and development requirements. It can ensure the truthfulness, lawfulness, completeness of the financial materials and ensure the safety and completeness of the Company's property. In 2020, there was no violation by the Company against the Operation Regulations for Listed Companies in the Shenzhen Stock Exchange and the Company's internal control system. The 2020 Internal Control Self-evaluation Report truthfully and objectively reflects the establishment, implementation and improvement of the Company's internal control system. There are no significant or important problems in the financial and non-financial reports in the report period.

(4) Associated Transactions

The Board of Supervisors held that the related transactions of the Company were carried out in strict accordance with the related transaction rules and agreements, in line with the principle of fairness and rationality, and did not damage the interests of the Company and shareholders.

(5) Fulfillment of social responsibilities

In 2020, the Company has made due contributions to economic development and environmental protection, actively participated in public welfare and charity, conscientiously fulfilled its due social responsibility, and safeguarded the interests of shareholders, customers and employees.

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

Four meetings were held in 2020, all of which are on-site meetings. All proposal were approved and disclosed as required:

No.	Meeting	Date	Convening method	Topic
1	13th meeting of the 8th Supervisory Committee	16 April 2020	On-site	1. Supervisory Committee’s Annual Report 2019; 2. Annual Report 2019 and the Summary; 3. Reviewing the 2020 Q1 Report and Text; 4. Financial Settlement Report 2019; 5. Proposal of dividend distribution for year 2019; 6. The proposal of engaging the auditor for 2020; 7. The Company’s internal control self-evaluation report 2019; 8. Proposal on changes in accounting estimates for accrued credit impairment losses; 9. The proposal of re-electing the 9th Supervisory Committee of the Company:
2	1st meeting of the 9th Supervisory Committee	8 May 2020	On-site	Elect the convener of the ninth Board of Supervisors of the Company.
3	2nd meeting of the 9th Supervisory Committee	Thursday, August 20, 2020	On-site	2020 Interim Report and the Summary of the Company
4	3rd meeting of the 9th Supervisory Committee	19 October 2020	On-site	Reviewing the 2020 Q3 Report and Text.

(III) The Supervisory Committee's Work Report 2021

In 2021, the Supervisory Committee of the Company will closely focus on the overall business objectives of the Company, actively perform the supervision function of the Supervisory Committee and supervise the standardized operation of the Company in accordance with the Company Law and other laws and regulations, the articles of association and the rules of procedure of the Supervisory Committee; at the same time, it will continuously strengthen its professional quality, strive to improve its professional ability and performance level; and strengthen the supervision of major projects and related parties of the Company, pay attention to the Company's risk management and internal control system construction, ensure that the Company implements effective internal control measures, and further promote the Company's standardized operation.

VIII. Assessment and motivation of senior executives

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

IX. Internal control

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

□ Yes √ No

2. Internal control self-evaluation report

Date of disclosure of the internal control evaluation report	Tuesday, March 23, 2021	
Disclosure of the internal control evaluation report	www.cninfo.com.cn	
Percentage of assets in the evaluation scope in the total assets in the consolidated financial statements	99.55%	
Percentage of operation income in the evaluation scope in the total operation income in the consolidated financial statements	98.45%	
Standard		
Type	Financial report	Non-financial report
Standard	1. The following problems are considered major problems: 1. Non-effective control environment; 2. corrupt practice by directors, supervisor and senior management, causing substantial loss and impacts for the Company; 3. Substantial mistakes in the financial statements in the period discovered by the CPA, which are not discovered by the internal control; 4. Ineffective supervision of the internal control by the Company's auditing department 2. The following problems are considered significant problems: 1 accounting policies are selected and used without complying to widely accepted accounting	I. The following condition indicates significant problems in the internal control of non-financial reports: 1. Serious violation against national laws, regulations or specifications; 2. Serious business system problems and system ineffectiveness; 3. Major or important problems cannot be corrected; 4. Lack of internal control and poor management; 5. Loss of management personnel or key employees; 6. Safety and environmental accidents that cause major adverse impacts; 7. Other situations that cause major adverse impacts on the Company. II. The following situations

	standards; 2. No anti-corrupt and important balance system and control measures are taken; 3. Separate or multiple problems in the preparation of financial reports, which are serious enough to affecting the truthfulness and accuracy of the reports; no control system is established and no related compensation system is implemented for accounts of irregular or special transactions 3. Other problems are considered normal problems.	indicate that there may be significant problems with the internal control: 1. business system problems and system ineffectiveness; 2. Major or important problems cannot be corrected; 3. Other situations that cause major adverse impacts on the Company III. The following situation indicate likely normal problems in the internal control: 1. Problems in the general business system; 2. Normal problems in the internal control supervision cannot be correctly promptly.
Standard	1. Significant problem: 1 mistakes affecting 5% and more of the pre-tax profit and more than RMB5 million in the consolidated statements; 2. Mistakes affecting 5% and more of the consolidated assets and more than RMB5 million 2. Important problem: 1. Mistakes affecting 1%-5% of the pre-tax profit in the consolidated statements; 2. Mistakes affecting 1%-5% the consolidated assets. III. Normal problem: 1. Mistakes affecting less than 1% of the pre-tax profit and total assets of the consolidate statements.	See the recognition standard of the internal control problems for financial statements
Significant problems in financial statements	0	
Significant problems in non-financial statements	0	
Important problems in financial statements	0	
Important problems in non-financial statements	0	

X. Internal control audit report

√ Applicable □ Inapplicable

Comments in the internal control audit report	
We believe that China Fangda Group has maintained effective internal control on financial reports according to Basic Regulations on Enterprise Internal Control and related regulations on December 31, 2020.	
Disclosure of internal auditor's report	Disclosed

Date of disclosure of the internal control audit report	Tuesday, March 23, 2021
Source of disclosure of the internal control audit report	www.cninfo.com.cn
Opinion type	Standard opinion auditor's report
Problems in non-financial statements	No

Non-standard internal control audit report by the CFA

□ Yes √ No

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

√ Yes □ No

Chapter XI Information about the Company's Securities

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

No

Chapter XII Financial Statements

I. Auditor's report

Type	Standard opinion auditor's report
Issued on	Friday, March 19, 2021
Auditor	RSM Thornton (limited liability partnership)
Report No.	RSM[2021) No.361Z0020
CPA names	Chen Zhaoxin, Zeng Hui, Hu Gaosheng

Auditors' Report

Auditors' Report

RSM[2021) No.361Z0020

To the shareholders of China Fangda Group Co., Ltd.:

1. Auditors' Opinions

We have audited the financial statements of Fangda Group Co., Ltd. (hereinafter referred to as Fangda group company), including the consolidated and parent company's balance sheet as of December 31, 2020, the consolidated and parent company's income statement, consolidated and parent company's cash flow statement, consolidated and parent company's statement of changes in owner's equity and notes to relevant financial statements in 2020.

We believe that Fangda Group has been following with the Enterprise Accounting Standard in preparing of the Financial Statements. The Financial Statements is reflecting, in all important aspects, the financial situation of Fangda Group as of December 31, 2020, and the business performance and cash flow of year 2020.

2. Basis of the Opinions

We carried out the auditing works with compliance to Chinese CPA Auditing Standard, The "CPA's Responsibility for Auditing Financial Statements" section of the audit report further elaborated our responsibilities under these guidelines. In accordance with the Code of Ethics for Chinese Certified Public Accountants, we are independent of Fangda Group and perform other professional ethics duties. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

3. Key Audit Matters

The key audit matters are the matters that we believe are most important for the audit of the current financial statements based on professional judgment. The response to these matters is based on the overall audit of the financial statements and the formation of an audit opinion. We do not comment on these matters separately.

(1) Income recognition

For related information disclosure, please refer to Note III, 24, Note V, 43 and Note XIII 2 of the financial statements.

1. Description

In 2020, the operating revenue of Fangda Group is 2.979 billion yuan, of which the revenue of curtain wall and metro platform screen door accounts for 92.82% of the total revenue of the Group.

Fangda Group's performance obligations related to the construction subcontracting contract include building curtain wall and metro platform screen door. As the customer can control the commodity under construction in the process of performance of Fangda group, the Company regards it as the performance obligation within a certain period of time, and recognizes the revenue according to the performance progress. The Company shall determine the performance schedule of services according to the input method. The performance schedule shall be determined according to the proportion of the actual contract cost to the estimated total contract cost. Management needs to make a reasonable estimate of the initial total contract revenue and total contract costs for the Engineering contracting contract and continue to assess and revise it during the contract implementation process, which involves significant accounting estimates of the management.

Therefore, we identify revenue recognition related to construction contracts as key audit matters.

2. Audit response

Our audit procedures for revenue recognition related to construction subcontracting contracts mainly include:

(1) Understand and evaluate the design of internal control related to management contract and engineering subcontracting contract budget and revenue recognition, and test the effectiveness of key control implementation.

(2) Obtained a major engineering subcontracting contract, verified the contract revenue, and reviewed key contract terms. Check the engineering contracting contract and cost budget information on which management expects total revenue and estimated total cost.

(3) Obtain the construction subcontracting contract account and project revenue and cost summary table, carry out analytical review on the gross profit of the project, and recalculate the performance progress and revenue in the construction subcontracting contract account to verify its accuracy.

(4) Select samples to check the project engineering details of the main project, subcontracted labor approval forms, and the owner’s production value approval documents and records to verify the contract costs incurred.

(5) Select samples to check if the relevant contract costs are recorded in the appropriate accounting period.

(6) Select a sample to conduct a site inspection of the progress of the project image to verify the reasonableness of the project's performance schedule.

(2) Measurement of fair value of investment real estate

For related information disclosure, please refer to Note III, 15, Note V, 16 (2), Note V 51 and Note IX of the financial statements.

1. Description

As of December 31, 2020, the book balance of the investment real estate of Fangda group which adopts the fair value model for subsequent measurement is 5.628 billion yuan, accounting for 47.43% of the total assets. The income from changes in fair value realized in the current period is 19 million yuan, which has a great impact on the financial indicators of the Group's consolidated statements.

The management of Fangda Group annually employs a third-party assessment agency with relevant qualifications to evaluate the fair value of the investment real estate. The evaluation adopts the market comparison method and the income method to comprehensively analyze various factors that affect the real estate price of the appraisal subject. The assessment of the fair value of investment real estate involves many estimates and assumptions, such as the analysis of the economic environment and future trends of the real estate where the investment real estate is located, discount rates, etc. The changes in estimates and assumptions will have big impacts on the fair value of the investment real estate evaluated. Therefore, we identify the measurement of fair value of investment real estate as a key audit matter.

2. Audit response

Our audit procedures for the measurement of fair value of investment real estate mainly include:

(1) Assess the competency, professional quality, independence and objectivity of third-party assessment agencies employed by the management.

(2) Obtain the assessment report, selected major or typical samples, and use our real estate appraisal experts to review and review the assessment methods and assumptions used in the assessment report and the rationality of the selected key assessment

parameters. Check the accuracy and relevance of the data used by the management in valuation.

(3) Review the measurement, presentation and disclosure of fair value of investment real estate in the financial statements.

(III) Measurement of expected credit loss of accounts receivable and contract assets

For related information disclosure, please refer to Note III, 9, Note V, 5 and Note V 10 of the financial statements.

1. Description

As stated in notes 3, 9, 5, 5 and 5, 10 of the financial statements, as of December 31, 2020, the total amount of accounts receivable of the Company is 805 million yuan, the provision for bad debts has been withdrawn is 189 million yuan, the total amount of contract assets of the Company is 1.812 billion yuan, the provision for impairment has been withdrawn is 170 million yuan, and the total amount of accounts receivable and contract assets accounts for 22.05% of the total assets. Due to the large amount of accounts receivable and contract assets of Fangda group, the management needs to use important accounting estimation and judgment when determining the expected recoverable amount of accounts receivable and contract assets, and the expected credit loss of accounts receivable and contract assets is important for financial statements. Therefore, we determine the measurement of expected credit loss of accounts receivable and contract assets as the key audit accounting matters.

2. Audit response

(1) Understand and evaluate the effectiveness of internal control design related to the provision for bad debts of accounts receivable and provision for impairment of contract assets of Fangda Group, and test the effectiveness of key control operation.

(2) Examining the expected credit loss measurement model, assessing the rationality of the major assumptions and key parameters in the model and the appropriateness of the credit risk combination method. Sample the key data of the expected credit loss model, and test the integrity and accuracy of the historical data used by the management.

(3) Review the management's accrual process of bad debt provision for accounts receivable and contract assets impairment provision, including: ① for accounts receivable and contract assets with impairment provision based on aging analysis method, obtain the aging analysis table of accounts receivable and contract assets and the accrual table of bad debt provision prepared by the management, select samples to review the accuracy and calculation of aging division of accounts receivable and contract assets (2) for the accounts receivable and contract assets with single provision for impairment, review the accuracy and rationality of the information and relevant assumptions used by the management in the testing process, and check the provision for impairment for the accounts receivable and contract assets with long accounting age, the accounts receivable and contract assets involving litigation matters.

4. Other information

The management of Fangda Group (hereinafter referred to as management) is responsible for other information. The other information includes the information covered in Fangda Group's 2020 annual report, but does not include the financial statements and our audit report.

Our audit opinions published in the financial statements do not cover other information and we do not publish any form of assurance conclusion on other information.

In connection with our audit of the financial statements, our responsibility is to read other information. In the process, we consider whether there is a material inconsistency or other material misstatement of other information whether it is in the financial statements or what we have learned during the audit process.

Based on the work we have performed, if we determine that there is a material misstatement of other information, we should report that fact. In this regard, we have nothing to report.

5. Executives' responsibilities on the Financial Statements

(1) Preparing these financial statements according to the Accounting Standards for Business Enterprises and presenting them fairly; (2) designing, implementing and maintaining necessary internal control to make sure that these financial statements are free from material misstatement, whether due to fraud or error.

In the preparation of the financial statements, the management is responsible for assessing Fangda Group's ability to continue as a going concern, disclosing issues related to going concern (if applicable), and applying the going concern assumption unless management plans to liquidate Fangda Group, terminate operations or there are no other realistic choices.

The management is responsible for overseeing the financial reporting process of Fangda Group.

6. Auditor's responsibility for auditing financial statements

Our objective is to obtain reasonable assurance as to whether the entire financial statements are free from material misstatement due to fraud or error and to issue an audit report containing audit opinions. Reasonable assurance is a high level of assurance, but it does not guarantee that an audit performed in accordance with auditing standards can always be discovered when a major misstatement exists. The report may be due to fraud or mistakes, and if a reasonable expectation of misstatement alone or aggregated may affect the economic decision-making made by users of financial statements based on the financial statements, the misstatement is generally considered to be material.

In the process of conducting audit work in accordance with auditing standards, we use professional judgment and maintain professional suspicion. At the same time, we also perform the following tasks:

(1) Identify and assess risks of material misstatement of financial statements due to fraud or errors, design and implement audit procedures to address these risks, and obtain adequate and appropriate audit evidence as a basis for issuing audit opinions. As fraud may involve collusion, forgery, willful omission, misrepresentation or override of internal control, the risk of not discovering a material misstatement due to fraud is higher than the risk of not discovering a material misstatement resulting from a mistake.

(2) Understand audit-related internal controls to design appropriate audit procedures.

(3) Evaluate the appropriateness of accounting policies adopted by the management and the reasonableness of accounting estimates and related disclosures.

(4) Conclude on the appropriateness of management's use of continuing operations assumptions. At the same time, based on the audit evidence obtained, it concludes that whether there are major uncertainties in the matters or circumstances that may cause major doubts about the ability of the Company’s continuing operations. If we conclude that there are significant uncertainties, the auditing standards require us to request the users of the report to pay attention to the relevant disclosures in the financial statements in the audit report; if the disclosure is not sufficient, we should publish non-unqualified opinions. Our conclusions are based on the information available as of the date of the audit report. However, future events or circumstances may result in Fangda Group's inability to continue operating.

(5) Evaluate the overall presentation, structure, and content of the financial statements and evaluate whether the financial statements fairly reflect the relevant transactions and events.

(6) Obtain sufficient and appropriate audit evidence on the financial information of entity or business activities in Fangda Group to express opinions on the financial statements. We are responsible for directing, supervising and executing group audits and assume full responsibility for audit opinions.

We communicate with the governance team on planned audit scope, timing, and major audit findings, including communication of the internal control deficiencies that we identified during the audit.

We also provide a statement to the management on compliance with ethical requirements related to independence, and communicate with the management on all relationships and other matters that may reasonably be considered to affect our independence, as well as related preventive measures (if applicable).

From the matters passed with the management, we determine which items are most important for the audit of the financial statements of the current period and thus constitute the key audit matters. We describe these matters in our audit report, unless laws and regulations prohibit the public disclosure of these matters, or in rare cases, if it is reasonably expected that the negative consequences of communicating something in the audit report will outweigh the benefits in the public interest, we determine that such matter should not be communicated in the audit report.

RSM China

(limited liability partnership)

Chinese CPA: Chen Zhaoxin

Chinese CPA: Zeng Hui

Beijing, China

Chinese CPA: Hu Gaosheng

Friday, March 19, 2021

II. Financial statements

Unit for statements in notes to financial statements: RMB yuan

1. Consolidated Balance Sheet

Prepared by: China Fangda Group Co., Ltd.

Thursday, December 31, 2020

In RMB

Item	Thursday, December 31, 2020	31 December 2019
Current asset:		
Monetary capital	1,459,840,020.10	1,209,811,978.95
Settlement provision		
Outgoing call loan		
Transactional financial assets	4,051,015.05	10,330,062.18
Derivative financial assets	6,974,448.22	
Notes receivable	207,145,563.97	305,070,930.97
Account receivable	616,195,129.40	1,956,191,307.07
Receivable financing	10,727,129.28	2,954,029.00
Prepayment	23,845,963.67	21,327,109.18

Insurance receivable		
Reinsurance receivable		
Provisions of Reinsurance contracts receivable		
Other receivables	162,145,236.85	139,947,655.35
Including: interest receivable		
Dividend receivable		
Repurchasing of financial assets		
Inventory	837,831,790.88	733,711,143.46
Contract assets	1,425,040,223.27	
Assets held for sales		
Non-current assets due in 1 year	141,681,778.35	
Other current assets	233,223,084.51	323,765,585.90
Total current assets	5,128,701,383.55	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	55,902,377.95	57,222,240.83
Investment in other equity tools	17,628,307.59	20,660,181.44
Other non-current financial assets	5,025,186.16	5,009,728.02
Investment real estate	5,634,648,416.52	5,522,391,984.11
Fixed assets	483,161,673.38	477,332,830.92
Construction in process	168,626,803.01	129,988,982.86
Productive biological assets		
Gas & petrol		
Use right assets		
Intangible assets	77,192,825.83	78,322,265.05
R&D expense		
Goodwill		
Long-term amortizable expenses	4,581,487.32	3,875,198.12
Deferred income tax assets	186,649,335.96	343,349,564.70
Other non-current assets	104,739,453.12	28,701,802.00

Total of non-current assets	6,738,155,866.84	6,666,854,778.05
Total of assets	11,866,857,250.39	11,369,964,580.11
Current liabilities		
Short-term loans	1,048,250,327.62	724,618,197.34
Loans from Central Bank		
Call loan received		
Transactional financial liabilities		
Derivative financial liabilities	915,234.93	96,767.62
Notes payable	866,224,515.42	578,816,027.44
Account payable	1,279,434,551.95	1,190,773,300.24
Prepayment received	1,544,655.62	136,340,104.73
Contract liabilities	265,487,113.12	
Selling of repurchased financial assets		
Deposit received and held for others		
Entrusted trading of securities		
Entrusted selling of securities		
Employees' wage payable	60,188,812.64	55,847,134.20
Taxes payable	358,662,944.42	17,848,987.68
Other payables	147,615,289.31	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	103,359,833.57	922,346,563.72
Other current liabilities	107,688,425.69	181,694,574.47
Total current liabilities	4,239,371,704.29	4,509,814,065.72
Non-current liabilities:		
Insurance contract provision		
Long-term loans	1,099,411,462.35	546,501,491.56
Bond payable		
Including: preferred stock		

Perpetual bond		
Lease liabilities		
Long-term payable		
Long-term employees' wage payable		
Anticipated liabilities	33,425,500.13	7,793,527.16
Deferred earning	9,168,492.17	10,817,247.40
Deferred income tax liabilities	1,038,084,099.97	1,063,833,159.00
Other non-current liabilities		
Total of non-current liabilities	2,180,089,554.62	1,628,945,425.12
Total liabilities	6,419,461,258.91	6,138,759,490.84
Owner's equity:		
Share capital	1,088,278,951.00	1,123,384,189.00
Other equity tools		
Including: preferred stock		
Perpetual bond		
Capital reserves	11,459,588.40	1,454,191.59
Less: Shares in stock	42,748,530.12	
Other miscellaneous income	2,078,167.63	-475,409.25
Special reserves		
Surplus reserve	106,783,436.96	159,805,930.34
Common risk provisions		
Retained profit	4,215,005,541.52	3,898,626,177.99
Total of owner's equity belong to the parent company	5,380,857,155.39	5,182,795,079.67
Minor shareholders' equity	66,538,836.09	48,410,009.60
Total of owners' equity	5,447,395,991.48	5,231,205,089.27
Total of liabilities and owner's interest	11,866,857,250.39	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	Thursday, December 31, 2020	31 December 2019
Current asset:		

Monetary capital	204,828,995.78	175,591,953.63
Transactional financial assets		
Derivative financial assets		
Notes receivable		
Account receivable	885,849.08	297,813.76
Receivable financing		
Prepayment	1,323,361.34	250,205.32
Other receivables	1,156,802,204.91	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	1,071,138.13	877,430.41
Total current assets	1,364,911,549.24	2,150,398,745.86
Non-current assets:		
Debt investment		
Other debt investment		
Long-term receivables		
Long-term share equity investment	1,196,831,253.00	963,508,253.00
Investment in other equity tools	16,392,331.44	18,604,010.22
Other non-current financial assets	30,000,001.00	48,831,242.35
Investment real estate	334,498,436.00	295,355,002.00
Fixed assets	65,157,481.98	67,361,529.52
Construction in process		
Productive biological assets		
Gas & petrol		
Use right assets		
Intangible assets	1,521,975.72	1,824,589.22
R&D expense		
Goodwill		
Long-term amortizable expenses	687,202.16	934,669.73
Deferred income tax assets	26,592,617.26	44,408,630.81

Other non-current assets		
Total of non-current assets	1,671,681,298.56	1,440,827,926.85
Total of assets	3,036,592,847.80	3,591,226,672.71
Current liabilities		
Short-term loans	491,503,263.89	300,442,988.19
Transactional financial liabilities		
Derivative financial liabilities		
Notes payable		
Account payable	606,941.85	606,941.85
Prepayment received	927,674.32	746,761.55
Contract liabilities		
Employees' wage payable	3,440,073.04	3,215,013.16
Taxes payable	2,993,196.12	312,647.89
Other payables	28,068,648.70	109,837,934.17
Including: interest payable		
Dividend payable		
Liabilities held for sales		
Non-current liabilities due in 1 year		520,872,206.95
Other current liabilities		
Total current liabilities	527,539,797.92	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	73,837,511.85	64,351,075.92
Other non-current liabilities		
Total of non-current liabilities	73,837,511.85	134,351,075.92

Total liabilities	601,377,309.77	1,070,385,569.68
Owner's equity:		
Share capital	1,088,278,951.00	1,123,384,189.00
Other equity tools		
Including: preferred stock		
Perpetual bond		
Capital reserves	360,835.52	360,835.52
Less: Shares in stock	42,748,530.12	
Other miscellaneous income	-371,129.71	1,287,629.38
Special reserves		
Surplus reserve	106,783,436.96	159,805,930.34
Retained profit	1,282,911,974.38	1,236,002,518.79
Total of owners' equity	2,435,215,538.03	2,520,841,103.03
Total of liabilities and owner's interest	3,036,592,847.80	3,591,226,672.71

3. Consolidated Income Statement

In RMB

Item	2020	2019
1. Total revenue	2,979,296,410.16	3,005,749,558.66
Incl. Business income	2,979,296,410.16	3,005,749,558.66
Interest income		
Insurance fee earned		
Fee and commission received		
2. Total business cost	2,595,803,195.98	2,601,531,253.53
Incl. Business cost	2,408,428,192.38	2,169,176,295.27
Interest expense		
Fee and commission paid		
Insurance discharge payment		
Net claim amount paid		
Net insurance policy responsibility contract reserves provided		
Insurance policy dividend paid		
Reinsurance expenses		

Taxes and surcharges	-222,323,473.74	61,963,170.98
Sales expense	39,303,536.85	57,584,186.20
Administrative expense	141,769,402.74	170,443,795.50
R&D cost	141,611,939.34	59,754,971.20
Financial expenses	87,013,598.41	82,608,834.38
Including: interest cost	84,492,438.91	84,330,416.17
Interest income	14,654,298.98	10,770,653.40
Add: other gains	15,413,171.18	7,616,772.29
Investment gains (“-” for loss)	1,274,767.24	-1,909,644.55
Incl. Investment gains from affiliates and joint ventures	-1,319,862.88	-2,152,583.08
Financial assets derecognised as a result of amortized cost	-6,148,967.92	-8,047,524.45
Exchange gains ("-" for loss)		
Net open hedge gains (“-” for loss)		
Gains from change of fair value (“-“ for loss)	19,221,299.32	42,618,039.60
Credit impairment ("-" for loss)	29,820,678.51	-34,518,434.36
Investment impairment loss ("-" for loss)	52,970,037.82	218,619.24
Investment gains ("-" for loss)	-252,262.23	-101,676.86
3. Operational profit ("-" for loss)	501,940,906.02	418,141,980.49
Plus: non-operational income	522,504.72	2,857,177.74
Less: non-operational expenditure	35,564,536.75	3,965,865.48
4. Gross profit ("-" for loss)	466,898,873.99	417,033,292.75
Less: Income tax expenses	85,121,657.12	70,271,688.45
5. Net profit ("-" for net loss)	381,777,216.87	346,761,604.30
(1) By operating consistency		
1. Net profit from continuous operation ("-" for net loss)	381,777,216.87	347,246,227.22
2. Net profit from discontinuous operation ("-" for net loss)		-484,622.92
(2) By ownership		
1. Net profit attributable to the shareholders of the parent company	382,051,466.98	347,771,182.73

2. Minor shareholders' equity	-274,250.11	-1,009,578.43
6. After-tax net amount of other misc. incomes	2,553,576.88	-2,691,071.26
After-tax net amount of other misc. incomes attributed to parent's owner	2,553,576.88	-2,691,071.26
(1) Other misc. incomes that cannot be re-classified into gain and loss	-2,478,954.16	-4,025,604.80
1. Re-measure the change in the defined benefit plan		
2. Other comprehensive income that cannot be transferred to profit or loss under the equity method		
3. Fair value change of investment in other equity tools	-2,478,954.16	-4,025,604.80
4. Fair value change of the Company's credit risk		
5. Others		
(2) Other misc. incomes that will be re-classified into gain and loss	5,032,531.04	1,334,533.54
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	5,232,583.76	1,208,493.78
6. Translation difference of foreign exchange statement	-200,052.72	126,039.76
7. Others		
After-tax net of other misc. income attributed to minority shareholders		
7. Total of misc. incomes	384,330,793.75	344,070,533.04
Total of misc. incomes attributable to the owners of the parent company	384,605,043.86	345,080,111.47

Total misc gains attributable to the minor shareholders	-274,250.11	-1,009,578.43
8. Earnings per share:		
(1) Basic earnings per share	0.35	0.31
(2) Diluted earnings per share	0.35	0.31

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	2020	2019
1. Turnover	24,471,432.70	28,729,890.94
Less: Operation cost	549,538.73	773,571.29
Taxes and surcharges	1,160,449.37	1,348,489.24
Sales expense		
Administrative expense	25,339,223.31	27,178,767.85
R&D cost		
Financial expenses	25,294,329.52	38,854,726.68
Including: interest cost	25,864,986.10	34,985,463.24
Interest income	2,892,457.34	2,165,024.86
Add: other gains	678,793.43	408,311.72
Investment gains (“-” for loss)	138,217,642.91	1,087,133,456.16
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)	39,143,434.00	1,784,860.63
Credit impairment ("-" for loss)	-3,642.40	40,817.64
Investment impairment loss ("-" for loss)		

Investment gains ("-" for loss)	-2,253.68	
2. Operational profit (“-” for loss)	150,161,866.03	1,049,941,782.03
Plus: non-operational income	51,867.27	26,335.45
Less: non-operational expenditure	2,592.22	1,223,230.35
3. Gross profit ("-" for loss)	150,211,141.08	1,048,744,887.13
Less: Income tax expenses	37,629,582.04	-8,892,465.53
4. Net profit (“-” for net loss)	112,581,559.04	1,057,637,352.66
(1) Net profit from continuous operation ("-" for net loss)		
(2) Net profit from discontinuous operation ("-" for net loss)		
5. After-tax net amount of other misc. incomes	-1,658,759.09	-2,302,498.50
(1) Other misc. incomes that cannot be re-classified into gain and loss	-1,658,759.09	-2,302,498.50
1. Re-measure the change in the defined benefit plan		
2. Other comprehensive income that cannot be transferred to profit or loss under the equity method		
3. Fair value change of investment in other equity tools	-1,658,759.09	-2,302,498.50
4. Fair value change of the Company's credit risk		
5. Others		
(2) Other misc. incomes that will be re-classified into gain and loss		
1. Other comprehensive income that can be transferred to profit or loss under the equity method		
2. Fair value change of other debt investment		
3. 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	110,922,799.95	1,055,334,854.16
7. Earnings per share:		
(1) Basic earnings per share		
(2) Diluted earnings per share		

5. Consolidated Cash Flow Statement

In RMB

Item	2020	2019
1. Net cash flow from business operations:		
Cash received from sales of products and providing of services	3,367,623,820.15	2,648,185,771.07
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	19,606,555.37	5,311,628.37

Other cash received from business operation	169,842,621.11	91,894,481.18
Sub-total of cash inflow from business operations	3,557,072,996.63	2,745,391,880.62
Cash paid for purchasing products and services	2,350,061,484.78	1,940,970,927.40
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	323,217,126.27	330,737,740.20
Taxes paid	166,354,101.79	244,444,228.84
Other cash paid for business activities	168,730,497.89	234,523,814.95
Sub-total of cash outflow from business operations	3,008,363,210.73	2,750,676,711.39
Cash flow generated by business operations, net	548,709,785.90	-5,284,830.77
2. Cash flow generated by investment:		
Cash received from investment recovery	9,127,070,331.13	7,028,386,864.50
Cash received as investment profit	16,736,972.11	59,694,513.21
Net cash retrieved from disposal of fixed assets, intangible assets, and other long-term assets	26,937.09	12,519,211.48
Net cash received from disposal of subsidiaries or other operational units		
Other investment-related cash received		
Sub-total of cash inflow generated from investment	9,143,834,240.33	7,100,600,589.19
Cash paid for construction of fixed	124,920,360.11	201,244,475.00

assets, intangible assets and other long-term assets		
Cash paid as investment	8,893,591,857.72	7,292,079,000.00
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	135,741.00	
Subtotal of cash outflows	9,018,647,958.83	7,555,258,305.31
Cash flow generated by investment activities, net	125,186,281.50	-454,657,716.12
3. Cash flow generated by financing activities:		
Cash received from investment	1,200,000.00	
Incl. Cash received from investment attracted by subsidiaries from minority shareholders	1,200,000.00	
Cash received from borrowed loans	2,746,860,091.27	1,006,523,338.17
Other cash received from financing activities		88,312,942.36
Subtotal of cash inflow from financing activities	2,748,060,091.27	1,094,836,280.53
Cash paid to repay debts	2,689,787,953.39	418,000,000.00
Cash paid as dividend, profit, or interests	167,293,954.61	320,109,344.09
Incl. Dividend and profit paid by subsidiaries to minority shareholders		
Other cash paid for financing activities	264,136,912.25	128,428,226.25
Subtotal of cash outflow from financing activities	3,121,218,820.25	866,537,570.34
Net cash flow generated by financing activities	-373,158,728.98	228,298,710.19
4. Influence of exchange rate changes on cash and cash equivalents	-1,754,853.93	722,848.92
5. Net increase in cash and cash equivalents	298,982,484.49	-230,920,987.78
Plus: Balance of cash and cash	725,269,902.90	956,190,890.68

equivalents at the beginning of term		
6. Balance of cash and cash equivalents at the end of the period	1,024,252,387.39	725,269,902.90

6. Cash Flow Statement of the Parent Company

In RMB

Item	2020	2019
1. Net cash flow from business operations:		
Cash received from sales of products and providing of services	25,311,576.38	21,696,664.72
Tax refunded	232,652.87	
Other cash received from business operation	5,923,588,766.78	3,227,285,187.16
Sub-total of cash inflow from business operations	5,949,132,996.03	3,248,981,851.88
Cash paid for purchasing products and services	1,296,998.99	1,693,694.68
Cash paid to and for the staff	17,120,262.06	17,754,587.59
Taxes paid	9,529,518.44	4,452,135.09
Other cash paid for business activities	5,193,502,562.12	4,620,509,035.31
Sub-total of cash outflow from business operations	5,221,449,341.61	4,644,409,452.67
Cash flow generated by business operations, net	727,683,654.42	-1,395,427,600.79
2. Cash flow generated by investment:		
Cash received from investment recovery	3,561,034,532.05	2,696,000,000.00
Cash received as investment profit	138,917,642.91	1,187,133,456.16
Net cash retrieved from disposal of fixed assets, intangible assets, and other long-term assets	6,235.50	
Net cash received from disposal of subsidiaries or other operational units		
Other investment-related cash received		

Sub-total of cash inflow generated from investment	3,699,958,410.46	3,883,133,456.16
Cash paid for construction of fixed assets, intangible assets and other long-term assets	58,173.88	254,183.30
Cash paid as investment	3,775,526,290.70	2,725,000,001.00
Net cash paid for acquiring subsidiaries and other operational units		
Other cash paid for investment		
Subtotal of cash outflows	3,775,584,464.58	2,725,254,184.30
Cash flow generated by investment activities, net	-75,626,054.12	1,157,879,271.86
3. Cash flow generated by financing activities:		
Cash received from investment		
Cash received from borrowed loans	690,000,000.00	400,000,000.00
Other cash received from financing activities		88,312,942.36
Subtotal of cash inflow from financing activities	690,000,000.00	488,312,942.36
Cash paid to repay debts	1,090,000,000.00	10,000,000.00
Cash paid as dividend, profit, or interests	80,238,023.19	259,087,314.23
Other cash paid for financing activities	142,820,271.29	88,428,226.25
Subtotal of cash outflow from financing activities	1,313,058,294.48	357,515,540.48
Net cash flow generated by financing activities	-623,058,294.48	130,797,401.88
4. Influence of exchange rate changes on cash and cash equivalents	237,736.33	498,258.88
5. Net increase in cash and cash equivalents	29,237,042.15	-106,252,668.17
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	204,578,995.78	175,341,953.63

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

Amount of the Current Term

In RMB

Item	2020														
	Owners' Equity Attributable to the Parent Company													Minor shareholders' equity	Total of owners' equity
	Share capital	Other equity tools			Capital reserves	Less: Shares in stock	Other miscellaneous income	Special reserves	Surplus reserve	Common risk provisions	Retained profit	Others	Subtotal		
		Preferred share	Perpetual bond	Others											
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				10,005,396.81	42,748,530.12	2,553,576.88		-53,022,493.38		316,379,363.53		198,062,075.72	18,128,826.49	216,190,902.21
(1) Total of misc. incomes							2,553,576.88				382,051,466.98		384,605,043.86	-274,250.11	384,330,793.75
(2) Investment	-35,1					42,748			-64,28				-142,1	7,450,	-134,6

or decreasing of capital by owners	05,238.00					,530.12			0,649.28				34,417.40	000.00	84,417.40
1. Common shares invested by owners	-35,105,238.00					42,748,530.12			-64,280,649.28				-142,134,417.40	7,450,000.00	-134,684,417.40
2. Capital contributed by other equity instrument holders															
3. Amount of shares paid and accounted as owners' equity															
4. Others															
(3) Profit allotment									11,258,155.90		-65,672,103.45		-54,413,947.55		-54,413,947.55
1. Provision of surplus reserves									11,258,155.90		-11,258,155.90				
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					10,005,396.81								10,005,396.81	10,953,076.60	20,958,473.41
4. Balance at the end of this period	1,088,278,951.00				11,459,588.40	42,748,530.12	2,078,167.63		106,783,436.96		4,215,005,541.52		5,380,857,155.39	66,538,836.09	5,447,395,991.48

Amount of the Previous Term

In RMB

Item	2019														
	Owners' Equity Attributable to the Parent Company													Minor shareholders' equity	Total of owners' equity
	Share capital	Other equity tools			Capital reserves	Less: Shares in stock	Other miscellaneous income	Special reserves	Surplus reserve	Common risk provisions	Retained profit	Others	Subtotal		
		Preferred share	Perpetual bond	Others											
1. Balance at the end of last year	1,155,481,686.00				1,454,191.59	10,831,437.66	7,382,087.59		120,475,221.40		3,921,225,872.96		5,195,187,621.88		5,195,187,621.88
Plus: Changes in accounting policies							-5,166,425.58		524,860.03		-39,930,304.63		-44,571,870.18		-44,571,870.18

Correction of previous errors															
Consolidation of entities under common control															
Others															
2. Balance at the beginning of current year	1,155,481,686.00				1,454,191.59	10,831,437.66	2,215,662.01		121,000,081.43		3,881,295,568.33		5,150,615,751.70		5,150,615,751.70
3. Change amount in the current period ("-" for decrease)	-32,097,497.00					-10,831,437.66	-2,691,071.26		38,805,848.91		17,330,609.66		32,179,327.97	48,410,009.60	80,589,337.57
(1) Total of misc. incomes							-2,691,071.26				347,771,182.73		345,080,111.47	-1,009,578.43	344,070,533.04
(2) Investment or decreasing of capital by owners	-32,097,497.00					-10,831,437.66			-66,957,886.36				-88,223,945.70		-88,223,945.70
1. Common shares invested by owners	-32,097,497.00					-10,831,437.66			-66,957,886.36				-88,223,945.70		-88,223,945.70
2. Capital contributed by other equity instrument holders															
3. Amount of shares paid and accounted as owners' equity															
4. Others															
(3) Profit allotment									105,763,735.		-330,440,573		-224,676,837		-224,676,837.8

									27		.07		.80		0
1. Provision of surplus reserves									105,763,735.27		-105,763,735.27				
2. Common risk provision															
3. Distribution to owners (or shareholders)											-224,676,837.80		-224,676,837.80		-224,676,837.80
4. Others															
(4) Internal 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														49,419,	49,419,

														588.03	588.03
4. Balance at the end of this period	1,123,384,189.00				1,454,191.59		-475,409.25		159,805,930.34		3,898,626,177.99		5,182,795,079.67	48,410,009.60	5,231,205,089.27

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

Amount of the Current Term

In RMB

Item	2020											
	Share capital	Other equity tools			Capital reserves	Less: Shares in stock	Other miscellaneous income	Special reserves	Surplus reserve	Retained profit	Others	Total of owners' equity
		Preferred share	Perpetual bond	Others								
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												
Correction of previous errors												
Others												
2. Balance at the beginning of current 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
3. Change amount in the current period ("-" for decrease)	-35,105,238.00					42,748,530.12	-1,658,759.09		-53,022,493.38	46,909,455.59		-85,625,565.00
(1) Total of misc. incomes							-1,658,759.09			112,581,559.04		110,922,799.95
(2) Investment or decreasing of capital by	-35,105,238.00					42,748,530.12			-64,280,649.28			-142,134,417.40

owners												
1. Common shares invested by owners	-35,105,238.00					42,748,530.12			-64,280,649.28			-142,134,417.40
2. Capital contributed by other equity instrument holders												
3. Amount of shares paid and accounted as owners' equity												
4. Others												
(3) Profit allotment									11,258,155.90	-65,672,103.45		-54,413,947.55
1. Provision of surplus reserves									11,258,155.90	-11,258,155.90		
2. Distribution to owners (or shareholders)										-54,413,947.55		-54,413,947.55
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	1,088,278,951.00				360,835.52	42,748,530.12	-371,129.71		106,783,436.96	1,282,911,974.38		2,435,215,538.03

Amount of the Previous Term

In RMB

Item	2019											
	Share capital	Other equity tools			Capital reserves	Less: Shares in stock	Other miscellaneous income	Special reserves	Surplus reserve	Retained 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	-32,097,497.00					-10,831,437.66	-2,302,498.50		38,805,848.91	727,196,779.59		742,434,070.66

("-" for decrease)												
(1) Total of misc. incomes							-2,302,498.50			1,057,637,352.66		1,055,334,854.16
(2) Investment or decreasing of capital by owners	-32,097,497.00					-10,831,437.66			-66,957,886.36			-88,223,945.70
1. Common shares invested by owners	-32,097,497.00					-10,831,437.66			-66,957,886.36			-88,223,945.70
2. Capital contributed by other equity instrument holders												
3. Amount of shares paid and accounted as owners' equity												
4. Others												
(3) Profit allotment									105,763,735.27	-330,440,573.07		-224,676,837.80
1. Provision of surplus reserves									105,763,735.27	-105,763,735.27		
2. Distribution to owners (or shareholders)										-224,676,837.80		-224,676,837.80
3. Others												
(4) Internal 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		1,287,629.38		159,805,930.34	1,236,002,518.79		2,520,841,103.03

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 profit distribution plan for 2016 approved by the 2016 general shareholders' meeting, the Company issued five shares for every ten shares to all shareholders through surplus capitalization based on the total 789,094,836 shares on December 31, 2016. 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.

Date of financial statement approval: This financial statement is approved by the Board of Directors of the Company on March 19, 2021.

2. Consolidation Scope and Change

This part of the simplified disclosure is as follows: The Company in the current period includes a total of 27 subsidiaries, of which 4 have been added this year and 2 have been reduced this year. For details, please refer to "Note 6, Change of the scope of merger" and "Note 7, Rights and Interests in Other Subjects".

IV. Basis for the preparation of financial statements

1. Preparation basis

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

2. Continuous operation

The Company assessed the continuing operations capability of the Company for the 12 months from the end of the reporting period. No matters were found that would affect the Company's ability to continue as a going concern. It is reasonable for the Company to prepare financial statements based on continuing operations.

V. Significant Account Policies and Estimates

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 The fiscal period ranges between January 1 and 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.

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

(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 Note V, 6 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) 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. If an internal transaction indicates that the relevant asset has suffered an impairment loss, the part of the loss shall be confirmed in full.

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. Subsidiary or business increased by business combination 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.

A. Enterprise merger 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) Translation of foreign exchange statements

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/contract assets

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, long-term receivables, and contract assets 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, long-term receivables, and contract assets 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

Accounts receivable combination 2 Real estate receivable business

Accounts receivable combination 3 Others receivable business

Other receivable portfolio 4 Receivables from related parties within the scope of consolidation

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.

The basis for determining the portfolio of contract assets is as follows:

Contract assets portfolio 1 conditional collection right of sales

Contract assets portfolio 2 Completed and unsettled project not meeting collection conditions

Contract assets portfolio 3 Quality guarantee deposit not meeting collection conditions

For contract assets 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

See Note V 34 (1) for the recognition of fair value of financial assets and liabilities）.

10. Notes receivable

See Section XII, V, Important Accounting Policies and Accounting Estimates 9. Financial Tools.

11. Account receivable

See Section XII, V, Important Accounting Policies and Accounting Estimates 9. Financial Tools.

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

12. Receivable financing

See Section XII, V, Important Accounting Policies and Accounting Estimates 9. Financial Tools.

13. Other receivables

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

See Section XII, V, Important Accounting Policies and Accounting Estimates 9. Financial Tools.

14. Inventories

(1) Classification of inventories

Inventory refers to the finished products or commodities held by the Company for sale in daily activities, the products in process of production, the materials and materials consumed in the process of production or providing labor services, including entrusted processing materials, raw materials, products in process, materials in transit, stored goods, low value consumables, development costs, development products and contract performance costs, 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.

(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

Applicable from January 1, 2020

The Company presents contract assets or liabilities in the balance sheet according to the relationship between performance obligation and customer payment. The consideration for which the Company is entitled to receive (subject to factors other than the passage of time) for the transfer of goods or the provision of services to customers is listed as contract assets. The Company's obligation to transfer goods or provide services to customers for consideration received or receivable from customers is listed as contractual liabilities.

The Company's determination method and accounting treatment method for the expected credit loss of contract assets are detailed in Note III 9.

Contract assets and contract liabilities are listed separately in the balance sheet. Contract assets and contract liabilities under the same contract are listed in net amount. If the net amount is the debit balance, it shall be listed in "contract assets" or "other non current assets" according to its liquidity; if the net amount is the credit balance, it shall be listed in "contract liabilities" or "other non current liabilities" according to its liquidity. Contract assets and contract liabilities under different contracts cannot offset each other.

16. Contract costs

Applicable from January 1, 2020

Contract cost is divided into contract performance cost and contract acquisition cost.

The cost incurred by the Company in performing the contract shall be recognized as an asset when the following conditions are met simultaneously:

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 The cost is expected to be recovered.

If the incremental cost incurred by the Company to obtain the contract is expected to be recovered, it shall be recognized as an asset as the contract acquisition cost.

The assets related to the contract cost shall be amortised on the same basis as the income from goods or services related to the assets; however, if the amortization period of the contract acquisition cost is less than one year, the Company shall include it in the current profit and loss when it occurs.

If the book value of the assets related to the contract cost is higher than the difference between the following two items, the Company will make provision for impairment for the excess part and recognize it as the loss of asset impairment, and further consider whether the estimated liabilities related to the loss contract should be made:

① The residual consideration expected to be obtained due to the transfer of goods or services related to the asset;

② The estimated cost to be incurred for the transfer of the relevant goods or services.

If the above provision for impairment of assets is subsequently reversed, the book value of the asset after reversal shall not exceed the book value of the asset on the reversal date without provision for impairment.

The contract performance cost recognized as an asset with an amortization period of no more than one year or one normal business cycle at the time of initial recognition shall be listed in the "inventory" item, and the amortization period of no more than one year or one normal business cycle at the time of initial recognition shall be listed in the "other non current assets" item.

The contract acquisition cost recognized as an asset shall be listed in the item of "other current assets" when the amortization period does not exceed one year or one normal business cycle at the time of initial recognition, and listed in the item of "other non current assets" when the amortization period exceeds one year or one normal business cycle at the time of initial recognition.

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. If the equity investment originally held is classified as other equity instrument investment, the difference between the fair value and the book value, as well as the accumulated gains or losses originally included in other comprehensive income, shall be transferred out of other comprehensive income and included in retained income in the current period when the equity method is adopted.

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

(4) Equity investment held for sale

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

Equity investments classified as held for sale to associates that are no longer eligible to hold classified assets for sale are retrospectively adjusted using the equity method starting from the date that they are classified as held for sale. The classification is adjusted to hold the financial statements for the period to be sold.

(5) Impairment examination and providing of impairment provision

See Note V. 24 for the assets impairment provision method for investment in subsidiaries and joint ventures.

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 adopted to measure the investment real estate, the depreciation or amortization shall be calculated according to the straight line method after deducting the accumulated impairment and net residual value of the investment real estate cost. For the method of depreciation of the accrued assets, see Note V 24.

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	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%	1.8%-2.57%
Mechanical equipment	Average age	10	10%	9%
Transportation facilities	Average age	5	10%	18%
Electronics and other devices	Average age	5	10%	18%
PV power plants	Average age	20	5%	4.75%

(3) Recognition and pricing of financing leased fixed assets

The Company transfers all the risks and rewards attached to the asset at substantially transferred to the lessee, it is recognized as financial leasing, and the others are operational leasing. The cost of a fixed asset acquired by a financial lease is determined on the basis of the lower of the fair value of the leased asset at the date of the lease and the present value of the minimum leased payment. The Group adopts the depreciation policy same as the self-owned fixed assets to made provision for depreciation of leased 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.

XX. 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.

XXI. 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.

XXII. Intangible assets

(1) Pricing method, service life and depreciation test

(1) Pricing of intangible assets

Recorded at the actual cost of acquisition.

Amortization of intangible assets

① Useful life of intangible assets with limited useful life

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

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

(2) Intangible assets which cannot be foreseeable to bring economic benefits to enterprises shall be regarded as intangible assets whose useful life is uncertain. For intangible assets 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.

(2) Accounting policies for internal R&D expenses

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.

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

See 16. Contract assets in section 12, V. Important Accounting Policies and Accounting Estimates for details.

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 Group's post-employment benefit plan is defined contribution plan. Defined contribution plans include basic endowment insurance, unemployment insurance, etc. During the accounting period when employees provide services for them, the Company shall recognize the deposit amount calculated according to the defined deposit plan as liabilities and include it in the current profits and losses or related asset 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

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.

Applicable from January 1, 2020

(1) General principles

Income is the total inflow of economic benefits formed in the daily activities of the Company, which will lead to the increase of shareholders' equity and has nothing to do with the capital invested by shareholders.

The Company has fulfilled the performance obligation in the contract, that is, the revenue is recognized when the customer obtains the control right of relevant goods. To obtain the control right of the relevant commodity means to be able to dominate the use of the commodity and obtain almost all the economic benefits from it.

If there are two or more performance obligations in the contract, the Company will allocate the transaction price to each single performance obligation according to the relative proportion of the separate selling price of the goods or services promised by each single performance obligation on the start date of the contract, and measure the income according to the transaction price allocated to each single performance obligation.

The transaction price refers to the amount of consideration that the Company is expected to be entitled to receive due to the transfer of goods or services to customers, excluding the amount collected on behalf of a third party. When determining the contract transaction price, if there is a variable consideration, the Company shall determine the best estimate of the variable consideration according to the expected value or the most likely amount, and include it in the transaction price with the amount not exceeding the accumulated recognized income when the relevant uncertainty is eliminated, which is most likely not to have a significant reversal. If there is a significant financing component in the contract, the Company will determine the transaction price according to the amount payable in cash when the customer obtains the control right of the commodity. The difference between the transaction price and the contract consideration will be amortised by the effective interest method during the contract period. If the interval between the control right transfer and the customer's payment is less than one year, the Company will not consider the financing component Points.

If one of the following conditions is met, the performance obligation shall be performed within a certain period of time; otherwise, the performance obligation shall be performed at a certain point of time:

① When the customer performs the contract in the Company, he obtains and consumes the economic benefits brought by the Company's performance;

② Customers can control the goods under construction during the performance of the contract;

③ The goods produced by the Company in the process of performance have irreplaceable uses, and the Company has the right to collect money for the performance part that has been completed so far during the whole contract period.

For the performance obligations performed within a certain period of time, the Company shall recognize the revenue according to the performance progress within that period, except that the performance progress cannot be reasonably determined. The Company determines the performance schedule of providing services according to the input method. When the progress of performance cannot be reasonably determined, if the cost incurred by the Company is expected to be compensated, the revenue shall be recognized according to the amount of cost incurred until the progress of performance can be reasonably determined.

For the performance obligation performed at a certain time point, the Company recognizes the revenue at the time point when the customer obtains the control right of relevant goods. In determining whether a customer has acquired control of goods or services, the Company will consider the following signs:

① The Company has the right to receive payment for the goods or services, that is, the customer has the obligation to pay for the goods;

② The Company has transferred the legal ownership of the goods to the customer, that is, the customer has the legal ownership of the goods;

③ The Company has transferred the goods in kind to the customer, that is, the customer has possessed the goods in kind;

④ The Company has transferred the main risks and rewards of the ownership of the goods to the customer, that is, the customer has obtained the main risks and rewards of the ownership of the goods;

⑤ The product has been accepted by the customer.

Sales return clause

For the sales with sales return clauses, when the customer obtains the control right of the relevant goods, the Company shall recognize the revenue according to the amount of consideration it is entitled to obtain due to the transfer of the goods to the customer, and recognize the amount expected to be returned due to the sales return as the estimated liability; at the same time, the Company shall deduct the estimated cost of recovering the goods according to the book value of the expected returned goods at the time of transfer（ The balance after deducting the value of the returned goods is recognized as an asset, that is, the cost of return receivable, which is carried forward by deducting the net cost of the above assets according to the book value of the transferred goods at the time of transfer. On each balance sheet date, the Company re estimates the return of future sales and re measures the above assets and liabilities.

Warranty obligations

According to the contract and legal provisions, the Company provides quality assurance for the goods sold and the projects constructed. For the guarantee quality assurance to ensure that the goods sold meet the established standards, the Company conducts accounting treatment in accordance with the accounting standards for Business Enterprises No. 13 - contingencies. For the service quality assurance which provides a separate service in addition to guaranteeing that the goods sold meet the established standards, the Company takes it as a single performance obligation, allocates part of the transaction price to the service quality assurance according to the relative proportion of the separate selling price of the goods and service quality assurance, and recognizes the revenue when the customer obtains the service control right. When evaluating whether the quality assurance provides a separate service in addition to assuring customers that the goods sold meet the established standards, the Company considers whether the quality assurance is a statutory requirement, the quality assurance period, and the nature of the Company's commitment to perform the task.

Customer consideration payable

If there is consideration payable to the customer in the contract, unless the consideration is to obtain other clearly distinguishable goods or services from the customer, the Company will offset the transaction price with the consideration payable, and offset the current income at the later time of confirming the relevant income or paying (or promising to pay) the customer's consideration.

Contractual rights not exercised by customers

If the Company advances sales of goods or services to customers, the amount shall be recognized as liabilities first, and then converted into income when relevant performance obligations are fulfilled. When the Company does not need to return the advance payment and the customer may give up all or part of the contract rights, if the Company expects to have the right to obtain the amount related to the contract rights given up by the customer, the above amount shall be recognized as income in proportion according to the mode of the customer exercising the contract rights; otherwise, the Company only has the very low possibility of the customer requiring to perform the remaining performance obligations The relevant balance of the above liabilities is converted into income.

Contract change

When the construction contract between the Company and the customer is changed:

① If the contract change increases the clearly distinguishable construction service and contract price, and the new contract price reflects the separate price of the new construction service, the Company will treat the contract change as a separate contract for accounting;

② If the contract change does not belong to the above-mentioned situation (1), and there is a clear distinction between the transferred construction service and the non transferred construction service on the date of contract change, the Company will regard it as the termination of the original contract, and at the same time, combine the non performance part of the original contract and the contract change part into a new contract for accounting treatment;

③ If the contract change does not belong to the above situation (1), and there is no clear distinction between the transferred construction services and the non transferred construction services on the date of contract change, the Company will take the contract change part as an integral part of the original contract for accounting treatment, and the resulting impact on the recognized income will be adjusted to the current income on the date of contract change.

(2) Specific methods

The specific methods of revenue recognition of the Company are as follows:

① Commodity sales contract

The sales contract between the Company and customers includes the performance obligation of transferring curtain wall materials, electric energy, etc., which belongs to the performance obligation at a certain time point.

Revenue from domestic sales of products is recognized at the time when the customer obtains the right of control of the goods on the basis of comprehensive consideration of the following factors: the Ccompany has delivered the products to the customer according to the contract, the customer has accepted the goods, the payment for goods has been recovered or the receipt has been obtained, and the relevant economic benefits are likely to flow in, the main risks and rewards of the ownership of the goods have been transferred, the legal ownership has been transferred;

Based on the comprehensive consideration of the following factors, the revenue of export products is recognized at the time when the customer obtains the control of the goods: the company has declared the products according to the contract, obtained the bill of lading, collected the payment for goods or obtained the receipt certificate, and the relevant economic benefits are likely to flow in, the main risks and rewards of the ownership of the goods have been transferred, and the legal ownership of the goods has been transferred Move.

② Service contract

The service contract between the Company and its customers includes the performance obligations of metro platform screen door operation and maintenance and property services. As the Company's performance at the same time, the customers obtain and consume the economic benefits brought by the Company's performance, the Company takes it as the performance obligation within a certain period of time and allocates it equally during the service provision period.

③ Engineering contract

The project contract between the Company and the customer includes the performance obligations of curtain wall project and metro platform screen door project construction. As the customer can control the goods under construction in the process of the Company's performance, the Company takes them as the performance obligations within a certain period of time, and recognizes the income according to the performance progress, except that the performance progress cannot be reasonably determined. The Company determines the performance schedule of providing services according to the input method. The performance schedule shall be determined according to the proportion of the actual contract cost to the estimated total contract cost. On the balance sheet date, the Company re estimates the progress of completed or completed services to reflect the changes in performance.

④ Real estate sales contract

The income of the Company's real estate development business 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. When confirming the contract transaction price, if the financing component is significant, the Company will adjust the contract commitment consideration according to the financing component of the contract.

The following revenue accounting policies are applicable to the year 2019 and before

1. Sales of goods goods Income

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

(2) Basis for of revenue from providing of labor services

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

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

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

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

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

The income from providing services shall be carried forward to the cost of services at the same amount.

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

(3) Asset tenure income

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

The amount of interest income shall be determined according to the time and the actual interest rate at which the money funds of the enterprise are used by others.

The amount of royalty income shall be determined in accordance with the time and method of charge agreed upon in the relevant contract or agreement

(4) Construction contracts Income

On the balance sheet day, the Group recognizes the contract income and costs using the completion percentage method if the result of the construction contract can be reliably estimated. The percentage of completion method recognizes income and costs based on contract completion schedule. The competition percentage is determined by the share of the costs incurred in the total cost.

If not, such contracts are treated differently. If the contract cost can be recovered, the revenue is recognized according to the actual contract costs that can be recovered and the contract cost is recognized as the current expense; if not, the contract cost is recognized as the current expense and no revenue is recognized.

If the estimated total costs exceed the total revenue, the Group recognizes the estimated loss as the current expense.

(5) Specific revenue recognition method

① Construction contracts

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

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

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

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

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

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

② Sales product

Revenue of products for domestic sales is recognized when the Group delivers the products and receives the sales payment or obtains the payment voucher; revenue for products for overseas sales is recognized at departure of the products.

③ Real estate sales

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

Accounting policies used in revenue recognition and measurement

Differences in revenue recognition accounting policies caused by different business models of similar businesses

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

① 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:

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;

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.

④ 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

None

32. Other significant accounting policies and estimates

(1) Measurement of Fair Value

Fair value refers to the amount of asset exchange or liabilities settlement by both transaction parties familiar with the situation in a fair deal on a voluntary basis.

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) Accounting of hedging

(2.1) 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.

(2.2) 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.

(2.3) 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.

(2.4) 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

(3.1) 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.

(3.2) 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.

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

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 Group 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 Group 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 Group 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.

Revenue recognition (after January 1, 2020)

The Group's revenue from providing curtain wall construction and metro platform screen door installation services is recognized over a period of time. The recognition of the income and profit of such engineering installation services depends on the Company's estimation of the contract results and performance progress. If the actual amount of total revenue and total cost is higher or lower than the estimated value of the management, it will affect the amount of revenue and profit recognition of the Group in the future.

Construction contracts (before January 1, 2020)

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:

On July 5, 2017, the Ministry of Finance issued the accounting standards for Business Enterprises No. 14 - Revenue (CK [2017] No. 22) (hereinafter referred to as the "new revenue standards"). Domestic listed enterprises are required to implement the new income standard from January 1, 2020. The Company implemented the new income standard on January 1, 2020 to adjust the relevant contents of accounting policies.

The new income standard requires that the cumulative impact of the first implementation of the standard should be adjusted to the amount of retained earnings and other relevant items in the financial statements at the beginning of the first implementation year (i.e. January 1, 2020), and the information of the comparable period should not be adjusted. On December 10, 2019, the Ministry of Finance issued the interpretation of accounting standards for Business Enterprises No. 13.

On December 10, 2019, the Ministry of Finance issued the interpretation of accounting standards for Business Enterprises No. 13. The Company implemented the interpretation on January 1, 2020, and did not trace back the previous years.

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

Due to the implementation of the new income standard, the Company's consolidated financial statements were adjusted accordingly as of January 1, 2020, including accounts receivable of - 1493496313.22 yuan, contract assets of 1297743546.73 yuan, other non current assets due within one year of 50120998.68 yuan, other non current assets of 145631767.81 yuan, advances of - 135007647.28 yuan, contract liabilities of 124240948.05 yuan and other current liabilities of 10766 yuan, 699.23 yuan, and the relevant adjustment has no impact on the shareholders' equity attributable to the parent company in the consolidated financial statements of the Company.

At the same time, due to the implementation of the new income standard, there is no impact on the financial statements of the parent company of the Company.

(2) Changes in major accounting estimates

√ Applicable □ Inapplicable

Account policy changes and reasons	Approval procedure	Effective time	Remarks
According to the new financial instruments standards, the relevant enterprises should assess whether the credit risk of relevant financial instruments has changed significantly on each balance sheet date. The Company calculates the expected credit loss in 2020 by using the latest historical data and combining with forward-looking factors according to the method of calculating the expected credit loss. In order to objectively and truly reflect the financial situation and operating results of the Company's various businesses, the accounting estimates of the expected credit loss rate of accounts receivable and contract assets are changed.	The accounting estimate change was approved by the 22nd Meeting of the 8th board of directors on April 16, 2020	1 January 2020	The statement items affected by the change of accounting estimate are as follows: increased accounts receivable by RMB24,118,098.91, increased contract assets by RMB71,658,974.92, increased other non current assets due within one year by RMB11,866,064.90, increased other non current assets by RMB3,415,296.51, decreased deferred income tax assets by RMB16,744,810.10, increased surplus reserve by RMB334.64, increased undistributed profit by RMB93,672, 139.18, increased minority shareholders' equity RMB641,151.31, increased credit impairment loss RMB24,118,098.91, increased asset impairment loss RMB86,940,336.32 yuan, increased income tax expense RMB16,744,810.10, increased minority shareholders' profit and loss RMB64,1151.31.

(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	462,694,993.85	-1,493,496,313.22
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		1,297,743,546.73	1,297,743,546.73
Assets held for sales			
Non-current assets due in 1 year		50,120,998.68	50,120,998.68
Other current assets	323,765,585.90	323,765,585.90	
Total current assets	4,703,109,802.06	4,557,478,034.25	-145,631,767.81
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	174,333,569.81	145,631,767.81
Total of non-current assets	6,666,854,778.05	6,812,486,545.86	145,631,767.81
Total of assets	11,369,964,580.11	11,369,964,580.11	0.00
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		124,240,948.05	124,240,948.05
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	192,461,273.70	10,766,699.23
Total current liabilities	4,509,814,065.72	4,509,814,065.72	0.00
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 tools			
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			
Retained 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	

About the adjustment:

Due to the implementation of the new income standard, the Company's consolidated financial statements were adjusted accordingly as of January 1, 2020, including accounts receivable of - 1493496313.22 yuan, contract assets of 1297743546.73 yuan, other non current assets due within one year of 50120998.68 yuan, other non current assets of 145631767.81 yuan, advances of - 135007647.28 yuan, contract liabilities of 124240948.05 yuan and other current liabilities of 10766 yuan, 699.23 yuan, and the relevant adjustment has no impact on the shareholders' equity attributable to the parent company in the consolidated financial statements of the Company. At the same time, due to the implementation of the new income standard, there is no impact on the financial statements of the parent company of the Company.

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 tools			
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	
Retained 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:

In the balance sheet of the parent company, there is no adjustment of relevant items in the financial statements at the beginning of the year due to the first implementation of the new income standard.

(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%, 10%, 11%, 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%
Fangda Zhichuang Technology Co., Ltd, (Fangda Zhichuang)	15%
Fangda New Material (Jiangxi) Co., Ltd. (hereinafter Fangda New Material)	15%
Dongguan Fangda New Material Co., Ltd. (hereinafter Dongguan New Material)	15%
Chengdu Fangda Construction Technology Co., Ltd. (hereinafter Chengdu Fangda)	15%
Shenzhen Fangda Property Development Co., Ltd. (hereinafter Fangda Property Development)	25%

Shenzhen Fangda New Energy Co., Ltd. (hereinafter Fangda New Energy)	25%
Shenzhen Fangda Property Development Co., Ltd. (hereinafter Fangda Property Development)	25%
Jiangxi Fangda Property Development Co., Ltd. (hereinafter Fangda Property Development)	25%
Pingxiang Fangda Luxin New Energy Co., Ltd. (hereinafter Luxin New Energy)	25%
Nanchang Xinjian Fangda New Energy Co., Ltd. (hereinafter Xinjian New Energy)	25%
Dongguan Fangda New Energy Co., Ltd. (hereinafter Dongguan New Energy)	25%
Shenzhen QIanhai Kechuangyuan Software Co., Lt.d (hereinafter Kechuangyuan Software)	25%
Fangda Zhichuang Technology (Hong Kong) Co., Ltd, (Zhichuang Hong Kong)	16.50%
Shihui International Holding Co., Ltd. (hereinafter Shihui International)	16.50%
Shenzhen Hongjun Investment Co., Ltd.	25%
Fangda Australia Pty Ltd (hereinafter Jianke Australia)	30%
Shanghai Fangda Zhijian Technology Co., Ltd. (hereinafter referred to as Fangda Zhijian company)	15%
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.	20%
Shenzhen Xunfu Investment Co., Ltd. (hereinafter referred to as Xunfu Investment)	25%
Shenzhen Lifu Investment Co., Ltd. (hereinafter referred to as Lifu Investment)	25%
Shenzhen Fangda Investment Partnership (Limited Partnership) (hereinafter referred to as Fangda Partnership)	25%
Fangda Jianke (Hong Kong) Co., Ltd. (hereinafter Jianke Hong	16.50%

Kong)	

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) 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%.

(5) On December 3, 2020, the subsidiary Chengdu Fangda obtained the "High-tech Enterprise Certificate" jointly issued by Sichuan Science and Technology Department, Sichuan Provincial Department of Finance, and Sichuan Provincial Taxation Bureau, within three years after obtaining the qualification of high-tech enterprises (2020 to 2022), the income tax is levied Resume at 15%.

(6) 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.

(7) 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.

(8) 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.

(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.

(10) On December 2, 2019, the subsidiary Dongguan New Materials Co., Ltd. obtained the certificate of high tech enterprise jointly issued by Guangdong Provincial Department of science and technology, Guangdong Provincial Department of Finance and Guangdong Provincial Taxation Bureau. Within three years (from 2019 to 2021) after obtaining the qualification of high tech enterprise, the income tax will be charged at 15%.

(11) On November 12, 2020, the subsidiary Fangda Zhijian obtained the certificate of high tech enterprise jointly issued by

Shanghai Science and Technology Commission, Shanghai Finance Bureau and Shanghai Taxation Bureau. Within three years (from 2020 to 2022) after obtaining the qualification of high tech enterprise, the income tax will continue to be charged at 15%.

VII. Notes to the consolidated financial statements

1. Monetary capital

In RMB

Item	Closing balance	Opening balance
Inventory cash:	482.09	4,244.86
Bank deposits	1,121,353,125.34	755,440,390.76
Other monetary capital	338,486,412.67	454,367,343.33
Total	1,459,840,020.10	1,209,811,978.95
Including: total amount deposited in overseas	45,275,606.68	54,640,438.33
The total amount of money that has restrictions on use due to mortgage, pledge or freezing	435,587,632.71	484,542,076.05

Others:

(1) The use of restricted funds in bank deposits is RMB111,572,213.17, of which RMB81,065,737.73 is restricted due to company lawsuits, RMB24,519,061.73 is deposited in real estate development supervision accounts, RMB5,238,816.70 is deposited in special labor insurance accounts and migrant workers' wage accounts, and other security deposit accounts. The deposit is RMB748,597.01; the restricted funds used in other currency funds are RMB324,015,419.54, mainly for draft deposits, periodic guarantee deposits, guarantee deposits for issuance of guarantees, 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 Group's total amount deposited abroad was RMB45,275,606.68.

2. Transactional financial assets

In RMB

Item	Closing balance	Opening balance
Financial assets measured at fair value with variations accounted into current income account	4,051,015.05	10,330,062.18
Including: Investment of financial products	4,051,015.05	10,330,062.18

Total	4,051,015.05	10,330,062.18

3. Derivative financial assets

In RMB

Item	Closing balance	Opening balance
Futures contracts	6,330,475.00	
Forward foreign exchange contract	643,973.22	
Total	6,974,448.22	

4. Notes receivable

(1) Classification of notes receivable

In RMB

Item	Closing balance	Opening balance
Bank acceptance	21,081,547.58	45,540,691.10
Commercial acceptance	186,064,016.39	259,530,239.87
Total	207,145,563.97	305,070,930.97

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:										
Notes receivable with provision for bad debts by portfolio	207,145,563.97	100.00%	0.00	0.00%	207,145,563.97	305,070,930.97	100.00%	0.00	0.00%	305,070,930.97
Including:										
Bank acceptance	21,081,547.58	10.18%	0.00	0.00%	21,081,547.58	45,540,691.10	14.93%	0.00	0.00%	45,540,691.10
Commercial acceptance	186,064,016.39	89.82%	0.00	0.00%	186,064,016.39	259,530,239.87	85.07%	0.00	0.00%	259,530,239.87
Total	207,145,563.97	100.00%	0.00	0.00%	207,145,563.97	305,070,930.97	100.00%	0.00	0.00%	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		7,699,719.55
Commercial acceptance		79,724,095.41
Total		87,423,814.96

Other note: The bank acceptance draft used for discount is accepted by the bank with low credit grade, the discount does not affect the right of recourse, the credit risk related to the bill and the deferred payment risk are still not transferred, so the confirmation is not terminated.

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	99,969,069.48	12.42%	99,969,069.48	100.00%	0.00	99,969,069.48	14.71%	99,969,069.48	100.00%	0.00
Including:										
1. Customer 1	54,873,223.21	6.82%	54,873,223.21	100.00%	0.00	54,873,223.21	8.07%	54,873,223.21	100.00%	0.00
2. Customer 2	21,739,381.96	2.70%	21,739,381.96	100.00%	0.00	21,739,381.96	3.20%	21,739,381.96	100.00%	0.00
3. Customer 3	13,461,834.96	1.67%	13,461,834.96	100.00%	0.00	13,461,834.96	1.98%	13,461,834.96	100.00%	0.00
4. Customer 4	7,270,000.00	0.90%	7,270,000.00	100.00%	0.00	7,270,000.00	1.07%	7,270,000.00	100.00%	0.00
5. Customer 5	2,624,629.35	0.33%	2,624,629.35	100.00%	0.00	2,624,629.35	0.39%	2,624,629.35	100.00%	0.00

Account receivable for which bad debt provision is made by group	704,726,261.10	87.58%	88,531,131.70	12.56%	616,195,129.40	579,840,246.58	85.29%	117,145,252.73	20.20%	462,694,993.85
Including:										
1. Portfolio 1: Engineering operations section	513,447,094.47	63.81%	78,020,444.40	15.20%	435,426,650.07	441,439,686.38	64.94%	106,296,564.15	24.08%	335,143,122.23
2. Portfolio 2: Real estate business payments	110,059,782.48	13.68%	7,310,980.25	6.64%	102,748,802.23	78,982,274.43	11.62%	8,857,718.82	11.21%	70,124,555.61
3. Portfolio 3: Other business models	81,219,384.15	10.09%	3,199,707.05	3.94%	78,019,677.10	59,418,285.77	8.74%	1,990,969.76	3.35%	57,427,316.01
Total	804,695,330.58	100.00%	188,500,201.18	23.43%	616,195,129.40	679,809,316.06	100.00%	217,114,322.21	31.94%	462,694,993.85

Separate bad debt provision:

In RMB

Name	Closing balance			
	Remaining book value	Bad debt provision	Provision rate	Reason
1. Customer 1	54,873,223.21	54,873,223.21	100.00%	Customer credit status deteriorates and is hard to recover
2. Customer 2	21,739,381.96	21,739,381.96	100.00%	Customer credit status deteriorates and is hard to recover
3. Customer 3	13,461,834.96	13,461,834.96	100.00%	Customer credit status deteriorates and is hard to recover
4. Customer 4	7,270,000.00	7,270,000.00	100.00%	Customer credit status deteriorates and is hard to recover
5. Customer 5	2,624,629.35	2,624,629.35	100.00%	Customer credit status deteriorates and is hard to recover
Total	99,969,069.48	99,969,069.48	--	--

Provision for bad debts by portfolio: See Note V, 9 for the confirmation standard and explanation of withdrawing bad debt reserves by portfolio.

Portfolio 1: Engineering operations section

In RMB

Name	Closing balance		
	Remaining book value	Bad debt provision	Provision rate
Less than 1 year	279,257,157.50	5,627,562.39	2.02%
1-2 years	84,488,951.38	4,785,489.32	5.66%
2-3 years	54,045,963.27	6,893,782.55	12.76%
3-4 years	28,674,949.21	5,666,399.68	19.76%
4-5 years	20,994,474.28	9,061,611.63	43.16%
Over 5 years	45,985,598.83	45,985,598.83	100.00%
Total	513,447,094.47	78,020,444.40	--

Portfolio 2: Real estate business payments

In RMB

Name	Closing balance		
	Remaining book value	Bad debt provision	Provision rate
Less than 1 year	49,117,547.09	491,175.48	1.00%
1-2 years	859,159.75	42,957.99	5.00%
2-3 years	22,356,145.64	1,117,807.28	5.00%
3-4 years			
4-5 years	37,726,930.00	5,659,039.50	15.00%
Total	110,059,782.48	7,310,980.25	--

Combination 3: Other business models

In RMB

Name	Closing balance		
	Remaining book value	Bad debt provision	Provision rate
Less than 1 year	37,743,005.70	307,686.80	0.82%
1-2 years	21,256,714.56	436,530.16	2.05%
2-3 years	20,389,322.51	1,694,981.48	8.31%
3-4 years	1,418,769.99	351,571.20	24.78%
4-5 years	19,467.69	16,833.71	86.47%
Over 5 years	392,103.70	392,103.70	100.00%
Total	81,219,384.15	3,199,707.05	--

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

□ Applicable √ Inapplicable

Account age

In RMB

Age	Remaining book value
Within 1 year (inclusive)	463,462,150.42
1-2 years	106,604,825.69
2-3 years	96,791,431.42
Over 3 years	137,836,923.05
3-4 years	30,093,719.20
4-5 years	58,740,871.97
Over 5 years	49,002,331.88
Total	804,695,330.58

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

No.	Customer	Balance of accounts receivable of over 3 years	Balance of provision for bad debts	Reason of the age	Whether there is a risk of recovery
1	Customer 1	17,374,148.42	17,263,443.48	Customer credit status deteriorates	Yes
2	Customer 2	13,461,834.96	13,461,834.96	Customer credit status deteriorates	Yes
3	Customer 3	16,840,340.70	16,840,340.70	Customer credit status deteriorates	Yes
4	Customer 4	53,281,747.12	53,281,747.12	Customer credit status deteriorates	Yes
	Total	100,958,071.20	100,847,366.26		

(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	
Separate bad debt provision	99,969,069.48					99,969,069.48
Provision for bad	117,145,252.73	-28,614,121.03				88,531,131.70

debts by combination						
Total	217,114,322.21	-28,614,121.03				188,500,201.18

(3) Written-off account receivable during the period

No written-off account receivable during the period

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

In RMB

Entity	Closing balance of accounts receivable	Percentage (%)	Balance of bad debt provision at the end of the period
No.1	65,034,184.76	8.08%	6,823,034.85
No.2	54,873,223.21	6.82%	54,873,223.21
No.3	45,824,836.25	5.69%	2,313,867.97
No.4	39,994,441.07	4.97%	784,325.36
No.5	22,475,765.58	2.79%	2,866,870.78
Total	228,202,450.87	28.35%	

(5) Receivables derecognized due to transfer of financial assets

Item	Transfer method of financial assets	Derecognition of book value	Gain or loss related to the de-recognition
Customer 1	Factoring	13,546,132.64	-572,382.02
Customer 2	Factoring	31,828,292.28	-1,493,323.44
Customer 3	Factoring	8,808,006.69	-419,423.03
Customer 4	Factoring	1,207,422.43	-63,617.65
Customer 5	Factoring	8,954,349.00	-442,279.05
Customer 6	Factoring	10,121,434.76	-555,927.43
Customer 7	Factoring	481,277.51	-19,989.14
Customer 8	Factoring	1,843,525.06	-79,978.85
Customer 9	Factoring	10,919,342.60	-668,475.92
Customer 10	Factoring	35,254,067.35	-1,424,470.73
Customer 11	Factoring	9,514,419.62	-409,100.66
Total		132,478,269.94	-6,148,967.92

Note: At the end of the period, the Group factored out accounts receivable that did not have recourse, the factoring amount was

RMB135,127,383.49, and the book value of accounts receivable was derecognized as RMB132,478,269.94, of which: the book balance was RMB135,127,383.49, and the bad debt provision of RMB2,649,113.55.

6. Receivable financing

In RMB

Item	Closing balance	Opening balance
Notes receivable	10,727,129.28	2,954,029.00
Total	10,727,129.28	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	18,620,416.29	78.08%	14,025,617.54	65.77%
1-2 years	3,080,312.85	12.92%	5,895,327.15	27.64%
2-3 years	1,156,139.70	4.85%	473,487.72	2.22%
Over 3 years	989,094.83	4.15%	932,676.77	4.37%
Total	23,845,963.67	--	21,327,109.18	--

(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 RMB9,526,430.73, accounting for 39.95% of the total prepayments at the end of the period.

8. Other receivables

In RMB

Item	Closing balance	Opening balance
Other receivables	162,145,236.85	139,947,655.35
Total	162,145,236.85	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	101,436,213.12	103,782,569.80
Construction borrowing and advanced payment	35,768,993.75	34,052,644.05
Staff borrowing and petty cash	1,586,850.35	1,717,094.83
Receivable refund of VAT	3,265,790.25	548,129.42
Debt by Luo Huichi	12,992,291.48	12,992,291.48
Others	31,372,479.72	12,502,878.08
Total	186,422,618.67	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 Wednesday, January 1, 2020	2,113,622.44	6,415.10	23,527,914.77	25,647,952.31
Balance on Wednesday, January 1, 2020 in the current period	——	——	——	——
Provision	135,223.92	565,761.49	-1,907,542.90	-1,206,557.49
Canceled in the current period			164,013.00	164,013.00
Balance on Thursday, December 31, 2020	2,248,846.36	572,176.59	21,456,358.87	24,277,381.82

Changes in book balances with significant changes in the current period

□ Applicable √ Inapplicable

Account age

In RMB

Age	Remaining book value
Within 1 year (inclusive)	48,791,636.27

1-2 years	19,849,717.46
2-3 years	74,696,027.39
Over 3 years	43,085,237.55
3-4 years	20,935,832.23
4-5 years	3,170,356.88
Over 5 years	18,979,048.44
Total	186,422,618.67

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	-1,206,557.49		164,013.00		24,277,381.82
Total	25,647,952.31	-1,206,557.49		164,013.00		24,277,381.82

4) Other receivable written off in the current period

In RMB

Item	Amount
Other receivable written off	164,013.00

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

In RMB

Entity	By nature	Closing balance	Age	Percentage (%)	Balance of bad debt provision at the end of the period
Shenzhen Yikang Real Estate Co. Ltd.	Margin and current account	70,000,000.00	2-3 years	37.55%	1,043,000.00
Bangshen Electronics (Shenzhen) Co., Ltd.	Deposit	20,000,000.00	3-4 years	10.73%	298,000.00
Shenzhen Rijiasheng Trading Co., Ltd	Arrears	18,808,945.57	Less than 1 year	10.09%	564,268.37

Luo Huichi	Debt by Luo Huichi	12,992,291.48	Over 5 years	6.97%	12,992,291.48
Shenzhen Henggang Dakang Co., Ltd.	Deposit	8,044,000.00	2-3 years	4.31%	119,855.60
Total	--	129,845,237.05	--	69.65%	15,017,415.45

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	458,032,158.63		458,032,158.63	365,194,941.67		365,194,941.67
Development products	99,012,986.31		99,012,986.31	99,770,918.78		99,770,918.78
Contract performance costs	140,403,466.43	464,651.43	139,938,815.00		1,430,361.92	
Raw materials	61,682,744.96	55,182.86	61,627,562.10	68,623,793.04	563,013.42	68,060,779.62
Product in process	66,570,800.79		66,570,800.79	59,444,230.45		59,444,230.45
Finished goods in stock	7,784,598.06		7,784,598.06	7,500,273.11		7,500,273.11
Asset formed by construction contract				133,002,090.91		131,571,728.99
Low price consumable	123,705.51		123,705.51	146,018.01		146,018.01

OEM materials	3,562,856.58		3,562,856.58	2,022,252.83		2,022,252.83
Materials in transit	1,178,307.90		1,178,307.90			
Total	838,351,625.17	519,834.29	837,831,790.88	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

Item	Starting time	Estimated finish registration 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	Friday, April 30, 2021	670,000,000.00	197,466,278.49			52,725,340.59	250,191,619.08	8,276,086.58	5,477,958.23	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			30,483,563.75	197,352,043.69			Bank loan and self-owned fund
Fangda Bangshen Industry Park	1 December 2020	31 December 2022	870,000,000.00	860,183.24			9,628,312.62	10,488,495.86			Bank loan and self-owned fund
Total	--	--	5,140,000,000.00	365,194,941.67			92,837,216.96	458,032,158.63	8,276,086.58	5,477,958.23	--

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

In RMB

Item	Completion time	Opening balance	Increase	Decrease	Closing balance	Accumulative capitalized interest	Including: capitalized interest for the current period
Phase I of Fangda Town	29 December 2016	99,770,918.78	4,313,737.76	5,071,670.23	99,012,986.31	3,803,164.49	
Total	--	99,770,918.78	4,313,737.76	5,071,670.23	99,012,986.31	3,803,164.49	

(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		
Contract performance costs	1,430,361.92			965,710.49		464,651.43	
Raw materials	563,013.42			507,830.56		55,182.86	
Total	1,993,375.34			1,473,541.05		519,834.29	--

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

As of December 31, 2020, the capitalization amount of borrowing costs in the ending inventory balance is RMB12,079,251.07.

(4) Restriction of inventory

Restricted inventory is disclosed by project

In RMB

Item	Opening balance	Closing balance	Reason
Jiangxi Phoenix Land project	99,936,207.50	103,973,925.13	Loan by pledge
Total	99,936,207.50	103,973,925.13	--

10. Contract assets

In RMB

Item	Closing balance			Opening balance		
	Remaining book value	Impairment provision	Book value	Remaining book value	Impairment provision	Book value
Sales funds with conditional collection right	27,639,344.20	351,544.65	27,287,799.55	220,353,920.01	17,679,244.86	202,674,675.15
Completed but unsettled assets	1,531,697,534.72	145,724,350.90	1,385,973,183.82	1,268,523,793.68	185,324,719.03	1,083,199,074.65
Unexpired warranty deposit	12,105,019.23	325,779.33	11,779,239.90	12,116,319.35	246,522.42	11,869,796.93

Total	1,571,441,898.15	146,401,674.88	1,425,040,223.27	1,500,994,033.04	203,250,486.31	1,297,743,546.73

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

In RMB

Item	Change	Reason
Sales funds with conditional collection right	-175,386,875.60	It is mainly due to the fact that Fangda Town's house purchase customers converted the contract assets at the beginning of the year into accounts receivable with unconditional right of collection after handling the house property certificate in the reporting period.
Completed but unsettled assets	302,774,109.20	It is mainly caused by the unsettled assets with conditional collection right generated from the revenue recognized in the project contract this year
Total	127,387,233.60	

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
Sales funds with conditional collection right	-17,327,700.21			
Completed but unsettled assets	-31,328,706.53		8,271,661.61	
Unexpired warranty deposit	79,256.91			
Total	-48,577,149.83		8,271,661.61	--

Others:

Due to the poor management of the customer of Ordos curtain wall project of Jianke company, the estimated amount cannot be recovered, and the receivable contract assets of RMB8,271,661.61 are written off in the current period.

11. Non-current assets due in 1 year

In RMB

Item	Closing balance	Opening balance
Contract assets due within one year	159,119,938.94	63,677,981.88
Less: provision for impairment	17,438,160.59	13,556,983.20

Total	141,681,778.35	50,120,998.68

12. Other current assets

In RMB

Item	Closing balance	Opening balance
Contract acquisition cost	2,156,027.17	
Tax to be input	136,812,357.07	104,829,711.45
Overpayment and prepayment of income tax	88,741,787.42	10,942,500.38
Other prepaid taxes	2,373,031.15	
Structural loan	27,811.25	207,993,374.07
Deferred discount expense	2,644,267.12	
Others	467,803.33	
Total	233,223,084.51	323,765,585.90

13. 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.	2,360,044.01			4,754.64						2,364,798.65	
Jiangxi Business Innovativ	54,862,196.82			-1,324,617.52						53,537,579.30	

e Property Joint Stock Co., Ltd.											
Subtotal	57,222,240.83			-1,319,862.88						55,902,377.95	
Total	57,222,240.83			-1,319,862.88						55,902,377.95	

14. Investment in other equity tools

In RMB

Item	Closing balance	Opening balance
Unlisted equity instrument investment	17,628,307.59	20,660,181.44
Total	17,628,307.59	20,660,181.44

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

In RMB

Item	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			12,170,244.23			
Shenzhen Huihai Yirong Internet Service Co., Ltd.			2,543,301.37			

15. 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	5,025,186.16	5,009,728.02
Total	5,025,186.16	5,009,728.02

16. Investment real estates

(1) Investment real estate measured at costs

√ Applicable □ Inapplicable

In RMB

Item	Houses & buildings	Total
I. Book value		
1. Opening balance	223,347,558.10	223,347,558.10
2. Increase in this period	51,653,141.64	51,653,141.64
(1) Transfer-in from inventory\fixed assets\construction in progress	51,653,141.64	51,653,141.64
3. Decrease in this period	264,590,007.87	264,590,007.87
(1) Other transfer-out	264,590,007.87	264,590,007.87
4. Closing balance	10,410,691.87	10,410,691.87
II. Accumulative depreciation and amortization		
1. Opening balance	7,071,934.11	7,071,934.11
2. Increase in this period	469,809.74	469,809.74
(1) Provision or amortization	469,809.74	469,809.74
3. Decrease in this period	3,488,020.10	3,488,020.10
(1) Other transfer-out	3,488,020.10	3,488,020.10
4. Closing balance	4,053,723.75	4,053,723.75
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	6,356,968.12	6,356,968.12

2. Opening book value	216,275,623.99	216,275,623.99

Notes:

①The other transfer-out amount of RMB245,953,338.54 yuan is due to the completion of the completion acceptance and planning acceptance of the investment real estate used for lease in the Fenghuangzhou plot project of the subsidiary Jiangxi Property. Its fair value can be reliably measured, so it is due to the change from cost measurement to fair value measurement in accordance with the Company's investment real estate accounting policy. Among the other transfers, RMB 18,636,669.33 was due to the needs of business development. Some houses of the subsidiary Zhichuang Technology Co., Ltd. were converted from external leases to self-use.

② By December 31, 2020, there is no sign of impairment to the Group's investment real estatement measured at costs.

(2) Investment real estate measured at fair value

√ Applicable □ Inapplicable

In RMB

Item	Houses & buildings	Total
I. Opening balance	5,306,116,360.12	5,306,116,360.12
II. Change in this period	322,175,088.28	322,175,088.28
Add: Transfer-in from inventory\fixed assets\construction in progress	62,520,582.55	62,520,582.55
Transfer in of investment real estate with cost measurement mode	245,953,338.54	245,953,338.54
Change in fair value	19,205,841.18	19,205,841.18
Less: disposal	5,504,673.99	5,504,673.99
III. Closing balance	5,628,291,448.40	5,628,291,448.40

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

Item	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	Sunday, October 11, 2017	22,565.42	27,309,574.42	1,290,742,024.00	1,340,385,948.00	3.85%	The fair value of the investment real estate is

Building 1# of Fangda Town	Shenzhen	Saturday, December 29, 2018	72,517.71	48,479,566.08	3,720,019,334.12	3,646,971,680.07	-1.96%	determined based on Shenzhen Wenji Land and Property Evaluation Doc. 深文集评字 SZ（2021）AF 第 005 号 Real Estate Valuation Report.
Fangda Building	Shenzhen	28 December 2002	17,792.47	14,976,005.26	295,355,002.00	334,498,436.00	13.25%	
Jiangxi Phoenix Land project	Nanchang	Thursday, December 10, 2020	32,354.44	0.00		302,854,554.33		The fair value of the investment real estate is determined based on Shenzhen Wenji Land and Property Evaluation Doc. 深文集评字 SZ（2021）AF 第 004 号 Real Estate Valuation Report.
Total	——	——	145,230.04	90,765,145.76	5,306,116,360.12	5,624,710,618.40	6.00%	——

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

Item	Location	Date of commencement	Estimated total investment	Opening amount	Closing amount	Completion time
Jiangxi Phoenix Land project	Nanchang	1 May 2018	670,000,000.00	194,300,196.90		Thursday, December 10, 2020
Total	——	——	670,000,000.00	194,300,196.90		——

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

√ Yes □ No

Newly-added investment real estate measured by fair value in the current period:

In RMB

Item	Original	Original book	Recorded fair	Closing fair	Change time	Different handling

	accounting method	value	value	value		method and basis
Jiangxi Phoenix Land project	Investment real estate measured by cost model	245,953,338.54	302,854,554.33	302,854,554.33	Thursday, December 10, 2020	The difference is included in the income from changes in fair value; according to the accounting standards for business enterprises, application guide, explanation and other relevant provisions, the buildings built or developed by the owner for rent after completion of the activities should be accounted as investment real estate. If the fair value of an investment real estate under construction cannot be reliably determined, but it is expected that the fair value of the real estate after completion can be obtained continuously and reliably, the investment real estate under construction shall be measured at cost, and its fair value shall be measured at fair value when it can be reliably measured or after completion (whichever is earlier).
Total	——	245,953,338.54	302,854,554.33	302,854,554.33	——	——

(3) Investment real estate without ownership certificate

In RMB

Item	Book value	Reason
Jiangxi Phoenix Land project	302,854,554.33	Conditions for applying for property right are not met

17. Fixed assets

In RMB

Item	Closing balance	Opening balance
Fixed assets	481,270,562.26	477,332,830.92
Disposal of fixed assets	1,891,111.12	
Total	483,161,673.38	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	23,172,441.42	11,577,525.66	417,707.97	2,800,634.17		37,968,309.22
(1) Purchase	4,360,920.00	11,487,525.66	278,707.97	2,439,672.21		18,566,825.84
(2) Transfer-in of construction in progress	174,852.09			345,132.76		519,984.85
(3) Other increases	18,636,669.33	90,000.00	139,000.00	15,829.20		18,881,498.53
3. Decrease in this period	4,936,135.74	19,760,373.49	260,608.02	1,137,975.74		26,095,092.99
(1) Disposal or retirement	4,936,135.74	19,760,373.49	260,608.02	1,137,975.74		26,095,092.99
4. Closing	415,725,429.92	121,496,328.96	21,516,442.64	46,271,366.77	129,596,434.84	734,606,003.13

balance						
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	14,314,412.27	3,882,061.64	695,325.33	1,869,773.46	6,148,440.12	26,910,012.82
(1) Provision	10,826,392.17	3,882,061.64	570,225.33	1,722,919.31	6,148,440.12	23,150,038.57
(2) Other increases	3,488,020.10		125,100.00	146,854.15		3,759,974.25
3. Decrease in this period	94,984.56	16,406,907.76	232,361.13	984,274.48		17,718,527.93
(1) Disposal or retirement	94,984.56	16,406,907.76	232,361.13	984,274.48		17,718,527.93
4. Closing balance	89,797,346.50	89,670,126.47	16,097,483.98	29,314,738.32	28,357,356.10	253,237,051.37
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		1,256,000.00				1,256,000.00
(1) Disposal or retirement		1,256,000.00				1,256,000.00
4. Closing balance		41,621.81		56,767.69		98,389.50
IV. Book value						
1. Closing book value	325,928,083.42	31,784,580.68	5,418,958.66	16,899,860.76	101,239,078.74	481,270,562.26
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	497,716.11	Historical reasons
Yuehai Office Building C 502	124,562.61	Historical reasons
Construction of Chengdu Fangda Xinjin Base	29,615,286.96	In the process of applying for property right certificate

(3) Disposal of fixed assets

In RMB

Item	Closing balance	Opening balance
Jiangxi new material South Korea composite aluminum plate production line	1,891,111.12	
Total	1,891,111.12	

18. Construction in process

In RMB

Item	Closing balance	Opening balance
Construction in process	168,626,803.01	129,988,982.86
Total	168,626,803.01	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	78,213,965.55		78,213,965.55	54,275,503.95		54,275,503.95
Fangda Group East China Construction Base Project	90,101,031.20		90,101,031.20	75,473,740.65		75,473,740.65
Design 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
Total	168,626,803.01		168,626,803.01	129,988,982.86		129,988,982.86

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

In RMB

Item	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	82,840,000.00	54,275,503.95	23,938,461.60			78,213,965.55	94.42%	In construction				Self-owned fund
Fangda Group East China Construction Base Project	105,060,000.00	75,473,740.65	14,627,290.55			90,101,031.20	85.76%	In construction	2,635,849.07	2,248,008.40	5.72%	Loans from financial institutions+ self-owned fund
Total	187,900,000.00	129,749,244.60	38,565,752.15			168,314,996.75	--	--	2,635,849.07	2,248,008.40		--

19. Intangible assets

(1) Intangible assets

In RMB

Item	Land using right	Patent	Unpatented	Software	Total

			technologies		
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	1,653,254.84	15,881.12		1,476,519.46	3,145,655.42
(1) Purchase	1,653,254.84	15,881.12		1,476,519.46	3,145,655.42
3. Decrease in this period				21,144.83	21,144.83
(1) Other decrease				21,144.83	21,144.83
4. Closing balance	80,404,737.13	8,982,747.17		19,348,239.12	108,735,723.42
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	2,273,293.48	443,469.42		1,537,186.91	4,253,949.81
(1) Provision	2,273,293.48	443,469.42		1,537,186.91	4,253,949.81
3. Decrease in this period					
4. Closing balance	15,075,529.76	8,472,024.78		7,995,343.05	31,542,897.59
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	65,329,207.37	510,722.39		11,352,896.07	77,192,825.83
2. Opening book value	65,949,246.01	938,310.69		11,434,708.35	78,322,265.05

(2) Failure to obtain the land use right certificates

At the end of the period, the Company had no land use right without the property right certificate.

20. 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		56,101.56		1,084,628.66
Reconstruction project of sample room	462,854.58		115,713.60		347,140.98
Membership fee	637,499.92	6,250.00	230,000.04		413,749.88
Waterproofing works for employee dormitories	460,084.29	299,972.48	128,586.72		631,470.05
Management consulting service fee	901,552.04		494,073.73		407,478.31
Warehouse addition and renovation project	272,477.07		60,550.44		211,926.63
Dahuaxin Dongguan Songshanhu rubber area interlayer transformation		541,284.40	180,428.16		360,856.24
Premium for basic and all risks		44,664.53	7,940.36		36,724.17
Training management platform service fee		101,650.94			101,650.94
Factory wall painting and rolling shutter door engineering		229,824.00	11,491.20		218,332.80
Property insurance		360,772.95			360,772.95

premium					
Plant ground reconstruction project		435,809.71	29,054.00		406,755.71
Total	3,875,198.12	2,020,229.01	1,313,939.81		4,581,487.32

21. 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	263,315,510.54	38,465,248.35	93,590,747.27	23,063,418.45
Unrealized investment income of internal transaction	135,859,744.95	33,964,936.24		
Deductible loss	122,522,156.58	29,105,371.97	271,310,599.01	67,626,700.92
Credit impairment provision	212,717,683.70	44,512,473.69	473,809,506.79	75,229,494.57
Unrealizable gross profit	130,105,754.96	31,898,500.96	119,543,729.80	29,233,320.47
Provided unpaid taxes			584,599,356.81	146,149,839.20
Anticipated liabilities	33,425,500.13	7,715,527.38	7,793,527.16	1,169,029.07
Donation	35,203.72	5,280.56	700,000.00	175,000.00
Reserved expense			1,742,978.53	261,446.78
Deferred earning	2,314,029.86	342,765.63	2,346,742.62	347,579.43
Change in fair value	1,520,569.70	228,085.49	96,767.62	14,515.14
Advertising expenses can be deducted	1,644,582.77	411,145.69	316,882.69	79,220.67
Total	903,460,736.91	186,649,335.96	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	4,126,893,826.17	1,031,090,409.04	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			132,104,998.74	33,026,249.69
Acquire premium to form inventory	1,535,605.47	383,901.37	1,535,605.47	383,901.37
Rental income	26,439,158.17	6,609,789.56	20,401,597.60	5,100,399.41
Total	4,154,868,589.81	1,038,084,099.97	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		186,649,335.96		343,349,564.70
Deferred income tax liabilities		1,038,084,099.97		1,063,833,159.00

(4) Details of unrecognized deferred income tax assets

In RMB

Item	Closing balance	Opening balance
Deductible temporary difference	130,889.01	446,874.58
Deductible loss	7,336,111.24	8,983,744.38
Total	7,467,000.25	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	
2021			

2022	1,270,623.72	2,286,265.51	
2023	4,575,983.46	5,390,985.76	
2024	1,276,235.76	1,276,235.76	
2025	213,268.30		
Total	7,336,111.24	8,983,744.38	--

Others:

At the end of the period, the deferred income tax assets decreased by 45.64% compared with that at the beginning of the period, mainly because the subsidiary Fangda real estate company met the liquidation conditions of paying land value-added tax in the current period and turned back the deferred income tax assets corresponding to the accrued and unpaid taxes.

22. 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
Contract assets	81,416,144.83	6,412,571.95	75,003,572.88	160,318,405.15	14,686,637.34	145,631,767.81
Prepaid house and equipment amount	29,132,495.10		29,132,495.10	28,446,802.00		28,446,802.00
Prepayment of intangible assets	465,213.39		465,213.39			
Prepaid engineering amount	138,171.75		138,171.75	255,000.00		255,000.00
Total	111,152,025.07	6,412,571.95	104,739,453.12	189,020,207.15	14,686,637.34	174,333,569.81

23. Short-term borrowings

(1) Classification of short-term borrowings

In RMB

Item	Closing balance	Opening balance
Loan by pledge	30,045,466.66	
Loan by pledge		200,318,605.55
Guarantee loan	200,013,291.68	216,287,991.79
Credit borrow	346,029,354.19	8,011,600.00
The Group's internal acceptance bills discounted borrowings	292,266,666.67	300,000,000.00

The Group's external acceptance discount loan	179,895,548.42	
Total	1,048,250,327.62	724,618,197.34

24. Transactional financial liabilities

None

25. Derivative financial liabilities

In RMB

Item	Closing balance	Opening balance
Forward foreign exchange contract	915,234.93	96,767.62
Total	915,234.93	96,767.62

26. Notes payable

In RMB

Type	Closing balance	Opening balance
Commercial acceptance	651,222,454.25	449,574,698.68
Bank acceptance	215,002,061.17	129,241,328.76
Total	866,224,515.42	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.

27. Account payable

(1) Account payable

In RMB

Item	Closing balance	Opening balance
Account repayable and engineering repayable	880,761,256.54	811,680,369.67
Construction payable	98,783,841.73	75,375,776.11
Payable installation and implementation fees	295,439,323.67	297,516,473.34
Others	4,450,130.01	6,200,681.12
Total	1,279,434,551.95	1,190,773,300.24

(2) Significant payables aging more than 1 year

In RMB

Item	Closing balance	Reason
Supplier 1	71,125,193.51	Not mature
Supplier 2	8,655,833.07	Not mature
Supplier 3	7,381,161.50	Not mature
Supplier 4	5,553,505.46	Not mature
Supplier 5	3,128,600.54	Not mature
Total	95,844,294.08	--

28. Prepayment received

(1) Prepayment received

In RMB

Item	Closing balance	Opening balance
Rent and others	1,544,655.62	1,332,457.45
Total	1,544,655.62	1,332,457.45

29. Contract liabilities

In RMB

Item	Closing balance	Opening balance
Project funds collected in advance	195,922,455.76	120,523,626.81
Real estate sales payment	62,466,576.69	621,697.25
Material loan	1,408,738.82	752,948.55
Others	5,689,341.85	2,342,675.44
Total	265,487,113.12	124,240,948.05

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

In RMB

Item	Change	Reason
Project funds collected in advance	75,398,828.95	It is mainly due to the increase of advance payment for the project
Real estate sales payment	61,844,879.44	Mainly due to the pre-sale of real estate of Nanchang Fangda Center project

30. Employees' wage payable

(1) Employees' wage payable

In RMB

Item	Opening balance	Increase	Decrease	Closing balance
1. Short-term remuneration	55,534,644.34	322,671,459.63	318,055,744.12	60,150,359.85
2. Retirement pension program-defined contribution plan	25,334.86	3,610,526.45	3,597,408.52	38,452.79
3. Dismiss compensation	287,155.00	1,605,506.27	1,892,661.27	
Total	55,847,134.20	327,887,492.35	323,545,813.91	60,188,812.64

(2) Short-term remuneration

In RMB

Item	Opening balance	Increase	Decrease	Closing balance
1. Wage, bonus, allowance and subsidies	54,054,805.08	294,141,118.68	288,807,784.80	59,388,138.96
2. Employee welfare		14,687,862.43	14,687,862.43	
3. Social insurance	8,812.80	6,157,952.53	6,166,614.94	150.39
Including: medical insurance	8,812.80	3,928,663.65	3,937,476.45	
Labor injury insurance		611,366.67	611,216.28	150.39
Breeding insurance		507,048.14	507,048.14	
Unemployment insurance		1,110,874.07	1,110,874.07	
4. Housing fund	45,924.00	7,464,735.09	7,469,051.09	41,608.00
5. Labor union budget and staff education fund	1,425,102.46	42,351.23	902,801.88	564,651.81
6. Short-term paid leave		177,439.67	21,628.98	155,810.69
Total	55,534,644.34	322,671,459.63	318,055,744.12	60,150,359.85

(3) Defined contribution plan

In RMB

Item	Opening balance	Increase	Decrease	Closing balance

1. Basic pension	25,334.86	3,505,472.49	3,492,504.95	38,302.40
2. Unemployment insurance		105,053.96	104,903.57	150.39
Total	25,334.86	3,610,526.45	3,597,408.52	38,452.79

31. Taxes payable

In RMB

Item	Closing balance	Opening balance
VAT	3,944,275.20	5,138,273.83
Enterprise income tax	13,172,677.89	8,013,627.51
Personal income tax	1,113,797.56	1,111,213.06
City maintenance and construction tax	792,228.07	1,499,926.15
Land using tax	242,187.59	241,855.73
Property tax	317,791.55	265,016.74
Education surtax	422,865.94	736,138.35
Local education surtax	162,981.22	352,390.86
Land VAT	337,655,257.61	31,084.86
Others	838,881.79	459,460.59
Total	358,662,944.42	17,848,987.68

32. Other payables

In RMB

Item	Closing balance	Opening balance
Other payables	147,615,289.31	701,432,408.28
Total	147,615,289.31	701,432,408.28

(1) Other payables

1) Other payables presented by nature

In RMB

Item	Closing balance	Opening balance
Performance and quality deposit	37,119,618.56	46,117,111.79
Deposit	17,623,656.22	4,885,326.38

Reserved expense	10,861,930.30	17,194,987.92
Tax withheld		584,599,356.81
Pledge		300,000.00
Others	82,010,084.23	48,335,625.38
Total	147,615,289.31	701,432,408.28

Others:

1. The increase of "other" items in this year is mainly due to the sales return of real estate business and the refund of house purchase discount, with a total amount of about RMB29.0687;

2. Other accounts payable at the end of the period decreased by 78.96% compared with that at the beginning of the period, mainly due to the fact that the subsidiary Fangda Real Estate met the liquidation conditions of land value-added tax in the current period and transferred the land value-added tax accrued in previous years from this subject to the tax payable.

(2) Significant payables aging more than 1 year

In RMB

Item	Closing balance	Reason
Shenzhen Yikang Real Estate Co. Ltd.	21,581,724.49	Affiliated party payment
Total	21,581,724.49	--

33. Non-current liabilities due within 1 year

In RMB

Item	Closing balance	Opening balance
Long-term loans due within 1 year	103,359,833.57	922,346,563.72
Total	103,359,833.57	922,346,563.72

34. Other current liabilities

In RMB

Item	Closing balance	Opening balance
Unterminated notes receivable	82,447,039.97	169,688,481.80
Substituted money on VAT	25,241,385.72	22,772,791.90
Total	107,688,425.69	192,461,273.70

35. 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	231,295,035.65	182,523,338.17
Guarantee loan		70,000,000.00
Guarantee, mortgage and pledge loan	868,116,426.70	
Total	1,099,411,462.35	546,501,491.56

Notes to classification of long-term borrowings:

The pledge in the above guarantee, mortgage and pledge loan is based on the 100% equity of Fangda Real Estate Co., Ltd., a subsidiary of the Company, and the rent receivable pledge of Fangda Town rental property.

Other note, including interest rate range:

The interest rate period of long-term loan is 3%-7%.

36. Anticipated liabilities

In RMB

Item	Closing balance	Opening balance	Reason
Pending lawsuit	27,017,023.60		Penalty for delay in handling certificate of title
Product quality warranty	6,408,476.53	7,793,527.16	Product quality warranty
Total	33,425,500.13	7,793,527.16	--

Others:

See Note XI, 2(1) ④ for details of matters involved in liquidated damages litigation

37. Deferred earning

In RMB

Item	Opening balance	Increase	Decrease	Closing balance	Reason
Government subsidy	10,817,247.40	200,000.00	1,848,755.23	9,168,492.17	See the following table
Total	10,817,247.40	200,000.00	1,848,755.23	9,168,492.17	--

Items involving government subsidies:

In RMB

Liabilities	Opening balance	Amount of new subsidy	Amount included in	Other misc. gains	Costs offset in the period	Other change	Closing balance	Related to assets/earnin

			non-operating revenue	recorded in this period				g
Railway transport screen door controlling system and information transmission technology	77,653.85			18,904.32			58,749.53	Assets-related
Major investment project prize from Industry and Trade Development Division of Dongguan Finance Bureau	1,623,809.90			57,142.80			1,566,667.10	Assets-related
Distributed PV power generation project subsidy sponsored by Dongguan Reform and Development Commission	393,750.17			24,999.96			368,750.21	Assets-related
Subsidized land transfer	177,278.87			3,725.64			173,553.23	Assets-related
Special subsidy for industrial transformation, upgrading and development	800,000.00						800,000.00	Assets-related

Enterprise informationization subsidy project of Shenzhen Small and Medium Enterprise Service Agency	468,000.00			48,000.00			420,000.00	Assets-related
National Industry Revitalization and Technology Renovation Project fund	7,276,754.61			1,591,042.51			5,685,712.10	Assets-related
Shenzhen Science and Technology Innovation Committee Technology Innovation Subsidy		200,000.00		104,940.00			95,060.00	Earning-related
Total	10,817,247.40	200,000.00		1,848,755.23			9,168,492.17	

Others:

38. Other non-current liabilities

None

39. 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:

① The decrease in share capital was due to the repurchase and cancellation of B shares by the Company during the reporting period.

② As of December 31, 2020, there are 2302093 shares with limited sales conditions in the closing balance, all of which are held by senior executives.

40. Other equity instruments

None

41. Capital reserve

In RMB

Item	Opening balance	Increase	Decrease	Closing balance
Capital premium (share capital premium)	94.24	10,005,396.81		10,005,491.05
Other capital reserves	1,454,097.35			1,454,097.35
Total	1,454,191.59	10,005,396.81		11,459,588.40

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

The increase of capital reserve in the current period was caused by the Company's premium transfer of part of the equity of its subsidiary Zhichuang Technology.

42. Shares in stock

In RMB

Item	Opening balance	Increase	Decrease	Closing balance
Shares in stock		142,134,417.40	99,385,887.28	42,748,530.12
Total		142,134,417.40	99,385,887.28	42,748,530.12

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

① On November 28, 2019 and December 16, 2019, the Company held the 19th meeting of the 8th board of directors and the first extraordinary general meeting of shareholders in 2019 respectively to deliberate and approve the proposal of repurchase part of the Company's domestic listed foreign shares (B shares) in 2019. From April 3, 2020 to May 12, 2020, a total of 35105238 shares were repurchased through centralized competitive trading, with the highest price of HKD3.33 per share and the lowest price of HKD2.45 per share. The actual payment of HK $108930044.20 (including transaction costs) was included in the treasury stock of RMB99,385,887.28. On May 20, 2020, the Company completed the cancellation of the repurchase of 35,105,238 B shares, reduced the share capital of 35,105,238 shares and offset the surplus reserve of RMB64,280,649.28.

② The second meeting of the ninth board of directors held by the Company on June 23, 2020 deliberated and passed the proposal of repurchase part of the Company's domestic listed foreign shares (B shares) in 2020. From July 23, 2020 to September 22, 2020, a total of 14,404,724 shares were repurchased through centralized auction trading, with the highest price of HKD3.47 per share and the lowest price of KHD3.16 per share, and the actual payment of HKD48,359,819.24 (including transaction fees) , included in treasury shares of RMB42,748,530.12, and has not been cancelled as of December 31, 2020.

43. 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	-3,031,873.85			-552,919.69	-2,478,954.16		-11,670,984.54
Fair value change of investment in other equity tools	-9,192,030.38	-3,031,873.85			-552,919.69	-2,478,954.16		-11,670,984.54
2. Other misc. incomes that will be re-classified into gain and loss	8,716,621.13	5,955,928.19			923,397.15	5,032,531.04		13,749,152.17
Cash flow hedge reserve	-82,252.47	6,155,980.91			923,397.15	5,232,583.76		5,150,331.29
Translation difference of foreign exchange statement	42,320.14	-200,052.72				-200,052.72		-157,732.58
Investment real estate measured at fair value	8,756,553.46							8,756,553.46
Other miscellaneous income	-475,409.25	2,924,054.34			370,477.46	2,553,576.88		2,078,167.63

44. Surplus reserves

In RMB

Item	Opening balance	Increase	Decrease	Closing balance
Statutory surplus reserves	159,805,930.34	11,258,155.90	64,280,649.28	106,783,436.96
Total	159,805,930.34	11,258,155.90	64,280,649.28	106,783,436.96

Note, including explanation about the reason of the change:

① The increase of surplus reserve in the current period is due to the withdrawal of statutory surplus reserve by the Company at the rate of 10% of the net profit in the current period in accordance with the Company law and the articles of association.

② The decrease of surplus reserve in the current period is caused by the write off of surplus reserve when the cost of treasury stock is higher than that of corresponding capital stock.

45. 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)		-39,930,304.63
Retained profit adjusted at beginning of year	3,898,626,177.99	3,881,295,568.33
Plus: Net profit attributable to owners of the parent	382,051,466.98	347,771,182.73
Less: Statutory surplus reserves	11,258,155.90	105,763,735.27
Common share dividend payable	54,413,947.55	224,676,837.80
Closing retained profit	4,215,005,541.52	3,898,626,177.99

46. Operational revenue and costs

In RMB

Item	Amount occurred in the current period		Occurred in previous period	
	Income	Cost	Income	Cost
Main business	2,859,619,810.94	2,386,064,610.56	2,908,727,515.24	2,153,447,678.94
Other businesses	119,676,599.22	22,363,581.82	97,022,043.42	15,728,616.33
Total	2,979,296,410.16	2,408,428,192.38	3,005,749,558.66	2,169,176,295.27

Is the lower of the net profit before and after deducting the non recurring profit and loss negative

□ Yes √ No

Income information:

In RMB

Contract classification	Division 1	Division 2	Division 3	Division 4	Division 5	Total
Type of product	2,141,476,129.00	651,249,442.30	151,222,473.30	19,978,873.86	15,369,491.29	2,979,296,410.16
Including:						
Including: Curtain wall system and materials	2,141,476,129.00					2,141,476,129.00

Subway screen door and service		651,249,442.30				651,249,442.30
Real estate sales			151,222,473.30			151,222,473.30
PV power generation products				19,978,873.86		19,978,873.86
Others					15,369,491.29	15,369,491.29
Total	2,141,476,129.00	651,249,442.30	151,222,473.30	19,978,873.86	15,369,491.29	2,979,296,410.16

Information related to performance obligations:

For curtain wall materials, real estate and other commodity sales transactions, the Company completes the performance obligations when the customer obtains the control of the relevant commodities; for providing building curtain wall, Metro screen door design, production and installation and other service transactions, the Company confirms the completed performance obligations according to the performance progress during the whole service period. The contract price of the Company is usually due within one year, and there is no significant financing component.

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 5,077,713,915.37 yuan, of which 3,390,335,133.12 yuan is expected to be recognized in 2021, and 963,868,984.14 yuan is expected to be recognized in 2022, 723,509,798.11 yuan It is expected that revenue will be recognized in 2023 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:

In RMB

No.	Item	Balanace
1	Fangda Town	21,204,468.83

47. Taxes and surcharges

In RMB

Item	Amount occurred in the current period	Occurred in previous period
City maintenance and construction tax	5,889,502.46	6,853,739.29
Education surtax	4,261,478.60	5,044,690.90
Property tax	4,396,188.94	4,446,647.69
Land using tax	1,544,528.60	1,615,266.99
Stamp tax	1,859,906.26	1,978,440.89
Land VAT	-240,313,311.62	41,191,377.50

Others	38,233.02	833,007.72
Total	-222,323,473.74	61,963,170.98

This year's taxes and surcharges decreased by 458.80% compared with the previous year, mainly due to the fact that the Fangda Town project developed by the subsidiary Fangda Real Estate was in line with the land value-added tax liquidation in this year, and the land value-added tax of the Fangda Town project was liquidated according to the relevant laws and regulations on land value-added tax and liquidation methods, so the land value-added tax withdrawn in previous years was reversed.

48. Sales expense

In RMB

Item	Amount occurred in the current period	Occurred in previous period
Labor costs	20,507,953.03	30,325,279.44
Sales agency fee	4,290,201.20	9,693,525.80
Freight and miscellaneous charges	18,266.00	6,262,470.96
Others	2,396,576.25	2,738,809.38
Entertainment expense	3,329,604.62	2,614,670.15
Travel expense	1,177,774.84	2,159,434.19
Advertisement and promotion fee	4,848,901.77	2,060,937.53
Rental	1,216,955.39	898,832.44
Office costs	959,030.65	700,706.25
Material consumption	558,273.10	129,520.06
Total	39,303,536.85	57,584,186.20

Others:

This year's sales expenses decreased by 31.75% compared with that of the previous year, mainly due to the decrease of real estate sales, the corresponding decrease of labor and sales agency fees, and the implementation of the new revenue standard to classify the transportation expenses belonging to the performance cost into the operating cost.

49. Management expense

In RMB

Item	Amount occurred in the current period	Occurred in previous period
Labor costs	86,696,446.46	111,321,743.46
Maintenance costs	12,178,371.33	14,103,293.81
Agencies	11,571,373.19	12,038,870.33
Depreciation and amortization	8,541,764.39	9,361,818.02
Office expense	6,542,048.90	4,978,201.91

Entertainment expense	3,656,970.00	4,578,811.46
Rental	3,477,061.52	4,131,226.97
Lawsuit	346,458.93	2,774,432.84
Travel expense	1,679,259.48	2,440,786.53
Property management fee	3,278,088.11	2,232,683.37
Water and electricity	482,296.26	588,536.13
Material consumption	245,286.34	470,194.27
Others	3,073,977.83	1,423,196.40
Total	141,769,402.74	170,443,795.50

50. R&D cost

In RMB

Item	Amount occurred in the current period	Occurred in previous period
Labor costs	73,547,580.78	36,774,721.22
Material costs	53,080,480.04	11,283,307.86
Agencies	6,368,175.89	5,384,796.63
Others	5,550,020.45	2,385,770.34
Rental	18,674.31	2,372,103.83
Depreciation costs	1,577,800.05	883,118.20
Amortization of intangible assets	1,226,447.53	508,353.71
Travel expense	242,760.29	162,799.41
Total	141,611,939.34	59,754,971.20

Others:

This year's R&D expenses increased by 136.99% over the previous year, mainly due to the increase in R&D project investment of the Company's important subsidiaries.

51. Financial expense

In RMB

Item	Amount occurred in the current period	Occurred in previous period
Interest expense	97,682,162.85	90,149,816.27
Less: interest capitalization	13,189,723.94	5,819,400.10
Less: discount government subsidies	2,516,250.00	862,000.00
Less: Interest income	14,654,298.98	10,770,653.40

Exchange net loss	1,310,762.38	-777,417.48
Acceptant discount	13,143,667.19	8,581,333.33
Commission charges and others	5,237,278.91	2,107,155.76
Total	87,013,598.41	82,608,834.38

52. Other gains

In RMB

Source	Amount occurred in the current period	Occurred in previous period
Government subsidies related to deferred income (related to assets)	1,743,815.23	233,873.90
Government subsidies related to deferred income (related to income)	104,940.00	130,040.00
Government subsidies directly included in current profits and losses (related to income)	12,503,764.04	6,915,169.59
Other items related to daily activities and included in other income	1,060,651.91	337,688.80
Total	15,413,171.18	7,616,772.29

53. Investment income

In RMB

Item	Amount occurred in the current period	Occurred in previous period
Gains from long-term equity investment measured by equity	-1,319,862.88	-2,152,583.08
Investment income of trading financial assets during the holding period	-50,000.00	51,600,871.08
Investment income from disposal of trading financial assets	8,723,799.17	-43,598,838.65
Financial assets derecognised as a result of amortized cost	-6,148,967.92	-8,047,524.45
Others	69,798.87	288,430.55
Total	1,274,767.24	-1,909,644.55

54. Income from fair value fluctuation

In RMB

Source of income from fluctuation of fair value	Amount occurred in the current period	Occurred in previous period
Investment real estate measured at fair value	19,205,841.18	42,608,311.58
Other non-current financial assets	15,458.14	9,728.02
Total	19,221,299.32	42,618,039.60

55. Credit impairment loss

In RMB

Item	Amount occurred in the current period	Occurred in previous period
Bad debt loss of other receivables	1,206,557.48	12,587,644.72
Bad debt loss of account receivable	28,614,121.03	-47,106,079.08
Total	29,820,678.51	-34,518,434.36

56. Assets impairment loss

In RMB

Item	Amount occurred in the current period	Occurred in previous period
II. Inventory depreciation loss and contract performance cost impairment loss		218,619.24
12. Contract assets impairment loss	52,970,037.82	
Total	52,970,037.82	218,619.24

57. Assets disposal gains

In RMB

Source	Amount occurred in the current period	Occurred in previous period
Fixed assets impairment loss	-18,386.23	-101,676.86
Gains or losses from disposal of other non current assets	-233,876.00	
Total	-252,262.23	-101,676.86

58. 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	251,537.00	778,191.18	251,537.00
Compensation received	61,960.00	13,377.69	61,960.00
Others	209,007.72	2,065,608.87	209,007.72
Total	522,504.72	2,857,177.74	522,504.72

59. 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	6,000,698.10	2,272,000.00	6,000,698.10
Loss from retirement os damaged non-current assets	289,575.87	171,065.09	289,575.87
Penalty and overdue fine	14,164.60	117,548.22	14,164.60
Others	29,260,098.18	1,405,252.17	29,260,098.18
Total	35,564,536.75	3,965,865.48	35,564,536.75

Others:

Other items include the estimated liabilities of RMB27,017,023.60 accrued by the Company according to the most likely outcome of the litigation due to the delay of processing the certificate. For details, please refer to the description of ④ in XI 2(1).

60. 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	-45,459,035.14	28,267,352.94
Deferred income tax expenses	130,580,692.26	42,004,335.51
Total	85,121,657.12	70,271,688.45

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

In RMB

Item	Amount occurred in the current period

Total profit	466,898,873.99
Income tax expenses calculated based on the legal (or applicable) tax rates	116,724,718.50
Impacts of different tax rates applicable for some subsidiaries	-25,010,841.94
Impacts of income tax before adjustment	1,358,245.94
Impacts of non-deductible cost, expense and loss	2,144,536.65
Impacts of using deductible loss of unrecognized deferred income tax assets	-405,546.59
Deductible temporary difference and deductible loss of unrecognized deferred income tax assets	1,354,735.38
Additional deduction of R&D expense	-11,374,156.54
Profit and loss of associates and joint ventures calculated using the equity method	329,965.72
Income tax expenses	85,121,657.12

61. Other miscellaneous income

See Note VII 57.

62. 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	14,653,465.65	10,184,892.89
Subsidy income	16,385,605.95	8,114,858.39
Net amount of margin such as Bill of exchange	130,234,443.34	40,000,000.00
Retrieving of bidding deposits	3,740,836.61	21,572,620.86
Other operating accounts	4,828,269.56	12,022,109.04
Total	169,842,621.11	91,894,481.18

(2) Other cash paid related to operation

In RMB

Item	Amount occurred in the current period	Occurred in previous period
Sales expense	18,795,583.82	26,841,869.91

Management and R&D expenses	52,371,474.66	60,065,704.23
Bidding deposit paid	65,260,110.98	
Net draft deposit net paid		116,999,688.37
Lawsuit freezing funds		22,944,733.36
Other trades	32,303,328.43	7,671,819.08
Total	168,730,497.89	234,523,814.95

(3) Other cash paid related to investment activities

In RMB

Item	Amount occurred in the current period	Occurred in previous period
Cash paid for other investment activities	135,741.00	
Total	135,741.00	

(4) Other cash received related to financing

In RMB

Item	Amount occurred in the current period	Occurred in previous period
Recovery of restricted funds for B-share repurchase and others		88,312,942.36
Total		88,312,942.36

(5) Other cash paid related to financing activities

In RMB

Item	Amount occurred in the current period	Occurred in previous period
Repurchase amout of B shares	142,856,912.25	88,428,226.25
Money order loan margin	121,280,000.00	40,000,000.00
Total	264,136,912.25	128,428,226.25

63. 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	381,777,216.87	346,761,604.30
Plus: Asset impairment provision	-82,790,716.33	34,299,815.12
Fixed asset depreciation, gas and petrol depreciation, production goods depreciation	23,619,848.31	24,226,272.74
Amortization of intangible assets	4,253,949.81	2,680,311.61
Amortization of long-term amortizable expenses	1,313,939.81	632,269.18
Loss from disposal of fixed assets, intangible assets, and other long-term assets (“-“ for gains)	252,262.23	101,676.86
Loss from fixed asset discard (“-“ for gains)	289,575.87	171,065.09
Loss from fair value fluctuation (“-“ for gains)	-19,221,299.32	-42,618,039.60
Financial expenses (“-“ for gains)	99,390,960.03	91,603,140.07
Investment losses (“-“ for gains)	-1,274,767.24	-6,137,879.90
Decrease of deferred income tax asset (“-“ for increase)	156,293,668.68	20,257,876.84
Increase of deferred income tax asset (“-“ for increase)	-25,749,059.03	21,746,458.65
Decrease of inventory (“-“ for increase)	-102,647,106.37	-64,556,366.16
Decrease of operational receivable items (“-“ for increase)	-241,645,927.37	-345,194,864.61
Increase of operational receivable items (“-“ for decrease)	224,612,796.61	10,686,250.77
Others	130,234,443.34	-99,944,421.73
Cash flow generated by business operations, net	548,709,785.90	-5,284,830.77
2. Major investment and financing activities with no cash involved:	--	--
Debt transferred to assets		
Convertible corporate bonds due within one year		
Fixed assets under finance leases		
3. Net change in cash and cash equivalents:	--	--
Balance of cash at period end	1,024,252,387.39	725,269,902.90

Less: Initial balance of cash	725,269,902.90	956,190,890.68
Add: Ending balance of cash equivalents		
Less: Ending balance of cash equivalents		
Net increase in cash and cash equivalents	298,982,484.49	-230,920,987.78

(2) Composition of cash and cash equivalents

In RMB

Item	Closing balance	Opening balance
I. Cash	1,024,252,387.39	725,269,902.90
Including: Cash in stock	482.09	4,244.86
Bank savings can be used at any time	1,009,780,912.18	725,255,753.53
Other monetary capital can be used at any time	14,470,993.12	9,904.51
III. Balance of cash and cash equivalents at end of term	1,024,252,387.39	725,269,902.90
Including: restricted cash and cash equivalent used by parent company or subsidiaries in the Group	435,587,632.71	484,542,076.05

64. Notes to statement of change in owners' equity

Explain the name of "other" items and the amount of adjustment for the balance at the end of last year

There is no adjustment to the balance at the end of last year.

65. Assets with restricted ownership or use rights

In RMB

Item	Closing book value	Reason
Monetary capital	435,587,632.71	Margin, pledge and judicial frozen deposit, etc
Inventory	103,973,925.13	Credit Mortgage, Mortgage Loan
Fixed assets	63,229,493.11	Loan by pledge
Intangible assets	19,429,756.30	Loan by pledge
Account receivable	38,906,851.06	Loan by pledge

Investment real estate	2,820,277,340.71	Loan by pledge
Construction in process	44,368,937.04	Loan by pledge
100% stake in Fangda Property Development held by the Company	200,000,000.00	Loan by pledge
Total	3,725,773,936.06	--

66. Foreign currency monetary items

(1) Foreign currency monetary items

In RMB

Item	Closing foreign currency balance	Exchange rate	Closing RMB balance
Monetary capital	--	--	83,942,295.66
Including: USD	4,514,782.07	6.5249	29,458,501.66
Euro	0.81	8.0247	6.50
HK Dollar	41,704,372.97	0.8416	35,100,067.19
INR	15,665,670.99	0.0891	1,396,500.57
Vietnamese currency	342,105,710.00	0.0003	96,679.07
SGD	2,000.30	4.9314	9,864.28
AUD	3,564,514.96	5.0163	17,880,676.39
Account receivable	--	--	22,108,912.11
Including: USD	326,973.79	6.5249	2,133,471.29
Euro			
HK Dollar	5,109,501.10	0.8416	4,300,360.51
AUD	3,124,829.12	5.0163	15,675,080.31
Contract assets			8,407,693.51
Including: USD	1,017,415.66	6.5249	6,638,535.47
HK Dollar	592,650.34	0.8416	498,798.23
INR	14,250,648.37	0.0891	1,270,359.81
Other receivables			1,087,125.02
Including: USD	99,109.31	6.5249	646,678.33

HK Dollar	272,085.00	0.8416	228,997.62
INR	1,803,367.00	0.0891	160,759.35
AUD	10,105.00	5.0163	50,689.71
Short-term loans			46,625,250.00
Including: Euro	5,810,000.00	8.025	46,625,250.00
Account payable			2,718,283.32
Including: USD	185,398.27	6.5249	1,209,705.17
AUD	67,927.63	0.8416	57,170.61
INR	16,281,606.64	0.0891	1,451,407.54
Other payables			393,471.22
Including: USD	44,289.36	6.5249	288,983.65
AUD	17,930.00	5.0163	89,942.26
HK Dollar	100.00	0.8416	84.16
Vietnamese currency	51,172,200.00	0.0003	14,461.15

(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

67. 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;	Aluminum futures contract;	The price of raw materials has risen, leading to an increase in expected transaction procurement costs;
	Forward foreign exchange transaction	Forward foreign exchange contract	The depreciation of foreign currency leads to the decrease of actual collection

68. Government subsidy

(1) Government subsidy profiles

In RMB

Type	Amount	Item	Amount accounted into the current gain/loss
Subsidized land transfer	173,553.23	Deferred earning	3,725.64
Special subsidy for industrial transformation, upgrading and development	800,000.00	Deferred earning	
Major investment project prize from Industry and Trade Development Division of Dongguan Finance Bureau	1,566,667.10	Deferred earning	57,142.80
Distributed PV power generation project subsidy sponsored by Dongguan Reform and Development Commission	368,750.21	Deferred earning	24,999.96
Railway transport screen door controlling system and information transmission technology	58,749.53	Deferred earning	18,904.32
National Industry Revitalization and Technology Renovation Project fund	5,685,712.10	Deferred earning	1,591,042.51
Shenzhen Science and Technology Innovation Committee Technology Innovation Subsidy	95,060.00	Deferred earning	104,940.00
Enterprise informationization subsidy project of Shenzhen Small and Medium Enterprise Service Agency	420,000.00	Deferred earning	48,000.00
Incentives for small and medium-sized enterprise above the stipulated scale	200,000.00	Other gains	200,000.00
Subsidy for foreign trade	30,200.00	Other gains	30,200.00

exhibition of Finance Bureau of Management Committee of Nanchang High-tech Development Zone			
Technology research and development award of Finance Bureau of Management Committee of Nanchang High-tech Development Zone	350,000.00	Other gains	350,000.00
Nanchang High-tech Development Zone Management Committee Finance Bureau allocates industrial incentives	145,350.00	Other gains	145,350.00
Technical Innovation Award for Scientific Research Staff of Nanchang High-tech Development Zone Entrepreneurship Service Center	5,000.00	Other gains	5,000.00
Grant for Shenzhen Industrial Internet development support program	260,000.00	Other gains	260,000.00
Support for steady industrial growth in Shenzhen	301,000.00	Other gains	301,000.00
Special fund support subsidy for building energy efficiency development in Shenzhen	980,000.00	Other gains	980,000.00
Training subsidy for strategic management and innovative thinking project of Shenzhen Nanshan District Human Resources Bureau	100,000.00	Other gains	100,000.00
Shenzhen patent awards and subsidies	457,500.00	Other gains	457,500.00
Childbearing subsidy	106,488.32	Other gains	106,488.32
R&D subsidy from Shenzhen Science and Technology Innovation Commission	379,000.00	Other gains	379,000.00
Special fund for burden reduction support of Songshan	358,078.44	Other gains	358,078.44

Lake enterprises			
Employment subsidy	1,371,191.72	Other gains	1,371,191.72
Subsidy income from sewage treatment	126,103.20	Other gains	126,103.20
Epidemic subsidy in Hong Kong	960,215.04	Other gains	960,215.04
Support funds for private economy in Xinjin Industrial Park	139,400.00	Other gains	139,400.00
Epidemic electricity subsidy	470,573.00	Other gains	470,573.00
Epidemic rent relief subsidy	535,000.00	Other gains	535,000.00
VAT rebated into revenue	5,056,535.88	Other gains	5,056,535.88
Others	172,128.44	Other gains	172,128.44
Discount subsidy	2,516,250.00	Financial expenses	2,516,250.00
Total	24,188,506.21		16,868,769.27

(2) Government subsidy refund

□ Applicable √ Inapplicable

Others:

The value-added tax is immediately refundable income, which is mainly attributed to the fact that Sun Corporation Kechuangyuan Software belongs to a software company and enjoys the VAT rebate policy. Since the project will not form long-term assets, the Company will use it as a government subsidy related to income.

VIII. Change to Consolidation Scope

1. Disposal of subsidiaries

Single disposal of a subsidiary that may lead to loss of control

□ Yes √ No

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

□ Yes √ No

2. Change to the consolidation scope for other reasons

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

Four new subsidiaries and grandchildren were added to the consolidated statements in the current period, of which the Company directly controlled was Fangda Partnership, and the three indirectly controlled companies were Lifu Investment, Xunfu Investment and Jianke Hong Kong.

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		94.04%	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	99.00%	1.00%	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		94.04%	Incorporation
Zhichuang Technology Hong Kong	Hong Kong	Hong Kong	Metro screen door		94.04%	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
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
Shanghai Fangda Zhijian	Shanghai	Shanghai	Intelligent technology, new energy, automated	30.00%	70.00%	Incorporation

			technology			
Shanghai 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
Fangda Investment Partnership (Limited Partnership)	Shenzhen	Shenzhen	Project investment and investment consultancy	99.00%	0.52%	Incorporation
Lifu Investment Co., Ltd	Shenzhen	Shenzhen	Project investment and investment consultancy		52.00%	Incorporation
Xunfu Investment Co., Ltd	Shenzhen	Shenzhen	Project investment and investment consultancy		100.00%	Incorporation
Jianke Hong Kong Limited	Hong Kong	Hong Kong			100.00%	Incorporation

Note 1: Fangda Investment Partnership (limited partnership), established on August 7, 2020, has a registered capital of RMB 237.7 million subscribed by the Company and Lifu Investment Co., Ltd. as of December 31, 2020, the total paid in registered capital of each party is RMB 237.7 million.

Note 2: Lifu Investment Co., Ltd. was established on August 4, 2020. Hongjun Investment Co., Ltd., Xunfu Investment Co., Ltd. and Shenzhen Zhuoshun Investment Co., Ltd. jointly subscribed the registered capital of RMB 1 million. As of December 31, 2020, the total paid in registered capital of each party is RMB 1 million.

Note 3: Xunfu Investment Co., Ltd. was established on July 8, 2020, with the registered capital of RMB 100,000 subscribed by Fangda New Energy Co., Ltd. as of December 31, 2020, with the registered capital of RMB 100,000 paid in by Fangda New Energy Co., Ltd.

Note 4: The registered capital of Jianke Hong Kong Co., Ltd. was subscribed by Shihui International Co., Ltd. on May 19, 2020. As of December 31, 2020, the paid in registered capital of Shihui International Co., Ltd. was HKD40,000.

(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%	-7,054.01		48,402,955.59
Fangda Zhichuang	5.96%	-266,664.71		17,203,076.60

(3) Financial highlights of major non wholly owned subsidiaries

In RMB

Company	Closing balance						Opening balance					
	Current asset	Non-current assets	Total of assets	Current liabilities	Non-current liabilities	Total liabilities	Current asset	Non-current assets	Total of assets	Current liabilities	Non-current liabilities	Total liabilities
Zhongrong Litai	205,837,361.25	30,024.88	205,867,386.13	98,305,262.61		98,305,262.61	174,827,165.52	30,066.12	174,857,231.64	67,279,432.54		67,279,432.54
Fangda Zhichuang	757,453,607.34	62,283,669.54	819,737,276.88	519,869,993.38	6,562,286.06	526,432,279.44						

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	601,651.38	-15,675.58	-15,675.58	166,931.72	39,105.50	-2,243,507.63	-2,243,507.63	124,134.62
Fangda Zhichuang	651,249,442.29	75,181,980.27	361,192.06	70,773,262.67				

2. Change in the ownership share of the subsidiary and control of the transaction of the subsidiary

(1) Description of changes in owner's equity shares of subsidiaries

On August 7, 2020, Fangda Jianke, a subsidiary of the Company, transferred its 5.71% equity of Zhichuang Technology to Gongqingcheng Yingfa Investment Partnership (limited partnership), with the transfer amount of RMB 26,616,725.71. In addition, Shenzhen Zhuoshun Investment Co., Ltd. holds 0.2491% of the equity of Zhichuang Technology Co., Ltd. through holding Lifu Investment, and the corresponding amount of equity transfer paid is RMB591,747.70.

(2) Impact of transaction on minority shareholders' equity and owner's equity attributable to parent company

In RMB

	Fangda Zhichuang
Disposal consideration - cash	27,208,473.41
Less: share of net assets of subsidiaries calculated according to the proportion of equity acquired / disposed	17,203,076.60
Difference	10,005,396.81
Including: adjustment of capital reserve	10,005,396.81

3. 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	55,902,377.95	57,222,240.83
Total shareholding	--	--
Net profit	-1,319,862.88	-2,152,583.08
--Total of misc. incomes	-1,319,862.88	-2,152,583.08

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's credit management department 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 comes from monetary capital, notes receivable, accounts receivable, other receivables, receivables financing, contract assets, etc. The credit risk of these financial assets comes from the default of the counterparties, and the maximum risk exposure is equal to the book 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 notes receivable, accounts receivable, other receivables, receivables financing and contract assets, the Company sets relevant policies to control credit risk exposure. 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 one or more of the following quantitative and qualitative criteria are triggered, the Company believes that the credit risk of financial instruments has increased significantly: the quantitative criteria are mainly the probability of default in the remaining life of the reporting date increased by more than a certain proportion compared with the initial recognition; the qualitative criteria are the major adverse changes in the operation or financial situation of the major debtors, the early warning of customer list, etc.

(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 accounts receivable of the Company, the accounts receivable of the top five customers account for 28.36% of the total accounts receivable of the Company (comparison period: 17.66%); among the other accounts receivable of the Company, the accounts receivable of the top five companies account for 69.65% of the total accounts receivable of the Company (comparison period: 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.

As of December 31, 2020, the maturity of the Company's financial liabilities is as follows:

Contract amount: RMB

	Thursday, December 31, 2020			
Item	Less than 1 year	Within 1-3 years	Over 3 years	Total
Short-term loans	104,825.03			104,825.03
Notes payable	86,622.45			86,622.45
Account payable	124,568.04	3,271.34	104.08	127,943.46
Employees' wage payable	6,018.88			6,018.88
Other payables	9,139.90	3,965.54	1,656.09	14,761.53
Non-current liabilities due in 1 year	10,335.98			10,335.98
Other current liabilities	10,768.84			10,768.84
Long-term loans		24,941.15	85,000.00	109,941.15
Total liabilities	352,279.12	32,178.03	86,760.17	471,217.32

(Continued) Amount: RMB10,000

	31 December 2019			
Item	Less than 1 year	Within 1-3 years	Over 3 years	Total
Short-term loans	72,461.82	-	-	72,461.82
Notes payable	57,881.60	-	-	57,881.60

Account payable	118,979.57	0.97	96.79	119,077.33
Employees' wage payable	5,584.71	-	-	5,584.71
Other payables	68,410.66	1,170.99	561.59	70,143.24
Non-current liabilities due in 1 year	92,234.66	-	-	92,234.66
Other current liabilities	18,169.46	-	-	18,169.46
Long-term loans	-	39,650.15	15,000.00	54,650.15
Total liabilities	433,722.48	40,822.11	15,658.38	490,202.97

3. Market risk

(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 dong, euro, 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 Thursday, December 31, 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 Note V, 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 Group Finance Department of the Company continuously monitors the Group interest rate level. The rising interest rate will increase the cost of the new interest-bearing debt and the interest expenditure on interest-bearing debt which has not yet been paid by the Company at the floating rate, and will have a significant adverse effect on the Company's financial performance. Management will make adjustments in time according to the latest market conditions.

As of December 31, 2020, the current floating rate loan is RMB 1.97 billion. If the loan interest rate calculated by floating rate increases or decreases by 50 basis points, the net profit of the Company will decrease or increase by RMB 7.3875 million (December 31, 2019: RMB 7.086 million) while other risk variables remain unchanged.

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	--	--	--	--
(3) Derivative financial assets	6,974,448.22			6,974,448.22
(3) Investment in other equity tools			17,628,307.59	17,628,307.59
2. Leased building		5,628,291,448.40		5,628,291,448.40
Financial assets measured at fair value with changes included in current profits and losses -- investment in financial products			4,051,015.05	4,051,015.05
Receivable financing			10,727,129.28	10,727,129.28
Other non-current financial assets			5,025,186.16	5,025,186.16
Total assets measured at fair value continuously	6,974,448.22	5,628,291,448.40	37,431,638.08	5,672,697,534.70
Derivative financial liabilities	915,234.93			915,234.93
Total assets measured at fair value continuously	915,234.93			915,234.93
2. Discontinuous fair value measurement	--	--	--	--

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

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

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

For investment real estate, the Company adopts valuation technology to determine its fair value. The valuation techniques used are mainly the market comparison method and the income method lease and resale model. The input value of valuation technology mainly includes comparable market unit price, market rent, vacancy rate, growth rate, rate of return, etc.

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, employee compensation payable, accounts payables, other payables, and long-term payables.

XII. Related Parties and Transactions

1. Parent of the Company

Parent	Registered address	Business	Registered capital	Share of the parent co. in the Company	Voting power of the parent company
Shenzhen Banglin Technologies Development Co., Ltd.	Shenzhen	Industrial investment	RMB30 million	10.87%	10.87%
Shengjiu Investment Ltd.	Hong Kong	Industrial investment	HKD10,000	9.66%	9.66%

Particulars about the parent of the Company:

①All 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 final controller of the Company is Xiong Jianming.

2. Subsidiaries of the Company

For details of subsidiaries of the enterprise, please refer to Note VII, rights and interests in other entities.

3. Joint ventures and associates

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
Ganshang Joint Investment	Associate

4. Other associates

Other related parties	Relationship with the Company
Jiangxi Business Innovative Property Joint Stock Co., Ltd.	Associate
Gong Qing Cheng Shi Li He Investment Management Partnership Enterprise (limited partner)	Affiliated relationship with Shenzhen Banglin Technology Development Co., Ltd.
Shenyang Fangda	Subsidiary in liquidation
Shenzhen Yikang Real Estate Co. Ltd.	Controlled subsidiaries
Shenzhen Woke	Subsidiary in liquidation
Shenzhen Qijian Technology Co., Ltd. (Qijian Technology)	Common actual controller
Shenzhen Zhuo Shun Investment Co., Ltd.	Common actual controller
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	51,161.39	49,494.36
Ganshang Joint Investment	Property service and sales of goods		9,834.99

(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
Ganshang Joint Investment	Houses & buildings		121,872.30
Qijian Technology	Houses & buildings	384,319.68	414,732.00

(4) Related guarantees

The Company is the guarantor:

In RMB10,000

Beneficiary party	Amount guaranteed	Start date	Due date	Completed or not
Fangda Jianke	30,000.00	18 August 2018	2020.07.31	Yes
Fangda Zhichuang	21,600.00	6 August 2018	2020.07.12	Yes
Fangda Property	130,000.00	3 February 2015	Wednesday, March 11, 2020	Yes
Fangda Jianke	10,000.00	21 June 2019	2020.06.20	Yes
Fangda Jianke	25,000.00	20 August 2019	2020.08.19	Yes
Fangda Jianke	40,000.00	26 March 2019	2020.03.26	Yes
Fangda Jianke	30,000.00	1 August 2019	2020.07.31	No
Fangda Jianke	40,000.00	17 April 2019	2020.04.17	Yes
Fangda New Material	6,500.00	27 June 2019	2020.06.27	Yes
Fangda New Material	8,000.00	24 April 2019	2020.04.23	Yes
Fangda Zhijian	8,000.00	31 July 2019	2024.07.10	No
Fangda Zhichuang	15,000.00	27 May 2019	2020.05.27	Yes
Fangda Zhichuang	12,000.00	26 March 2019	2020.03.26	Yes
Fangda Zhichuang	20,000.00	1 August 2019	2020.07.31	Yes
Jiangxi Property Development	20,000.00	19 June 2019	2023.06.23	No
Fangda Jianke	50,000.00	Tuesday, July 14, 2020	Thursday, July 8, 2021	No
Fangda Jianke	25,000.00	Tuesday, September 22, 2020	Tuesday, September 21, 2021	No
Fangda Jianke	15,000.00	Friday, April 10, 2020	Friday, March 18, 2022	No
Fangda Jianke	30,000.00	Friday, June 12, 2020	Wednesday, April 14, 2021	No
Fangda Zhichuang	10,000.00	Friday, April 10, 2020	Friday, March 18, 2022	No
Fangda Zhichuang	3,000.00	29 June 2020	23 June 2020	No
Fangda Jianke	60,000.00	Monday, February 24, 2020	13 February 2021	No
Fangda Jianke	40,000.00	30 September 2020	Thursday, August 19, 2021	No
Fangda Zhichuang	40,000.00	Tuesday, July 28, 2020	Wednesday, June 30, 2021	No

Fangda Zhichuang	15,000.00	30 September 2020	Thursday, August 19, 2021	No
Fangda Zhichuang	20,000.00	16 June 2020	13 February 2021	No
Fangda New Material	6,500.00	Tuesday, July 14, 2020	Tuesday, July 13, 2021	No
Fangda New Material	8,000.00	23 May 2020	22 May 2021	No
Fangda Property	135,000.00	25 February 2020	Sunday, February 24, 2030	No
Kechuangyuan	1,000.00	Sunday, August 23, 2020	13 February 2021	No
Fangda Jianke and Fangda Zhichuang	14,000.00	Wednesday, December 18, 2019	For details, please refer to the following description of related party guarantee (2)	No
Fangda Jianke	20,000.00	Friday, March 6, 2020	Friday, March 5, 2021	No

Note to related guarantees

(1) The above-mentioned guarantees are all associated guarantees within interested entities of the Group.

(2) HSBC has a total credit of RMB140 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 RMB140 million to grant credit;

Fangda Jianke has non-committed combined revolving credits of not more than RMB140 million including revolving loans of up to RMB140 million, non-financial bank guarantees of up to RMB140 million and bank acceptances of up to RMB140 million.

Fangda Jianke has non-committed combined revolving credits of not more than RMB140 million including revolving loans of up to RMB50 million, non-financial bank guarantees of up to RMB140 million and bank acceptances of up to RMB50 million.

The Company is the guarantied party:

In RMB10,000

Guarantor	Amount guaranteed	Start date	Due date	Completed or not
Fangda Jianke	50,000.00	26 March 2019	2020.03.26	Yes

(5) Remuneration of key management

In RMB

Item	Amount occurred in the current period	Occurred in previous period
Directors, supervisors and senior management	8,961,747.37	8,656,154.32

(6) Other related transactions

Hongjun Investment, Xunfu Investment and Shenzhen Zhuoshun Investment Co., Ltd. (hereinafter referred to as "Zhuoshun Investment") jointly invested to establish Lifu Investment. The registered capital of Lifu Investment is RMB1 million, of which Hongjun Investment contributes RMB490,000, accounting for 49%, Xunfu Investment contributes RMB30000, accounting for 3%, and Zhuoshun Investment contributes RMB480,000, accounting for 48%.

6. Receivable and payables due with related parties

(1) Receivable interest

In RMB

Item	Affiliated party	Closing balance		Opening balance	
		Remaining book value	Bad debt provision	Remaining book value	Bad debt provision
Account receivable	Qijian Technology	44,268.81	442.69	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	3,791,089.25	56,487.23	5,015,089.25	74,724.83
Other receivables	Shenzhen Yikang Real Estate Co. Ltd.	70,000,000.00	1,043,000.00	72,000,000.00	1,072,800.00

(2) Receivable interest

In RMB

Item	Affiliated party	Closing balance of book value	Opening balance of book value
Other payables	Shenzhen Yikang Real Estate Co. Ltd.	24,912,830.32	21,581,724.49
Other payables	Qijian Technology	400.00	
Other payables	Ganshang Joint Investment	3,355.36	

XIII. Contingent events

1. Major commitments

Major commitments that exist on the balance sheet day

On November 6, 2017, Fangda Real Estate Co., Ltd., a subsidiary of the Company, and Bangshen Electronics (Shenzhen) Co., Ltd. signed the “Joint Development Agreement on Fangda Bangshen Industrial Park (Temporary Name) Urban Renewal Project”, and the two parties agreed to develop cooperatively. In order to develop urban renewing projects such as a “renovation project”, Fangda Real Estate provided Party A with property compensation through renovating and renovating the property allocation terms agreed upon by both parties, and obtained independent development rights of the project. As of December 31, 2020, Fangda Real Estate has paid a deposit of RMB20 million.

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

(Party B2), "Shenzhen Henggang Dakang Village Project Cooperation Agreement". Party B agrees to transfer the entire equity of the project company it holds and the entire development interest of the project to Party A. Party A shall pay Party B a total of RMB600 million for the cooperation price. As of December 31, 2020, Fangda Real Estate has paid Party B and the project company RMB50 million of deposit, RMB20 million of service fee and RMB61.9372 million of equity transfer.

As of December 31, 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

① In November 2018， Fangda Jianke a subsidiary of the Group sued Fujian Huapu Real Estate Development Co. Ltd. for a payment of RMB 13810243.67 and its overdue interest of RMB 373,380.16 totaling RMB 14,183,623.83 to the Taijiang District People's Court of Fuzhou City. The case has not been decided. On 10 May 2019, the court ruled against the prosecution; On 16 May 2019, Fang Da Jianke filed an appeal; On 26 August 2019, the court of second instance ordered the court of first instance to revoke the first instance decision; On 8 October 2019, it was sent back to the court of first instance, case number: (2019) Min 0103 Republic of China 4282. In April 2020, Huapu Company filed a counterclaim application to the court, requesting Fangda Jianke Company to pay a total of RMB12,746,000.00 for the construction period and quality. The two parties separately initiated project cost appraisal and project quality appraisal. As of the date of this report, the case is still under trial.

② In December 2019 Fangda Jianke sued the constructors of Shaoxing Jiayue Square Project for RMB20,158, 046.00, RMB4,660, 400.00, RMB3,699, 100.00, and RMB2,144, 400.00, totally RMB30,661, 900.00. Thereafter, Fangda Jianke increased the number of claims, totaling RMB32,318, 994.15. 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 and applied to freeze RMB36.3 million of funds. In March 2021, the two sides reached a settlement agreement. As of the date of this report, RMB14.6 million has been recovered and RMB36.3 million of frozen funds has been released. The case is closed.

③ On June 19, 2019, Langfang Aomei Jiye Real Estate Development Co., Ltd. filed a lawsuit against Fangda Jianke in the People's Court of Langfang Development Zone, demanding compensation of RMB19,721,315.00, and filed an application for appraisal of quality, repair cost and uncompleted project cost on December 26, 2019; Fangda Jianke filed a counterclaim on September 11, 2019, demanding payment of RMB13,920,000.70, and put forward the application for completed project cost appraisal on November 22, 2019. As of the date of this report, the case is still in the identification process.

④ As of December 31, 2020, due to the expiration of the implementation rules of the "Shenzhen Municipal People's Government on the Administration of the Transfer of Industrial Buildings (Trial)" and the "Notice of the Municipal Planning and Land Resources Commission on Matters Related to the Management of Industrial Building Transfers" and other reasons, some owners of Fangda Town failed to apply for the real estate certificate of Fangda Town project developed by Fangda Real Estate Company as scheduled. As of the date of this report, 20 buyers have sued Fangda Real Estate for liquidated damages for overdue certification. Because both parties were dissatisfied with the results of the first instance, appeals were filed against 11 households whose first-instance judgments have been issued, and the first-instance judgments have not yet taken effect; another 9 buyer-related lawsuits are in the process of first-instance trial. As a result of the above-mentioned litigation, the owners proposed property preservation, and the monetary fund of RMB42,662,416.59 of Fangda Real Estate was frozen. On December 31, 2020, Fangda Real Estate drew an estimated debt of RMB27,017,023.60 according to the most likely litigation result.

(2) Pending major lawsuits

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

On September 10, 2018, the People's Court of Lixia District of Jinan City sentenced Shandong Zhonghong Real Estate Co. Ltd. to the Company for payment of RMB5960429.45 within 10 days from the date of the effective date of the (2018) Lu 0102 Minchu 5367 civil judgment. As of the date of this report, Fangda Jianke has applied for execution and has not received the relevant payment.

On November 15, 2019, the Chengdu Chenghua District People’s Court ruled (2019) Chuan 0108 Min Chu No. 428 that Sichuan Chuanta Hengyuan Industrial Co., Ltd. shall pay interest to the company within ten days from the effective date of the judgment (subject to RMB6,013, 841.233 as the base, from May 29, 2015 to the day when the payment is paid; with RMB841,876. 3235 as the base, from May 28, 2015 to the day when the payment is paid. Based on RMB841, 876.3235, from May 28, 2016 to the day when the payment is paid). The Company enjoys the priority of compensation for the discounted or auctioned price of Building C of the Chuan Tower supporting project (Film and Television Cultural Square) project within the scope of RMB 7,697,593.88.

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

By December 31, 2020, the Company has provided loan guarantees for the following entities:

Name of guaranteed entity	Guarantee	Amount (RMB10,000)	Term	Remarks
Fangda Zhijian	Guarantee and mortgage guarantee	723.78	7/31/2019 to 7/10/2024	
Fangda Zhijian	Guarantee and mortgage guarantee	586.24	8/27/2019 to 7/10/2024	
Fangda Zhijian	Guarantee and mortgage guarantee	211.98	9/27/2019 to 7/10/2024	
Fangda Zhijian	Guarantee and mortgage guarantee	892.92	11/18/2019 to 7/10/2024	
Fangda Zhijian	Guarantee and mortgage guarantee	837.41	12/20/2019 to 7/10/2024	
Fangda Zhijian	Guarantee and mortgage guarantee	845.02	1/15/2020 to 7/10/2024	
Fangda Property	Guarantee, pledge and mortgage guarantee	2,500.00	7/22/2019 to 7/22/2023	
Fangda Property	Guarantee, pledge and mortgage guarantee	2,500.00	9/12/2019 to 7/22/2023	
Fangda Property	Guarantee, pledge and mortgage guarantee	3,000.00	9/26/2019 to 7/22/2023	
Fangda Property	Guarantee, pledge and mortgage guarantee	2,000.00	9/29/2019 to 7/22/2023	
Fangda Property	Guarantee, pledge and mortgage guarantee	5,000.00	10/31/2019 to 7/22/2023	

Fangda Property	Guarantee, pledge and mortgage guarantee	4,032.15	3/9/2020 to 7/22/2023	
Fangda Property	Guarantee and mortgage guarantee	97,147.63	3/13/2020 to 3/12/2030	
Fangda Zhichuang	Pledge guarantee	3,004.55	6/29/2020 to 6/23/2021	
Kechuangyuan	Guarantee	1,001.33	8/23/2020 to 2/13/2021	
Total		124,283.01		

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

Notes 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. As of December 31, 2020, the Company assumed the above-mentioned phased guarantee amount of RMB 176 million.

(3) Other contingent liabilities and their influences

As of December 31, 2020, the Group did not have other commitments that should be disclosed.

3. Others

Status of non-revocation of company as at December 31, 2020：

Currency	Guarantee balance (original currency)	Deposit (RMB)	Credit line used (RMB)
RMB yuan	565,822,445.92	608,750.00	565,213,695.92
INR	87,299,635.00	688,522.32	7,093,716.34
HK $(HKD)	15,349,982.00	-	12,919,158.85
United States dollars (USD)	9,118,856.22	2,542,479.27	56,957,145.68
Total		3,839,751.59	642,183,716.79

XIV. Post-balance-sheet events

1. Profit distribution

In RMB

Profit or dividend to be distributed	0.00
Profit or dividend approved to be distributed	0.00

2. Notes to other issues in post balance sheet period

As of March 19, 2021 (the report date approved by the board of directors), the Company has no other events after the balance sheet date that should be disclosed.

XV. Other material events

1. Suspension of operations

There is no net profit from discontinued operations in the current period.

2. Segment information

(1) Recognition basis and accounting policy for segment report

The Group divides its businesses into five reporting segments. The reporting segments are determined based on financial information required by routine internal management. The Group's management regularly review the operating results of the reporting segments to determine resource distribution and evaluate their performance.

The reporting segments are:

(1) Curtain wall segment, production and sales of curtain wall materials, construction curtain wall design, production and installation;

(2) Rail transport segment: assembly and processing of metro screen doors;

(3) Real estate segment: development and operating of real estate on land of which land use right is legally obtained by the Company; property management;

(4) New energy segment: photovoltaic power generation, photovoltaic power plant sales, photovoltaic equipment R & D, installation, and sales, and photovoltaic power plant engineering design and installation

(5) Others

The segment report information is disclosed based on the accounting policies and measurement standards used by the segments when reporting to the management. The policies and standards should be consistent with those used in preparing the financial statement.

(2) Financial information

In RMB

Item	Curtain wall	Rail transport	Real estate	New energy	Others	Offset between segments	Total
Turnover	2,145,502,203.32	651,249,442.29	154,796,147.79	20,793,720.48	24,854,861.48	17,899,965.20	2,979,296,410.16
Including: external transaction income	2,141,476,129.47	651,249,442.29	151,222,473.25	19,978,873.86	15,369,491.29		2,979,296,410.16
Inter-segment transaction income	4,026,073.85		3,573,674.54	814,846.62	9,485,370.19	17,899,965.20	

Including: major business turnover	2,114,735,373.48	650,229,832.44	78,249,405.70	20,793,720.48		4,388,521.16	2,859,619,810.94
Operating cost	1,775,011,443.03	515,384,288.26	118,261,840.46	7,703,442.37	549,538.73	8,482,360.47	2,408,428,192.38
Including: major business cost	1,758,564,624.45	515,183,608.76	113,064,904.92	7,535,695.83		8,284,223.40	2,386,064,610.56
Operation cost	144,743,016.91	46,775,657.21	-163,373,503.21	-48,896.88	-126,143,961.94	-166,974,999.67	68,927,311.76
Operating profit/(loss)	225,747,743.38	89,089,496.82	199,907,810.54	13,139,174.99	150,449,284.69	176,392,604.40	501,940,906.02
Total assets	3,868,365,355.92	819,737,276.88	6,484,074,654.46	164,233,550.71	3,051,473,881.42	2,521,027,469.00	11,866,857,250.39
Total liabilities	2,435,131,053.01	526,432,279.44	3,938,256,749.09	66,413,211.24	710,149,093.75	1,256,921,127.62	6,419,461,258.91

(3) Others

① Large negative amount of operating expenses of real estate segment in current period is mainly due to the fact that the Fangda Town project developed by the subsidiary Fangda Real Estate was in line with the land value-added tax liquidation in this year, and the land value-added tax of the Fangda Town project was liquidated according to the relevant laws and regulations on land value-added tax and liquidation methods, so the land value-added tax withdrawn in previous years was reversed.

② 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.

XVI. 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	892,363.	100.00%	6,514.35	0.73%	885,849.0	301,522.4	100.00%	3,708.73	1.23%	297,813.76

provision is made by group	43				8	9				
Including:										
Total	892,363.43	100.00%	6,514.35	0.73%	885,849.08	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
Portfolio 3. Others	892,363.43	6,514.35	0.73%
Total	892,363.43	6,514.35	--

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

□ Applicable √ Inapplicable

Account age

In RMB

Age	Remaining book value
Within 1 year (inclusive)	892,363.43
Total	892,363.43

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

Bad debt provision made in the period:

In RMB

Type	Opening balance	Change in the period				Closing balance
		Provision	Written-back or recovered	Canceled	Others	
Portfolio 3. Others	3,708.73	2,805.62				6,514.35
Total	3,708.73	2,805.62				6,514.35

(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	854,694.97	95.78%	6,239.27
Total	854,694.97	95.78%	

2. Other receivables

In RMB

Item	Closing balance	Opening balance
Other receivables	1,156,802,204.91	1,973,381,342.74
Total	1,156,802,204.91	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	150,699.54	70,699.54
Staff borrowing and petty cash		15,881.12
Debt by Luo Huichi	12,992,291.48	12,992,291.48
Others	975,476.54	983,435.52
Accounts between related parties within the scope of consolidation	1,156,587,949.46	1,973,222,410.41
Total	1,170,706,417.02	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 Wednesday, January 1, 2020	2,403.91		13,900,971.42	13,903,375.33
Balance on Wednesday, January 1, 2020 in the current period	——	——	——	——
Provision	836.78			836.78
Balance on Thursday, December 31, 2020	3,240.69		13,900,971.42	13,904,212.11

Changes in book balances with significant changes in the current period

□ Applicable √ Inapplicable

Account age

In RMB

Age	Remaining book value
Within 1 year (inclusive)	1,156,734,746.06
Over 3 years	13,971,670.96
3-4 years	42,877.00
4-5 years	865,802.94
Over 5 years	13,062,991.02
Total	1,170,706,417.02

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	836.78				13,904,212.11
Total	13,903,375.33	836.78				13,904,212.11

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	903,710,133.45	Less than 1 year	77.19%	
Fangda New Material	Associate accounts	74,130,005.26	Less than 1 year	6.33%	
Fangda New Energy	Associate accounts	63,752,804.89	Less than 1 year	5.45%	
Fangda Property Development	Associate accounts	48,839,038.54	Less than 1 year	4.17%	
Fangda Jianke	Associate accounts	34,443,444.67	Less than 1 year	2.94%	
Total	--	1,124,875,426.81	--	96.09%	

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	1,196,831,253.00		1,196,831,253.00	963,508,253.00		963,508,253.00
Total	1,196,831,253.00		1,196,831,253.00	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		2,000,000.00			198,000,000.00	
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 Property		235,323,000.00				235,323,000.00	
Total	963,508,253.00	235,323,000.00	2,000,000.00			1,196,831,253.00	

4. Operational revenue and costs

In RMB

Item	Amount occurred in the current period		Occurred in previous period	
	Income	Cost	Income	Cost
Other businesses	24,471,432.70	549,538.73	28,729,890.94	773,571.29

Total	24,471,432.70	549,538.73	28,729,890.94	773,571.29

Income information:

In RMB

Contract classification	Division 1	Division 2		Total
Type of product	24,471,432.70			24,471,432.70
Including:				
Other businesses	24,471,432.70			24,471,432.70
Total	24,471,432.70			24,471,432.70

Information related to performance obligations:

The Company's operating income is derived from property rental income.

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 37,519,109.00 yuan, of which 21,644,236.55 yuan is expected to be recognized in 2021, and 13,256,342.81 yuan is expected to be recognized in 2022, 2,618,529.64 yuan is expected to be recognized in 2023 and beyond.

5. Investment income

In RMB

Item	Amount occurred in the current period	Occurred in previous period
Gains from long-term equity investment measured by costs		1,084,912,000.00
Investment gain obtained from disposal of long-term equity investment	135,159,744.95	
Investment income from disposal of trading financial assets	3,057,897.96	2,221,456.16
Total	138,217,642.91	1,087,133,456.16

XVII. Supplementary Materials

1. Detailed accidental gain/loss

√ Applicable □ Inapplicable

In RMB

Item	Amount	Notes
Gain/loss of non-current assets	-541,838.10	
Subsidies accounted into the current income account (except the government subsidy closely related to the enterprise’s business	12,872,885.30	

and based on unified national standard quota)		
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	8,759,056.18	
Write-back of impairment provision of receivables and contract assets for which impairment test is performed individually	0.00	
Gain/loss from commissioned loans	393,485.98	
Gain/loss from change of fair value of investment property measured at fair value in follow-up measurement	19,205,841.18	
Other non-business income and expenditures other than the above	-34,752,456.16	
Less: Influenced amount of income tax	778,490.70	
Influenced amount of minority shareholders' equity	75,746.32	
Total	5,082,737.36	--

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	7.26%	0.35	0.35
Net profit attributable to the common owners of the PLC after deducting of non-recurring gains/losses	7.16%	0.34	0.34

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

(3) Differences in financial data using domestic and foreign accounting standards, the overseas institution name should be specified if the difference in data audited by an overseas auditor is adjusted

None

Chapter 13 Documents for Reference

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

2. Accounting Statements with signatures and seals of the legal representative and financial principal and chief of accounting department;

3. Original copy of the Auditors' Report under the seal of the CPA and signed by and under the seal of certified accountants;

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