China Fangda Group Co., Ltd.

CHINA FANGDA GROUP CO., LTD.

2022 Financial Statements

August 2022

I. Auditor's report

Whether the interim report is audited

☐ Yes ☑ No

The financial statements for H1 2014 have not been audited.

II. Financial statements

Unit for statements in notes to financial statements: RMB yuan

1. Consolidated Balance Sheet

Prepared by: China Fangda Group Co., Ltd.

June 30, 2022

In RMB

Item	June 30, 2022	January 1, 2022
Current asset:		
Monetary capital	1,031,315,109.82	1,287,563,759.32
Settlement provision		
Outgoing call loan		
Transactional financial assets	32,133,168.82	25,135,241.89
Derivative financial assets	1,768,884.99	1,069,587.62
Notes receivable	157,195,531.26	166,377,880.01
Account receivable	555,641,568.67	556,453,824.20
Receivable financing	19,031,714.87	4,263,500.00
Prepayment	23,250,383.96	23,022,485.03
Insurance receivable		
Reinsurance receivable		
Provisions of Reinsurance contracts receivable		
Other receivables	179,462,261.72	165,093,406.23
Including: interest receivable		
Dividend receivable		
Repurchasing of financial assets		
Inventory	718,612,534.55	733,280,924.98
Contract assets	2,047,054,849.24	1,782,947,673.13
Assets held for sales		
Non-current assets due in 1 year		
Other current assets	369,087,895.76	264,786,506.29
Total current assets	5,134,553,903.66	5,009,994,788.70
Non-current assets:		
Loan and advancement provided		

Debt investment		
Other debt investment		
Long-term receivables		
Long-term share equity investment	55,185,971.99	55,218,946.14
Investment in other equity tools	14,180,652.65	14,180,652.65
Other non-current financial assets	7,504,750.83	7,525,408.24
Investment real estate	5,763,260,414.20	5,765,352,393.13
Fixed assets	681,823,427.57	663,414,297.61
Construction in process	2,839,581.23	11,642,444.21
Productive biological assets		
Gas & petrol		
Use right assets	25,002,936.05	31,440,856.54
Intangible assets	73,780,578.87	75,199,712.83
R&D expense		
Goodwill		
Long-term amortizable expenses	5,509,790.78	5,388,770.22
Deferred income tax assets	222,694,829.06	214,123,733.00
Other non-current assets	425,168,945.51	407,856,515.39
Total of non-current assets	7,276,951,878.74	7,251,343,729.96
Total of assets	12,411,505,782.40	12,261,338,518.66
Current liabilities		
Short-term loans	1,622,891,137.62	1,287,474,398.65
Loans from Central Bank		
Call loan received		
Transactional financial liabilities		
Derivative financial liabilities	1,840,691.89	11,871.20
Notes payable	729,693,080.61	849,445,299.09
Account payable	1,297,629,112.02	1,343,123,485.97
Prepayment received	2,850,390.49	1,280,482.93
Contract liabilities	172,157,564.27	180,186,877.15
Selling of repurchased financial assets		
Deposit received and held for others		
Entrusted trading of securities		
Entrusted selling of securities		
Employees’ wage payable	32,750,268.63	69,071,013.95
Taxes payable	64,570,722.30	67,280,647.22
Other payables	114,272,250.22	126,903,098.08

Including: interest payable		
Dividend payable		
Fees and commissions payable		
Reinsurance fee payable		
Liabilities held for sales		
Non-current liabilities due in 1 year	81,922,494.73	78,418,557.76
Other current liabilities	58,546,129.52	48,098,361.77
Total current liabilities	4,179,123,842.30	4,051,294,093.77
Non-current liabilities:		
Insurance contract provision		
Long-term loans	1,298,500,000.00	1,333,500,000.00
Bond payable		
Including: preferred stock		
Perpetual bond		
Lease liabilities	15,837,405.86	19,152,093.31
Long-term payable	190,640,219.18	183,640,219.18
Long-term employees' wage payable		
Anticipated liabilities	3,052,064.92	6,347,809.40
Deferred earning	9,283,203.02	9,566,525.60
Deferred income tax liabilities	1,063,619,814.66	1,066,631,858.80
Other non-current liabilities		
Total of non-current liabilities	2,580,932,707.64	2,618,838,506.29
Total liabilities	6,760,056,549.94	6,670,132,600.06
Owner's equity:		
Share capital	1,073,874,227.00	1,073,874,227.00
Other equity tools		
Including: preferred stock		
Perpetual bond		
Capital reserves	11,459,588.40	11,459,588.40
Less: Shares in stock		
Other miscellaneous income	34,875,541.51	35,325,871.78
Special reserves		
Surplus reserve	79,324,940.43	79,324,940.43
Common risk provisions		
Retained profit	4,383,046,821.75	4,324,055,259.33
Total of owner's equity belong to the parent company	5,582,581,119.09	5,524,039,886.94
Minor shareholders' equity	68,868,113.37	67,166,031.66
Total of owners' equity	5,651,449,232.46	5,591,205,918.60
Total of liabilities and owner's interest	12,411,505,782.40	12,261,338,518.66

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

2. Balance Sheet of the Parent Company

In RMB

Item	June 30, 2022	January 1, 2022
Current asset:		
Monetary capital	162,952,516.84	111,848,536.84
Transactional financial assets		
Derivative financial assets		
Notes receivable		
Account receivable	790,774.65	585,936.30
Receivable financing		
Prepayment	101,866.62	212,807.30
Other receivables	1,821,626,998.78	1,276,731,665.95
Including: interest receivable		
Dividend receivable		
Inventory		
Contract assets		
Assets held for sales		
Non-current assets due in 1 year		
Other current assets	999,205.42	1,460,846.55
Total current assets	1,986,471,362.31	1,390,839,792.94
Non-current assets:		
Debt investment		
Other debt investment		
Long-term receivables		
Long-term share equity investment	1,196,831,253.00	1,196,831,253.00
Investment in other equity tools	14,180,652.65	14,180,652.65
Other non-current financial assets	30,000,001.00	30,000,001.00
Investment real estate	329,471,982.00	329,471,982.00
Fixed assets	69,846,546.46	71,830,252.61
Construction in process		
Productive biological assets		
Gas & petrol		
Use right assets	13,910,463.05	17,224,771.47
Intangible assets	1,136,656.32	1,219,737.85
R&D expense		
Goodwill		
Long-term amortizable expenses	89,888.18	218,563.44
Deferred income tax assets	28,793,169.88	27,079,997.63
Other non-current assets		
Total of non-current assets	1,684,260,612.54	1,688,057,211.65
Total of assets	3,670,731,974.85	3,078,897,004.59

Current liabilities		
Short-term loans	300,052,500.00	300,351,666.67
Transactional financial liabilities		
Derivative financial liabilities		
Notes payable		
Account payable	1,115,393.82	606,941.85
Prepayment received	832,154.41	858,019.63
Contract liabilities		
Employees' wage payable	1,536,881.97	3,909,857.23
Taxes payable	861,765.79	3,447,040.12
Other payables	892,974,754.71	233,531,740.37
Including: interest payable		
Dividend payable		
Liabilities held for sales		
Non-current liabilities due in 1 year	3,532,955.72	4,264,397.66
Other current liabilities		
Total current liabilities	1,200,906,406.42	546,969,663.53
Non-current liabilities:		
Long-term loans		
Bond payable		
Including: preferred stock		
Perpetual bond		
Lease liabilities	11,228,293.71	13,560,947.50
Long-term payable		
Long-term employees' wage payable		
Anticipated liabilities		
Deferred earning		
Deferred income tax liabilities	74,263,872.99	74,447,416.01
Other non-current liabilities		
Total of non-current liabilities	85,492,166.70	88,008,363.51
Total liabilities	1,286,398,573.12	634,978,027.04
Owner's equity:		
Share capital	1,073,874,227.00	1,073,874,227.00
Other equity tools		
Including: preferred stock		
Perpetual bond		
Capital reserves	360,835.52	360,835.52
Less: Shares in stock		
Other miscellaneous income	-520,786.11	-520,786.11
Special reserves		
Surplus reserve	79,324,940.43	79,324,940.43
Retained profit	1,231,294,184.89	1,290,879,760.71

Total of owners' equity	2,384,333,401.73	2,443,918,977.55
Total of liabilities and owner's interest	3,670,731,974.85	3,078,897,004.59

3. Consolidated Income Statement

In RMB

Item	H1 2022	H1 2021
1. Total revenue	1,613,063,315.30	1,568,778,834.98
Incl. Business income	1,613,063,315.30	1,568,778,834.98
Interest income		
Insurance fee earned		
Fee and commission received		
2. Total business cost	1,492,648,248.55	1,464,915,772.96
Incl. Business cost	1,259,515,842.60	1,208,641,803.18
Interest expense		
Fee and commission paid		
Insurance discharge payment		
Net claim amount paid		
Net insurance policy responsibility reserves provided		
Insurance policy dividend paid		
Reinsurance expenses		
Taxes and surcharges	23,203,954.56	35,853,693.88
Sales expense	23,296,105.78	25,434,914.81
Administrative expense	74,193,251.57	69,502,453.93
R&D cost	72,809,311.17	78,645,594.86
Financial expenses	39,629,782.88	46,837,312.30
Including: interest cost	50,244,714.46	43,637,100.05
Interest income	19,918,179.96	6,976,161.44
Add: other gains	6,768,907.75	6,607,058.06
Investment gains ("-" for loss)	4,595,678.43	-532,743.54
Incl. Investment gains from affiliates and joint ventures	-32,974.15	-452,893.65
Financial assets derecognised as a result of amortized cost	-1,859,057.85	-3,032,899.72
Exchange gains ("-" for loss)		
Net open hedge gains ("-" for loss)		

Gains from change of fair value (“- “ for loss)	1,180,840.01	172,829.74
Credit impairment ("-" for loss)	25,016,298.34	19,853,416.06
Investment impairment loss ("-" for loss)	-27,659,612.75	3,466,913.89
Investment gains ("-" for loss)	-815,581.50	-2,027,304.03
3. Operational profit ("-" for loss)	129,501,597.03	131,403,232.20
Plus: non-operational income	446,386.82	1,201,106.46
Less: non-operational expenditure	2,578,001.31	3,480,374.51
4. Gross profit ("-" for loss)	127,369,982.54	129,123,964.15
Less: Income tax expenses	13,005,121.74	13,936,493.66
5. Net profit ("-" for net loss)	114,364,860.80	115,187,470.49
(1) By operating consistency		
1. Net profit from continuous operation ("-" for net loss)	114,364,860.80	115,187,470.49
2. Net profit from discontinuous operation ("-" for net loss)		
(2) By ownership		
1. Net profit attributable to the owners of parent company	112,685,273.77	111,488,701.33
2. Minor shareholders' equity	1,679,587.03	3,698,769.16
6. After-tax net amount of other misc. incomes	-427,835.59	-24,854.15
After-tax net amount of other misc. incomes attributed to parent's owner	-450,330.27	-1,460.74
(1) Other misc. incomes that cannot be re-classified into gain and loss		-229,678.59
1. Re-measure the change in the defined benefit plan		
2. Other comprehensive income that cannot be transferred to profit or loss under the equity method		
3. Fair value change of investment in other equity tools		-229,678.59
4. Fair value change of the Company's credit risk		
5. Others		
(2) Other misc. incomes that will be re-classified into gain and loss	-450,330.27	228,217.85
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	-960,094.83	-785,690.88
6. Translation difference of foreign exchange statement	509,764.56	-495,193.96
7. Others		1,509,102.69
After-tax net of other misc. income attributed to minority shareholders	22,494.68	-23,393.41
7. Total of misc. incomes	113,937,025.21	115,162,616.34
Total of misc. incomes attributable to the owners of the parent company	112,234,943.50	111,487,240.59
Total misc gains attributable to the minor shareholders	1,702,081.71	3,675,375.75
8. Earnings per share:		
(1) Basic earnings per share	0.10	0.10
(2) Diluted earnings per share	0.10	0.10

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

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

4. Income Statement of the Parent Company

In RMB

Item	H1 2022	H1 2021
1. Turnover	14,705,232.50	12,068,999.58
Less: Operation cost	418,824.01	89,904.13
Taxes and surcharges	655,596.71	664,469.85
Sales expense		
Administrative expense	15,050,027.61	13,509,831.81
R&D cost		
Financial expenses	6,762,805.90	7,575,722.85
Including: interest cost	5,419,166.67	7,449,236.11
Interest income	216,667.03	407,702.78
Add: other gains	72,308.39	85,100.49
Investment gains (“-” for loss)	431,992.15	33,976,138.71
Incl. Investment gains from affiliates and joint ventures		
Financial assets derecognised as a result of amortized cost ("-" for loss)		
Net open hedge gains (“-” for loss)		

Gains from change of fair value (“- “ for loss)		
Credit impairment (”-” for loss)	-12,016.02	-3,239.44
Investment impairment loss (”-” for loss)		
Investment gains (”-” for loss)	-26,723.69	-460.17
2. Operational profit (“-” for loss)	-7,716,460.90	24,286,610.53
Plus: non-operational income	0.84	32,837.61
Less: non-operational expenditure	47,636.27	101,429.05
3. Gross profit (”-” for loss)	-7,764,096.33	24,218,019.09
Less: Income tax expenses	-1,872,231.86	-2,200,178.64
4. Net profit (“-” for net loss)	-5,891,864.47	26,418,197.73
(1) Net profit from continuous operation (”-” for net loss)	-5,891,864.47	26,418,197.73
(2) Net profit from discontinuous operation (”-” for net loss)		
5. After-tax net amount of other misc. incomes		1,509,102.69
(1) Other misc. incomes that cannot be re-classified into gain and loss		
1. Re-measure the change in the defined benefit plan		
2. Other comprehensive income that cannot be transferred to profit or loss under the equity method		
3. Fair value change of investment in other equity tools		
4. Fair value change of the Company’s credit risk		
5. Others		
(2) Other misc. incomes that will be re-classified into gain and loss		1,509,102.69
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		1,509,102.69
6. Total of misc. incomes	-5,891,864.47	27,927,300.42
7. Earnings per share:		
(1) Basic earnings per share		
(2) Diluted earnings per share		

5. Consolidated Cash Flow Statement

In RMB

Item	H1 2022	H1 2021
1. Net cash flow from business operations:		
Cash received from sales of products and providing of services	1,404,641,263.99	1,573,340,053.10
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	13,589,221.42	16,480,293.15
Other cash received from business operation	101,615,328.20	91,747,818.37
Sub-total of cash inflow from business operations	1,519,845,813.61	1,681,568,164.62
Cash paid for purchasing products and services	1,218,828,059.03	1,361,468,797.85
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	224,849,803.47	196,896,028.86
Taxes paid	88,742,682.58	431,724,633.10
Other cash paid for business activities	294,006,061.57	192,403,249.81
Sub-total of cash outflow from business operations	1,826,426,606.65	2,182,492,709.62
Cash flow generated by business operations, net	-306,580,793.04	-500,924,545.00
2. Cash flow generated by investment:		
Cash received from investment recovery	2,282,234,066.40	2,224,594,891.08
Cash received as investment profit	2,513,790.26	2,754,435.58
Net cash retrieved from disposal of fixed assets, intangible assets, and other long-term assets	2,041,120.00	332,717.49
Net cash received from disposal of subsidiaries or other operational units		
Other investment-related cash received		
Sub-total of cash inflow generated from investment	2,286,788,976.66	2,227,682,044.15
Cash paid for construction of fixed assets, intangible assets and other long-term assets	19,887,603.68	54,321,772.94
Cash paid as investment	2,389,975,144.00	2,167,460,000.00
Net increase of loan against pledge		
Net cash paid for acquiring subsidiaries and other operational units		125,388,100.00
Other cash paid for investment		1,323,355.15
Subtotal of cash outflows	2,409,862,747.68	2,348,493,228.09
Cash flow generated by investment activities, net	-123,073,771.02	-120,811,183.94
3. Cash flow generated by financing activities:		
Cash received from investment		
Incl. Cash received from investment attracted by subsidiaries from minority shareholders		
Cash received from borrowed loans	1,168,411,688.20	1,220,000,000.00
Other cash received from financing activities		
Subtotal of cash inflow from financing activities	1,168,411,688.20	1,220,000,000.00
Cash paid to repay debts	328,500,000.00	445,249,952.00

Cash paid as dividend, profit, or interests	102,751,331.27	64,069,929.56
Incl. Dividend and profit paid by subsidiaries to minority shareholders		4,560,100.00
Other cash paid for financing activities	609,596,798.70	529,360,479.34
Subtotal of cash outflow from financing activities	1,040,848,129.97	1,038,680,360.90
Net cash flow generated by financing activities	127,563,558.23	181,319,639.10
4. Influence of exchange rate changes on cash and cash equivalents	3,757,947.63	-671,353.77
5. Net increase in cash and cash equivalents	-298,333,058.20	-441,087,443.61
Plus: Balance of cash and cash equivalents at the beginning of term	892,251,071.59	1,028,386,529.73
6. Balance of cash and cash equivalents at the end of the period	593,918,013.39	587,299,086.12

6. Cash Flow Statement of the Parent Company

In RMB

Item	H1 2022	H1 2021
1. Net cash flow from business operations:		
Cash received from sales of products and providing of services	10,460,521.63	10,393,331.14
Tax refunded		
Other cash received from business operation	1,764,596,018.97	2,246,619,631.82
Sub-total of cash inflow from business operations	1,775,056,540.60	2,257,012,962.96
Cash paid for purchasing products and services	981,699.47	342,534.67
Cash paid to and for the staff	11,795,461.40	10,905,880.26
Taxes paid	3,942,572.28	3,555,895.62
Other cash paid for business activities	1,647,625,265.89	2,367,856,652.84
Sub-total of cash outflow from business operations	1,664,344,999.04	2,382,660,963.39
Cash flow generated by business operations, net	110,711,541.56	-125,648,000.43
2. Cash flow generated by investment:		
Cash received from investment recovery	845,000,000.00	382,800,000.00
Cash received as investment profit	431,992.15	33,976,138.71
Net cash retrieved from disposal of fixed assets, intangible assets, and other	675,000.00	

long-term assets		
Net cash received from disposal of subsidiaries or other operational units		
Other investment-related cash received		
Sub-total of cash inflow generated from investment	846,106,992.15	416,776,138.71
Cash paid for construction of fixed assets, intangible assets and other long-term assets	113,230.00	239,020.66
Cash paid as investment	845,000,000.00	382,800,000.00
Net cash paid for acquiring subsidiaries and other operational units		
Other cash paid for investment		
Subtotal of cash outflows	845,113,230.00	383,039,020.66
Cash flow generated by investment activities, net	993,762.15	33,737,118.05
3. Cash flow generated by financing activities:		
Cash received from investment		
Cash received from borrowed loans	300,000,000.00	300,000,000.00
Other cash received from financing activities		
Subtotal of cash inflow from financing activities	300,000,000.00	300,000,000.00
Cash paid to repay debts	300,000,000.00	300,000,000.00
Cash paid as dividend, profit, or interests	60,578,669.24	8,748,888.89
Other cash paid for financing activities		
Subtotal of cash outflow from financing activities	360,578,669.24	308,748,888.89
Net cash flow generated by financing activities	-60,578,669.24	-8,748,888.89
4. Influence of exchange rate changes on cash and cash equivalents	-22,654.47	
5. Net increase in cash and cash equivalents	51,103,980.00	-100,659,771.27
Plus: Balance of cash and cash equivalents at the beginning of term	111,598,536.84	204,578,995.78
6. Balance of cash and cash equivalents at the end of the period	162,702,516.84	103,919,224.51

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

Amount of the Current Term

In RMB

Item	H1 2022		
	Owners' Equity Attributable to the Parent Company	Min	Tot

	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	or shareholders' equity	al of owners' equity
		Preferred share	Perpetual bond	Others											
1. Balance at the end of last year	1,073,874,227.00				11,459,588.40		35,325,871.78		79,324,940.43		4,324,055,259.33		5,524,039,886.94	67,166,031.66	5,591,205,918.60
Plus: Changes in accounting policies															
Correction of previous errors															
Consolidation of entities under common control															
Others															
2. Balance at the beginning of current year	1,073,874,227.00				11,459,588.40		35,325,871.78		79,324,940.43		4,324,055,259.33		5,524,039,886.94	67,166,031.66	5,591,205,918.60
3. Change amount in the current period ("-" for decrease)							-450,330.27				58,991,562.42		58,541,232.15	1,702,081.71	60,243,313.86
(1) Total of misc. incomes							-450,330.27				112,685,273.77		112,234,943.50	1,702,081.71	113,937,025.21
(2) Investment or decreasing															

of capital by owners															
1. Common shares invested by owners															
2. Capital contributed by other equity instrument holders															
3. Amount of shares paid and accounted as owners' equity															
4. Others															
(3) Profit allotment										-53,693,711.35		-53,693,711.35		-53,693,711.35
1. Provision of surplus reserves															
2. Common risk provision															
3. Distribution to owners (or shareholders)										-53,693,711.35		-53,693,711.35		-53,693,711.35
4. Others															
(4) Internal carry-over of owners' equity															
1. Capitalizing of capital reserves (or share capital)															
2. Capitalizing of															

surplus reserves (or share capital)														
3. Surplus reserves used to cover losses														
4. Retained gain transferred due to change in set benefit program														
5. Other miscellaneous income														
6. Others														
(5) Special reserves														
1. Provided this year														
2. Used this period														
(6) Others														
4. Balance at the end of this period	1,073,874,227.00				11,459,588.40		34,875,541.51		79,324,940.43		4,383,046,821.75		5,582,581,119.09	68,868,113.37	5,651,449,232.46

Amount of Last Year

In RMB

Item	H1 2021													
	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	1,0				11,	42,	2,0		106		4,2		5,3	66,	5,4

at the end of last year	88,278,951.00				459,588.40	748,530.12	78,167.63		,783,436.96		15,005,541.52		80,857,155.39	538,836.09	47,395,991.48
Plus: Changes in accounting policies															
Correction of previous errors															
Consolidation of entities under common control					9,000,000.00						2,521,701.04		11,521,701.04	1,280,189.00	12,801,890.04
Others															
2. Balance at the beginning of current year	1,088,278,951.00				20,459,588.40	42,748,530.12	2,078,167.63		106,783,436.96		4,217,527,242.56		5,392,378,856.43	67,819,025.09	5,460,197,881.52
3. Change amount in the current period ("-" for decrease)	-14,404,724.00				101,751,783.91	-42,748,530.12	-1,460.74		-106,783,436.96		87,380,887.75		110,691,580.08	27,559,478.81	138,251,058.89
(1) Total of misc. incomes							-1,460.74				111,488,701.33		111,487,240.59	3,675,375.75	115,162,616.34
(2) Investment or decreasing of capital by owners	-14,404,724.00					-42,748,530.12			-28,343,806.12						
1. Common shares invested by owners	-14,404,724.00					-42,748,530.12			-28,343,806.12						
2. Capital contribute															

d by other equity instrument holders															
3. Amount of shares paid and accounted as owners' equity															
4. Others															
(3) Profit allotment															
1. Provision of surplus reserves															
2. Common risk provision															
3. Distribution to owners (or shareholders)															
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					101,751,783.91				-78,439,630.84		-24,107,813.58		-795,660.51	23,884,103.06	23,088,442.55
4. Balance at the end of this period	1,073,874,227.00				122,211,372.31		2,076,706.89				4,304,908,130.31		5,503,070,436.51	95,378,503.90	5,598,448,940.41

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

Amount of the Current Term

In RMB

Item	H1 2022											
	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	1,073,874,227.00				360,835.52		-520,786.11		79,324,940.43	1,290,879,760.71		2,443,918,977.55
Plus: Changes in accounting policies												

Correction of previous errors												
Others												
2. Balance at the beginning of current year	1,073,874,227.00				360,835.52		-520,786.11		79,324,940.43	1,290,879,760.71		2,443,918,977.55
3. Change amount in the current period ("- " for decrease)										-59,585,575.82		-59,585,575.82
(1) Total of misc. incomes										-5,891,864.47		-5,891,864.47
(2) Investment or decreasing of capital by owners												
1. Common shares invested by owners												
2. Capital contributed by other equity instrument holders												
3. Amount of shares paid and accounted as owners' equity												
4. Others												
(3) Profit allotment										-53,693,711.35		-53,693,711.35
1. Provision of surplus reserves												

2. Distribution to owners (or shareholders)										-53,693,711.35		-53,693,711.35
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	1,073,874,227.00				360,835.52		-520,786.11		79,324,940.43	1,231,294,184.89		2,384,333,401.73

Amount of Last Year

In RMB

Item	H1 2021											
	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	1,088,278,951.00				360,835.52	42,748,530.12	-371,129.71		106,783,436.96	1,282,911,974.38		2,435,215,538.03
Plus: Changes in accounting policies												
Correction of previous errors												
Others												
2. Balance at the beginning of current year	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
3. Change amount in the current period ("-" for decrease)	-14,404,724.00					-42,748,530.12	1,509,102.69		-28,343,806.12	26,418,197.73		27,927,300.42
(1) Total of misc. incomes							1,509,102.69			26,418,197.73		27,927,300.42
(2) Investment or decreasing of capital by owners	-14,404,724.00					-42,748,530.12			-28,343,806.12			
1. Common shares	-14,40					-42,74			-28,34			

invested by owners	4,724.00					8,530.12			3,806.12			
2. Capital contributed by other equity instrument holders												
3. Amount of shares paid and accounted as owners' equity												
4. Others												
(3) Profit allotment												
1. Provision of surplus reserves												
2. Distribution to owners (or shareholders)												
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	1,073,874,227.00				360,835.52		1,137,972.98		78,439,630.84	1,309,330,172.11		2,463,142,838.45

III. General Information

1. About the Company

China Fangda Group Co., Ltd. (the "Company" or the "Group") is a joint stock company registered in Shenzhen, Guangdong and was approved by the Government of Shenzhen with Document 深府办函 (1995) 194 号, and was founded, on the basis of Shenzhen Fangda Construction Material Co., Ltd., by way of share issuing in October 1995. The unified social credit code is: 91440300192448589C; registered address: Fangda Technology Building, Keji South 12th Road, South District, High-tech Industrial Park, Nanshan District, Shenzhen. Mr. Xiong Jianming is the legal representative.

The Company issued foreign currency shares (B shares) and local currency shares (A shares) and listed in November 1995 and April 1996 respectively in Shenzhen Stock Exchange. The Company received the Reply to the Non-public Share Issuance of Fangda China Group Co., Ltd. (CSRC License [2016] No.825) to allow the Company to conduct non-public issuance of 32,184,931 A-shares in June 20116. According to the 2016 profit distribution plan approved by the 2016 general meeting of shareholders, based on the total share capital of 789,094,836 shares as of December 31, 2016, the Company transferred 5 shares for every 10 shares to all shareholders with the capital reserve. The registered capital at the end of 2017 was RMB 1,183,642,254.00. The Company repurchased and canceled 28,160,568.00 B shares in August 2018, 32,097,497.00 B shares in January 2019, 35,105,238.00 B shares in May 2020, 14404724.00 B shares in April 2021 and cancelled in April 2021. The existing registered capital is RMB1,073,874,227.00 yuan.

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 Jianke, Fangda Zhiyuan, Fangda Jiangxi New Material, Fangda Property and Fangda New Energy.

The business nature and main business operations of the Company and subsidiaries 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 August 26, 2022.

2. Consolidation Scope and Change

The total number of subsidiaries included in the consolidation scope of the Company in this period is 33, and there are no change and subsidiaries in consolidation scope in this period. Please refer to "VIII. Changes in the Consolidation Scope" and "IX. Interests in Other Entities" for details.

IV. Basis for the preparation of financial statements

1. Preparation basis

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

2. Continuous operation

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

V. Significant Account Policies and Estimates

Specific accounting policy and estimate prompt:

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

1. Statement of compliance to the Enterprise Accounting Standard

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

2. Fiscal Period

The Company 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.

For the accounting treatment method of business combination under the same control through step-by-step transactions, see V. Important accounting policies and accounting estimates. VI. Preparation method of consolidated financial statements (5) accounting treatment of special transactions.

(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.

For the accounting treatment method of business combination not under the same control through step-by-step transactions, see V. important accounting policies and accounting estimates. 6. Preparation method of consolidated financial statements (5) accounting treatment of special transactions.

(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:

a. 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.

B. 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.

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

For the method of determining the fair value of financial assets and financial liabilities, see V. important accounting policies and accounting estimates 34. Other important accounting policies and accounting estimates (1) fair value measurement.

10. Notes receivable

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

11. Account receivable

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

12. Receivable financing

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

13. Other receivables

See 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

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

15. Contract assets

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.

For the determination method and accounting treatment method of the Company's expected credit loss of contract assets, see 9. Financial instruments in V. Important accounting policies and accounting estimates.

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

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

For the investment in subsidiaries and associated enterprises, the method of withdrawing asset impairment is shown in V. important accounting policies and accounting estimates. 24. Impairment of long-term assets.

XVIII. Investment real estates

(1) Classification of investment real estate

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

① Leased land using right

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

③ Leased building

(2) Measurement of investment real estate

For investment real estates with an active real estate transaction market and the Company can obtain market price and other information of same or similar real estates to reasonably estimate the investment real estates' fair value, the Company will use the fair value mode to measure the investment real estates subsequently. Variations in fair value are accounted into the current gain/loss account.

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

For investment real estate under construction (including investment real estate under construction for the first time), if the fair value cannot be reliably determined but the expected fair value of the real estate after completion is continuously and reliably obtained, the investment real estate under construction is measured by cost. When the fair value can be measured reliably or after completion (the earlier one), it is measured at fair value. For an investment real estate whose fair value is proven unable to be obtained continuously and reliably by objective evidence, the real estate will be measured at cost basis until it is disposed and no residual value remains as assumed.

If the cost model is used for subsequent measurement of investment real estate, depreciation or amortization is calculated according to the straight-line method after the cost of investment real estate minus accumulated impairment and net residual value. See this V. Important accounting policies, for the method of accruing asset impairment 24. Impairment of long-term assets in accounting estimates.

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

Type	Service year (year)	Residual rate %	Annual depreciation rate %
Houses & buildings	20-50	10.00	1.80-4.50

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.

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 (year)	Residual rate %	Annual depreciation rate %
Houses & buildings	Average age	20-50	10.00	1.80-4.50
Mechanical equipment	Average age	10.00	10.00	9.00
Transportation facilities	Average age	5.00	10.00	18.00
Electronics and other devices	Average age	5.00	10.00	18.00
PV power plants	Average age	20.00	5.00	4.75

For fixed assets for which depreciation provision is made, the depreciation rate will be determined after the accumulative depreciation provision amount is deducted.

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

20. Construction in process

Construction in progress is accounted for by project classification.

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.

22. Use right assets

The term "right to use assets" refers to the right of the lessee to use the leased assets during the lease term.

At the beginning of the lease term, the right of use assets are initially measured at cost. This cost includes:

(1) The initial measurement amount of lease liabilities;

(2) For the lease payment paid on or before the beginning of the lease term, if there is lease incentive, the relevant amount of lease incentive enjoyed shall be deducted;

(3) Initial direct expenses incurred by the lessee;

(4) The estimated cost incurred by the lessee for dismantling and removing the leased assets, restoring the site where the leased assets are located or restoring the leased assets to the state agreed in the lease terms. The Company recognizes and measures the cost in accordance with the recognition standards and measurement methods of estimated liabilities. See 29. Estimated liabilities in V. important accounting policies and accounting estimates for details. If the above costs are incurred for the production of inventories, they will be included in the cost of inventories.

Depreciation of right of use assets is accrued by using the straight-line method. If it can be reasonably determined that the ownership of the leased asset will be obtained at the expiration of the lease term, the depreciation rate shall be determined according to the asset category of the right to use and the estimated net residual value rate within the expected remaining service life of the leased asset; If it is impossible to reasonably determine that the ownership of the leased asset will be obtained at the expiration of the lease term, the depreciation rate shall be determined according to the asset category of the right of use within the shorter of the lease term and the remaining service life of the leased asset.

23. Intangible assets

(1) Pricing method, service life and depreciation test

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.

(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.

24. 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.

25. Long-term amortizable expenses

The long-term deferred expenses shall be used to calculate the expenses that have occurred but should be borne by the Company in the current and subsequent periods with a amortization period of more than one year. The Company's long-term deferred expenses are amortized averagely during the benefit period.

26. Contract liabilities

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

27. 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 Company'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.

28. Lease liabilities

The lease liabilities are initially measured Company shall according to the present value of the unpaid lease payments at the beginning of the lease term. The lease payment includes the following five items:

(1) Fixed payment amount and substantial fixed payment amount. If there is lease incentive, the relevant amount of lease incentive shall be deducted;

(2) Variable lease payments depending on index or ratio;

(3) The exercise price of the purchase option, provided that the lessee reasonably determines that the option will be exercised;

(4) The amount to be paid for exercising the option to terminate the lease, provided that the lease term reflects that the lessee will exercise the option to terminate the lease;

(5) The amount expected to be paid according to the residual value of the guarantee provided by the lessee.

When calculating the present value of lease payments, the implicit interest rate of the lease is used as the discount rate. If the implicit interest rate of the lease cannot be determined, the incremental borrowing interest rate of the company is used as the discount rate. The difference between the lease payment amount and its present value is regarded as unrecognized financing expenses, and the interest expenses are recognized according to the discount rate of the present value of the lease payment amount during each period of the lease term and included in the current profit and loss. The amount of variable lease payments not included in the measurement of lease liabilities shall be included in the current profit and loss when actually incurred.

After the beginning date of the lease term, when the actual fixed payment amount changes, the expected payable amount of the guaranteed residual value changes, the index or ratio used to determine the lease payment amount changes, the evaluation results or actual exercise of the purchase option, renewal option or termination option changes, the Company remeasures the lease liability according to the present value of the changed lease payment amount, And adjust the book value of the right to use assets accordingly.

29. 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.

30. Revenue

Accounting policies used in revenue recognition and measurement

(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;

The following conditions should be met for the recognition of export product revenue: the Company has declared the product 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 goods have been transferred, and the legal ownership of goods has been transferred.

② Service contract

The service contract between the Company and its customers includes the performance obligations of metro platform screen door operation maintenance, curtain wall 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.

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

There is no difference in revenue recognition due to the adoption of different accounting policies for similar businesses.

31. 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.

32. 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.

33. Leasing

(1) Identification of lease

On the commencement date of the contract, the company evaluates whether the contract is a lease or includes a lease. If one party in the contract transfers the right to control the use of one or more identified assets within a certain period in exchange for consideration, the contract is a lease or includes a lease. In order to determine whether the contract transfers the right to control the use of the identified assets within a certain period, the company evaluates whether the customers in the contract have the right to obtain almost all the economic benefits arising from the use of the identified assets during the use period, and have the right to dominate the use of the identified assets during the use period.

(2) Separate identification of lease

If the contract includes multiple separate leases at the same time, the company will split the contract and conduct accounting treatment for each separate lease. If the following conditions are met at the same time, the right to use the identified asset constitutes a separate lease in the contract: ① the lessee can profit from using the asset alone or together with other easily available resources; ② The asset is not highly dependent or highly related to other assets in the contract.

(3) Accounting treatment method of the Company as lessee

On the beginning date of the lease term, the Company recognizes the lease with a lease term of no more than 12 months and excluding the purchase option as a short-term lease; When a single leased asset is a brand-new asset, the lease with lower value is recognized as a low value asset lease. If the Company sublets or expects to sublet the leased assets, the original lease is not recognized as a low value asset lease.

For all short-term leases and low value asset leases, the Company will record the lease payment amount into the relevant asset cost or current profit and loss according to the straight-line method (or other systematic and reasonable methods) in each period of the lease term.

In addition to the above short-term leases and low value asset leases with simplified treatment, the Company recognizes the right to use assets and lease liabilities for the lease on the beginning date of the lease term. The recognition and measurement of right of use assets and lease liabilities are detailed in V. Important accounting policies and accounting estimates. 22. Right of use assets and 28. Lease liabilities.

(4) Accounting treatment method of the Company as lessor

On the lease commencement date, the Company classifies leases that have substantially transferred almost all the risks and rewards related to the ownership of the leased assets as financial leases, and all other leases are operating leases.

① Operating lease

During each period of the lease term, the Company recognizes the lease receipts as rental income according to the straight-line method (or other systematic and reasonable methods), and the initial direct expenses incurred are capitalized, amortized on the same basis as the recognition of rental income, and included in the current profit and loss by stages. The variable lease payments obtained by the

Company related to operating leases that are not included in the lease receipts are included in the current profits and losses when actually incurred.

② Finance lease

On the lease beginning date, the Company recognizes the financial lease receivables according to the net amount of the lease investment (the sum of the unsecured residual value and the present value of the lease receipts not received on the lease beginning date discounted according to the lease embedded interest rate), and terminates the recognition of the financial lease assets. During each period of the lease term, the Company calculates and recognizes the interest income according to the interest rate embedded in the lease.

The amount of variable lease payments obtained by the Company that are not included in the measurement of net lease investment shall be included in the current profit and loss when actually incurred.

(5) Accounting treatment of lease change

① Change of lease as a separate lease

If the lease changes and meets the following conditions at the same time, the Company will treat the lease change as a separate lease for accounting: a. the lease change expands the lease scope by increasing the use right of one or more leased assets; B. The increased consideration is equivalent to the amount adjusted according to the conditions of the contract at the separate price for most of the expansion of the lease scope.

② The lease change is not treated as a separate lease

A. The Company as lessee

On the effective date of the lease change, the Company reconfirmed the lease term and discounted the changed lease payment at the revised discount rate to re-measure the lease liability. When calculating the present value of the lease payment after the change, the implicit interest rate of the lease during the remaining lease period shall be used as the discount rate; If it is impossible to determine the implicit interest rate of the lease for the remaining lease period, the incremental loan interest rate on the effective date of the lease change shall be used as the discount rate.

The impact of the above lease liability adjustment shall be accounted for according to the following circumstances:

If the lease scope is reduced or the lease term is shortened due to the lease change, the book value of the right to use assets shall be reduced, and the relevant gains or losses of partial or complete termination of the lease shall be included in the current profits and losses; for other lease changes, the book value of the right to use assets shall be adjusted accordingly.

The Company as leasor

If the operating lease is changed, the Company will treat it as a new lease for accounting from the effective date of the change, and the amount of lease receipts received in advance or receivable related to the lease before the change is regarded as the amount of new lease receipts.

If the change of financial lease is not accounted for as a separate lease, the Company will deal with the changed lease under the following circumstances: if the change of lease takes effect on the lease commencement date and the lease will be classified as an operating lease, the Company will account for it as a new lease from the effective date of lease change, and take the net lease investment before the effective date of lease change as the book value of leased assets; If the lease change takes effect on the lease commencement date, the lease will be classified as a financial lease, and the Company will conduct accounting treatment in accordance with the provisions on modifying or renegotiating the contract.

(6) Sale and lease-back

The Company assesses and determines whether the asset transfer in the sale and leaseback transaction is a sale in accordance with the provisions of 30. Income in V, Important accounting policies and accounting estimates.

① The Company as seller (lessee)

If the asset transfer in the sale and leaseback transaction does not belong to sales, the Company will continue to recognize the transferred assets, recognize a financial liability equal to the transfer income, and conduct accounting treatment for the financial liability in accordance with 9。 Financial instruments in V, Important accounting policies and accounting estimates. If the asset transfer belongs to sales, the Company measures the right to use assets formed by sale and leaseback according to the part of the book value of the original assets related to the right to use obtained by leaseback, and only recognizes the relevant gains or losses on the rights transferred to the lessor.

② The Company as buyer (lessor)

If the asset transfer in the sale and leaseback transaction does not belong to sales, the company does not recognize the transferred asset, but recognizes a financial asset equal to the transfer income, and carries out accounting treatment on the financial asset in accordance with 9. Financial instruments in V. Important accounting policies and accounting estimates. If the asset transfer belongs to sales, the Company shall conduct accounting treatment for asset purchase and asset lease in accordance with other applicable accounting standards for business enterprises.

34. 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 conditions for applying hedge accounting method are met, it shall be handled according to the following methods:

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

Classification of financial assets

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

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

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

Measurement of expected credit losses of accounts receivable

The Company calculates the expected credit loss of accounts receivable through the risk exposure of accounts receivable default and the expected credit loss rate, and determines the expected credit loss rate based on the default probability and the default loss rate. When determining the expected credit loss rate, the Company uses internal historical credit loss experience and other data, combined with current conditions and forward-looking information to adjust the historical data. When considering forward-looking information, the indicators used by the Company include the risks of economic downturn, changes in the external market environment, technological environment, and customer conditions. The Company regularly monitors and reviews assumptions related to the calculation of expected credit losses.

Deferred income tax assets

If there is adequate taxable profit to deduct the loss, the deferred income tax assets should be recognized by all the unused tax loss. This requires the management to make a lot of judgment to forecast the time and amount of future taxable profit and determine the amount of the deferred tax assets based on the taxation strategy.

Income recognition

The Company'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 Company in the future.

Engineering contract

The management shall make relevant judgment to confirm the income and expenses of project contracting business according to the performance progress. If losses are expected to occur in the project contract, such losses shall be recognized as current expenses. The management of the Company estimates the possible losses according to the budget of the project contract. The Company determines the transaction price according to the terms of the contract and in combination with previous customary practices, and considers the influence of variable consideration, major financing components in the contract and other factors. During the performance of the contract, the Company continuously reviews the estimated total contract revenue and the estimated total contract cost. When the initial estimate changes, such as contract changes, claims and awards, the estimated total contract revenue and the estimated total contract cost are revised. When the estimated total contract cost exceeds the total contract revenue, the main business cost and estimated liabilities shall be recognized according to the loss contract to be executed.

Estimate of fair value

The Company 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.

35. Major changes in accounting policies and estimates

1. Changes in important accounting policies

☐ Applicable ☑ Inapplicable

(2) Changes in major accounting estimates

☐ Applicable ☑ Inapplicable

VI. Taxation

1. Major taxes and tax rates

Tax	Tax basis	Tax rate
VAT	Taxable income	3%, 5%, 6%, 9%, 13%
City maintenance and construction	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 Zhiyuan Technology Co., Ltd. (hereinafter Fangda Zhiyuan)	15%
Fangda New Material (Jiangxi) Co., Ltd. (hereinafter Fangda Jiangxi New Material)	15%
Dongguan Fangda New Material Co., Ltd. (hereinafter Fangda Dongguan New Material)	15%
Chengdu Fangda Construction Technology Co., Ltd. (hereinafter Fangda Chengdu Technology)	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 Jiangxi Property Development)	25%
Pingxiang Fangda Luxin New Energy Co., Ltd. (hereinafter Fangda Luxin New Energy)	25%
Nanchang Xinjian Fangda New Energy Co., Ltd. (hereinafter Fangda Xinjian New Energy)	25%
Dongguan Fangda New Energy Co., Ltd. (hereinafter Fangda Dongguan New Energy)	25%
Shenzhen QIanhai Kechuangyuan Software Co., Lt.d (hereinafter Kechuangyuan Software)	25%
Fangda Zhichuang Technology (Hong Kong) Co., Ltd, (Fangda Zhichuang Hong Kong)	16.50%
Fangda Zhiyuan Technology (Wuhan) Co., Ltd, (Fangda Wuhan Zhiyuan)	25%
Fangda Zhiyuan Technology (Nanchang) Co., Ltd, (Fangda Nanchang Zhiyuan)	25%
Fangda Zhichuang Technology (Dongguan) Co., Ltd, (Fangda Dongguan Zhichuang)	25%
General Rail Technology Private Limited	17%
Shihui International Holding Co., Ltd. (hereinafter Fangda Shihui International)	16.50%
Shenzhen Hongjun Investment Co., Ltd. (hereinafter Fangda Hongjun Investment)	25%
Fangda Australia Pty Ltd (hereinafter Fangda Australia)	30%
Shanghai Fangda Zhijian Technology Co., Ltd. (hereinafter referred to as Fangda Shanghai Zhijian company)	15%
Shenzhen Fangda Yunzhi Technology Co., Ltd. (hereinafter Fangda Yunzhi)	25%
Shanghai Fangda Jianzhi Technology Co., Ltd. (hereinafter Fangda Shanghai Jianzhi)	25%
Shenzhen Zhongrong Litai Investment Co. Ltd. (Zhongrong Litai)	25%
Chengdu Fangda Curtain Wall Technology Co., Ltd. (hereinafter Fangda Chengdu Curtain Wall)	25%
Fangda Southeast Asia Co., Ltd. (hereinafter Fangda Southeast Asia)	20%
Shenzhen Xunfu Investment Co., Ltd. (hereinafter referred to as Fangda Xunfu Investment)	25%
Shenzhen Lifu Investment Co., Ltd. (hereinafter referred to as Fangda	25%

Lifu Investment)	
Shenzhen Fangda Investment Partnership (Limited Partnership) (hereinafter referred to as Fangda Investment)	Inapplicable
Fangda Jianke (Hong Kong) Co., Ltd. (hereinafter Fangda Jianke Hong Kong)	16.50%
Shenzhen Fangda Yunzhu Technology Co., Ltd. (hereinafter Fangda Yunzhu)	15%
Shenzhen Yunzhu Testing Technology Co., Ltd. (Hereinafter Fangda Yunzhu Testing)	25%

2. Tax preference

(1) On December 23, 2021, the subsidiary Fangda Jianke obtained the certificate of high-tech enterprise jointly issued by Shenzhen Science and Technology Innovation Commission, Shenzhen Finance Bureau, State Administration of Taxation and Shenzhen Taxation Bureau. The certificate number is GR202144200527. Within three years after obtaining the qualification of high-tech enterprise (from 2021 to 2023), the income tax will be levied at 15%.

(2) On December 23, 2021, the subsidiary Fangda Zhiyuan Technology Co., Ltd. obtained the certificate of high tech enterprise jointly issued by Shenzhen Science and Technology Innovation Commission, Shenzhen Finance Bureau, State Administration of Taxation and Shenzhen Taxation Bureau. The certificate number is GR202144205924. Within three years after obtaining the qualification of high tech enterprise (from 2021 to 2023), the income tax will be levied at 15%.

(3) On November 3, 2021, the subsidiary Fangda Jiangxi New Material Co., Ltd. obtained the certificate of high tech enterprise jointly issued by Jiangxi Provincial Department of Science and Technology, Jiangxi Provincial Department of Finance, State Administration of Taxation and Jiangxi Provincial Bureau of Taxation. The certificate number is GR202136000174. Within three years after obtaining the qualification of high tech enterprise (2021-2023), the income tax will continue to be levied at 15%.

(4) On December 3, 2020, the subsidiary Fangda Chengdu Technology obtained the certificate of high tech enterprise jointly issued by the Department of Science and Technology of Sichuan Province, the Department of Finance of Sichuan Province, the State Administration of Taxation and the Sichuan Provincial Taxation Bureau. Within three years after obtaining the qualification of high tech enterprise (2020-2022), the income tax will continue to be levied at 15%.

(5) The subsidiary Kechuangyuan Software is an enterprise located in Qianhai Shenzhen Hong Kong Modern Service Industry Cooperation Zone. Its main business meets the conditions of Preferential Catalogue of Enterprise Income Tax in Qianhai Shenzhen Hong Kong Modern Service Industry Cooperation Zone (2021), and the income tax is levied at 15%.

(6) On December 2, 2019, the subsidiary Dongguan Fangda New Materials Co., Ltd. obtained the "High-tech Enterprise Certificate" jointly issued by Guangdong Science and Technology Department, Guangdong Provincial Department of Finance, and Guangdong Provincial Taxation Bureau. The income tax shall be levied at 15% within three years after the qualification of the high-tech enterprise is recognized (December 2019 to December 2022).

(9) On November 12, 2020, the subsidiary Fangda Shanghai 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%.

(8) On December 11, 2021, the subsidiary Fangda Yunzhu Co., Ltd. obtained the certificate of high tech enterprise jointly issued by Shenzhen Science and Technology Innovation Commission, Shenzhen Finance Bureau, State Administration of Taxation and Shenzhen Taxation Bureau. The certificate number is GR202044202438. Within three years after obtaining the qualification of high tech enterprise (from 2020 to 2022), the income tax will be levied at 15%.

(9) According to the Notice on the Implementation of Preferential Tax Reduction and Exemption Policies for Small and Micro Enterprises (CS [2019] No. 13) and the Announcement on the Implementation of Preferential Income Tax Policies for Small and Micro Enterprises and Individual Industrial and Commercial Households (Announcement No. 12 of the State Administration of Taxation of the Ministry of Finance in 2021) issued by the Ministry of Finance and the State Administration of Taxation, some companies belong to small and low profit enterprises in 2021, and their income is subject to enterprise income tax in accordance with the provisions of the above documents.

VII. Notes to the consolidated financial statements

1. Monetary capital

In RMB

Item	Closing balance	Opening balance
Inventory cash:	791.52	3,192.76
Bank deposits	589,739,116.72	910,763,535.83
Other monetary capital	441,575,201.58	376,797,030.73
Total	1,031,315,109.82	1,287,563,759.32
Including: total amount deposited in overseas	44,695,303.07	43,244,091.68
The total amount of money that has restrictions on use due to mortgage, pledge or freezing	437,397,096.43	395,312,687.73

Others:

(1) The use of restricted funds in bank deposits is RMB8,733,578.29, RMB690,011.47 is deposited in real estate development supervision accounts, RMB7,079,654.09 is deposited in special labor insurance accounts and migrant workers' wage accounts, and other security deposit accounts. The deposit is RMB963,912.73; the restricted funds used in other currency funds are RMB428,663,518.14, 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 Company's total amount deposited abroad was RMB44,695,303.07.

2. Transactional financial assets

In RMB

Item	Closing balance	Opening balance
Financial assets measured at fair value with variations accounted into current income account	32,133,168.82	25,135,241.89
Including: Investment of financial products	32,133,168.82	25,135,241.89
Total	32,133,168.82	25,135,241.89

3. Derivative financial assets

In RMB

Item	Closing balance	Opening balance
Futures contracts		310,325.00
Forward foreign exchange contract	1,768,884.99	759,262.62
Total	1,768,884.99	1,069,587.62

4. Notes receivable

(1) Classification of notes receivable

In RMB

Item	Closing balance	Opening balance
Bank acceptance	10,149,296.82	32,759,446.43
Commercial acceptance	147,046,234.44	133,618,433.58
Total	157,195,531.26	166,377,880.01

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	159,888,645.58	100.00%	2,693,114.32	1.68%	157,195,531.26	168,962,589.90	100.00%	2,584,709.89	1.53%	166,377,880.01
Including:										
Bank acceptance	10,149,296.82	6.35%	0.00	0.00%	10,149,296.82	32,759,446.43	19.39%			32,759,446.43

Commercial acceptance	149,739,348.76	93.65%	2,693,114.32	1.80%	147,046,234.44	136,203,143.47	80.61%	2,584,709.89	1.90%	133,618,433.58
Total	159,888,645.58	100.00%	2,693,114.32	1.68%	157,195,531.26	168,962,589.90	100.00%	2,584,709.89	1.53%	166,377,880.01

Provision for bad debts by combination: trade acceptance

In RMB

Name	Closing balance		
	Remaining book value	Bad debt provision	Provision rate
Commercial acceptance	149,739,348.76	2,693,114.32	1.80%
Total	149,739,348.76	2,693,114.32	

Provision for bad debts by combination: bank acceptance

In RMB

Name	Closing balance		
	Remaining book value	Bad debt provision	Provision rate
Bank acceptance	10,149,296.82	0.00	0.00%
Total	10,149,296.82	0.00	

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) 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	
Commercial acceptance	2,584,709.89	108,404.43				2,693,114.32
Total	2,584,709.89	108,404.43				2,693,114.32

Including significant recovery or reversal:

☐ Applicable ☑ Inapplicable

(3) 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		15,724,516.20
Commercial acceptance		19,312,032.12
Total		35,036,548.32

(4) Notes transferred to accounts receivable due to default of the issue at the end of period

In RMB

Item	Amount transferred to accounts receivable at the end of the period
Commercial acceptance	1,500,000.00
Total	1,500,000.00

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	83,718,640.10	11.61%	78,221,018.60	93.43%	5,497,621.50	83,718,640.09	11.18%	78,221,018.60	93.43%	5,497,621.49
Including:										
1. Customer 1	54,873,223.21	7.61%	54,873,223.21	100.00%	0.00	54,873,223.21	7.32%	54,873,223.21	100.00%	0.00
2. Customer 2	4,388,338.91	0.61%	4,388,338.91	100.00%	0.00	4,388,338.91	0.59%	4,388,338.91	100.00%	0.00
3. Customer 3	13,461,834.96	1.87%	13,461,834.96	100.00%	0.00	13,461,834.96	1.80%	13,461,834.96	100.00%	0.00
4. Customer 4	5,996,382.91	0.83%	2,998,191.46	50.00%	2,998,191.45	5,996,382.91	0.80%	2,998,191.46	50.00%	2,998,191.45
5. Customer 5	4,998,860.11	0.69%	2,499,430.06	50.00%	2,499,430.04	4,998,860.10	0.67%	2,499,430.06	50.00%	2,499,430.04
Account receivable for which bad debt provision is made by group	637,479,622.48	88.39%	87,335,675.31	13.70%	550,143,947.17	664,994,519.44	88.82%	114,038,316.73	17.15%	550,956,202.71
Includi										

ng:										
1. Portfolio 1: Engineering operations section	403,584,043.08	55.96%	73,771,340.16	18.28%	329,812,702.92	414,989,471.61	55.43%	101,816,476.32	24.53%	313,172,995.29
2. Portfolio 2: Real estate business payments	146,169,177.61	20.27%	7,760,222.96	5.31%	138,408,954.65	153,920,735.18	20.56%	7,774,660.29	5.05%	146,146,074.89
3. Portfolio 3: Other business models	87,726,401.79	12.16%	5,804,112.19	6.62%	81,922,289.60	96,084,312.65	12.83%	4,447,180.12	4.63%	91,637,132.53
Total	721,198,262.58	100.00%	165,556,693.91	22.96%	555,641,568.67	748,713,159.53	100.00%	192,259,335.33	25.68%	556,453,824.20

Separate bad debt provision: separate 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	4,388,338.91	4,388,338.91	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	5,996,382.91	2,998,191.46	50.00%	Customer credit status deteriorates
5. Customer 5	4,998,860.10	2,499,430.06	50.00%	Customer credit status deteriorates
Total	83,718,640.09	78,221,018.60		

Provision for bad debts by combination: Portfolio 1: Engineering business

In RMB

Name	Closing balance		
	Remaining book value	Bad debt provision	Provision rate
Less than 1 year	220,474,180.55	4,319,222.59	1.96%

1-2 years	41,032,911.21	2,322,462.77	5.66%
2-3 years	42,356,249.56	5,404,657.44	12.76%
3-4 years	42,573,870.31	8,412,596.78	19.76%
4-5 years	6,746,007.84	2,911,576.97	43.16%
Over 5 years	50,400,823.61	50,400,823.61	100.00%
Total	403,584,043.08	73,771,340.16	

Group recognition basis:

See 9. Financial Tools in V. Important Accounting Policies and Accounting Estimates for the recognition criteria and instructions for withdrawing bad debt reserves by portfolio

Bad debt provision by portfolio: portfolio 2: real estate business funds

In RMB

Name	Closing balance		
	Remaining book value	Bad debt provision	Provision rate
Less than 1 year	99,633,253.30	996,332.52	1.00%
1-2 years	2,164,982.12	108,249.11	5.00%
2-3 years	0.00	0.00	
3-4 years	22,273,070.00	3,340,960.50	15.00%
4-5 years	0.00	0.00	
Over 5 years	22,097,872.19	3,314,680.83	15.00%
Total	146,169,177.61	7,760,222.96	

Provision for bad debts by combination: portfolio 3: Others business

In RMB

Name	Closing balance		
	Remaining book value	Bad debt provision	Provision rate
Less than 1 year	45,943,857.36	335,390.16	0.73%
1-2 years	16,376,359.56	343,903.54	2.10%
2-3 years	13,477,800.33	1,134,830.79	8.42%
3-4 years	10,287,961.94	2,549,356.97	24.78%
4-5 years	1,476,639.38	1,276,847.51	86.47%
Over 5 years	163,783.22	163,783.22	100.00%
Total	87,726,401.79	5,804,112.19	

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

☐ Applicable ☑ Inapplicable

Account age

In RMB

Age	Closing balance
Within 1 year (inclusive)	366,483,937.52
1-2 years	59,574,252.89
2-3 years	55,834,049.89
Over 3 years	239,306,022.28
3-4 years	84,348,177.60

4-5 years	15,048,208.33
Over 5 years	139,909,636.35
Total	721,198,262.58

Accounts receivable with significant single amount aged over three years in curtain wall engineering business:

Customer	Accounts receivable of over 3 years	Balance of provision for bad debts	Reason of the age	Whether there is a risk of recovery
Customer 1	54,873,223.21	54,873,223.21	Customer credit status deteriorates	Yes
Customer 2	13,461,834.96	13,461,834.96	Customer credit status deteriorates	Yes
Customer 3	12,363,915.90	2,443,109.78	Due to long settlement period	No
Customer 4	26,002,530.93	26,002,530.93	Customer credit status deteriorates	Yes
Customer 5	10,242,182.99	10,242,182.99	Customer credit status deteriorates	Yes

(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	78,221,018.60					78,221,018.60
Provision for bad debts by combination	114,038,316.73	-26,702,641.42				87,335,675.31
Total	192,259,335.33	-26,702,641.42				165,556,693.91

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

In RMB

Entity	Closing balance of accounts receivable	Percentage (%)	Balance of bad debt provision at the end of the period
Customer 1	58,315,441.48	8.08%	6,843,334.47
Customer 2	54,873,223.21	7.61%	54,873,223.21
Customer 3	35,387,305.12	4.91%	2,364,048.70
Customer 4	31,500,000.00	4.37%	2,912,732.66
Customer 5	26,002,530.93	3.60%	26,002,530.93
Total	206,078,500.74	28.57%	

(4) Receivables derecognized due to transfer of financial assets

Customer	Way of transfer	De-recognized amount	Gain or loss related to the de-recognition
Customer 1	Factoring	1,842,845.54	-88,941.28

Customer 2	Factoring	10,391,923.85	-413,846.66
Customer 3	Factoring	1,500,000.00	-81,221.92
Customer 4	Factoring	9,195,976.52	-365,259.08
Customer 5	Factoring	440,708.24	-17,601.40
Customer 6	Factoring	2,654,800.00	-109,481.44
Customer 7	Factoring	7,941,333.15	-255,027.30
Customer 8	Factoring	2,900,000.00	-115,504.58
Customer 9	Factoring	5,000,000.00	-65,625.00
Total		41,867,587.30	-1,512,508.66

(5) Amount of assets and liabilities formed by transferring accounts receivable and continuing involvement

Customer	Transfer method of assets	Amount of assets formed by continued involvement	Amount of liabilities formed by continued involvement
Customer 1	Recourse factoring	600,000.00	600,000.00
Customer 2	Credit discount	1,637,287.44	1,637,287.44
Customer 3	Credit discount	2,781,343.60	2,781,343.60
Total		8,381,343.60	8,381,343.60

6. Receivable financing

In RMB

Item	Closing balance	Opening balance
Notes receivable	19,031,714.87	4,263,500.00
Total	19,031,714.87	4,263,500.00

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 ages of prepayments

In RMB

Age	Closing balance		Opening balance	
	Amount	Proportion	Amount	Proportion
Less than 1 year	16,267,306.91	69.97%	18,013,831.62	78.24%
1-2 years	2,291,097.29	9.85%	805,756.05	3.50%
2-3 years	1,645,036.13	7.08%	2,467,980.33	10.72%

Over 3 years	3,046,943.63	13.10%	1,734,917.03	7.54%
Total	23,250,383.96		23,022,485.03	

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

At the end of the period, there is no significant prepayment with an aging of more than one year.

(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 RMB8,467,290.80, accounting for 36.42% of the total prepayments at the end of the period.

8. Other receivables

In RMB

Item	Closing balance	Opening balance
Other receivables	179,462,261.72	165,093,406.23
Total	179,462,261.72	165,093,406.23

(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	109,414,911.76	106,427,141.89
Construction borrowing and advanced payment	38,107,332.07	31,857,018.14
Staff borrowing and petty cash	2,566,722.51	1,828,554.92
VAT refund receivable	952,964.52	4,903,075.25
Debt by Luo Huichi	12,992,291.48	12,992,291.48
Others	38,991,541.49	29,074,979.66
Total	203,025,763.83	187,083,061.34

2) Method of bad debt provision

In RMB

Bad debt provision	First stage	Second stage	Third stage	Total
	Expected credit losses in the next 12 months	Expected credit loss for the entire duration (no credit impairment)	Expected credit loss for the entire duration (credit impairment has occurred)	
Balance on January 1, 2022	2,216,451.18	573,868.37	19,199,335.56	21,989,655.11
Balance on January 1, 2022 in the current period				

Provision	967,450.66	1,427,328.15	-820,931.81	1,573,847.00
Balance on June 30, 2022	3,183,901.84	2,001,196.52	18,378,403.75	23,563,502.11

Changes in book balances with significant changes in the current period

☐ Applicable ☑ Inapplicable

Account age

In RMB

Age	Closing balance
Within 1 year (inclusive)	91,760,188.97
1-2 years	1,036,118.15
2-3 years	1,666,012.83
Over 3 years	108,563,443.88
3-4 years	70,447,840.30
4-5 years	20,164,999.65
Over 5 years	17,950,603.93
Total	203,025,763.83

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	21,989,655.11	1,573,847.00				23,563,502.11
Total	21,989,655.11	1,573,847.00				23,563,502.11

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
Shenzhen Yikang Real Estate Co. Ltd.	Margin and current account	70,062,675.83	3-4 years	34.51%	1,401,253.52
Bangshen Electronics (Shenzhen) Co., Ltd.	Deposit	20,000,000.00	4-5 years	9.85%	400,000.00
Shenzhen Rijiasheng Trading Co., Ltd	Arrears	18,708,945.57	1-2 years	9.22%	1,870,894.56
Luo Huichi	Arrears	12,992,291.48	Over 5 years	6.40%	12,992,291.48

Shenzhen Henggang Dakang Co., Ltd.	Deposit	8,000,000.00	3-4 years	3.94%	160,000.00
Total		129,763,912.88		63.91%	16,824,439.56

9. Inventories

(1) Classification of inventories

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	216,522,002.08		216,522,002.08	214,159,331.62		214,159,331.62
Development products	201,840,310.24		201,840,310.24	215,045,857.53		215,045,857.53
Contract performance costs	100,377,843.11		100,377,843.11	120,770,607.88		120,770,607.88
Raw materials	145,821,074.44		145,821,074.44	87,964,749.50		87,964,749.50
Product in process	22,899,157.31		22,899,157.31	71,066,791.34		71,066,791.34
Finished goods in stock	11,413,803.15		11,413,803.15	7,514,662.13		7,514,662.13
Low price consumable	28,990.66		28,990.66	190,365.86		190,365.86
OEM materials	16,276,453.42		16,276,453.42	16,568,559.12		16,568,559.12
Materials in transit	531,179.86		531,179.86			
Goods delivered	2,901,720.28		2,901,720.28			
Total	718,612,534.55		718,612,534.55	733,280,924.98		733,280,924.98

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

In RMB

Project name	Starting time	Estimated finish time	Estimated total investment	Opening balance	Transferred to development	Other decrease in this period	Increase (development cost)	Closing balance	Accumulative capitalized intere	Including: capitalized intere	Capital source

					product in this period		in this period		st	st for the current period	
Dakang Village Project in Shenzhen	December 1, 2024	December 31, 2030	3,600,000,000.00	199,023,484.28			595,338.13	199,618,822.41			Bank loan and self-owned fund
Fangda Bangshen Industry Park	December 1, 2023	December 31, 2025	870,000,000.00	15,135,847.34			1,767,332.33	16,903,179.67			Bank loan and self-owned fund
Total			4,470,000,000.00	214,159,331.62			2,362,670.46	216,522,002.08			

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

In RMB

Project name	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	62,930,177.37		10,703,725.24	52,226,452.13	2,009,651.62	
Nanchang Fangda Center	April 27, 2021	152,115,680.16		2,501,822.05	149,613,858.11	5,502,309.51	
Total		215,045,857.53		13,205,547.29	201,840,310.24	7,511,961.13	

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

As at June 30, 2022, the amount of the capitalization of borrowing costs in the balance of the end-of-period inventory was RMB7,511,961.13.

10. Contract assets

In RMB

Item	Closing balance			Opening balance		
	Remaining book value	Impairment provision	Book value	Remaining book value	Impairment provision	Book value
Unsettled project	2,088,604,051.45	168,444,310.53	1,920,159,740.92	1,840,664,586.03	144,079,042.31	1,696,585,543.72

funds						
Unexpired warranty deposit	91,989,366.02	8,709,913.62	83,279,452.40	63,551,208.32	10,907,883.76	52,643,324.56
Sales funds with conditional collection right	47,400,395.42	3,784,739.50	43,615,655.92	34,103,742.16	384,937.31	33,718,804.85
Total	2,227,993,812.89	180,938,963.65	2,047,054,849.24	1,938,319,536.51	155,371,863.38	1,782,947,673.13

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

In RMB

Item	Change	Reason
Unsettled project funds	223,574,197.20	This is mainly due to the unsettled project funds with conditional collection rights arising from the revenue recognized in the project contract during the reporting period
Unexpired warranty deposit	30,636,127.84	Mainly due to the increase of projects in the warranty period after the completion of the project contract during the reporting period
Total	254,210,325.04	——

If the provision for impairment 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 impairment:

□ 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
Unsettled project funds	24,365,268.22			
Unexpired warranty deposit	-2,197,970.14			
Sales funds with conditional collection right	3,399,802.19			
Total	25,567,100.27			——

11. Other current assets

In RMB

Item	Closing balance	Opening balance
Tax to be input	143,671,906.98	145,743,267.08
Overpayment and prepayment of income tax	84,983,087.01	98,092,258.00
Other prepaid taxes	21,991,159.61	8,520,856.65

Deferred discount expense	12,118,850.83	12,428,625.55
Debt investment	103,488,888.90	
Others	2,834,002.43	1,499.01
Total	369,087,895.76	264,786,506.29

12. Long-term share equity investment

In RMB

Invested entity	Opening book value	Change (+,-)								Closing book value	Balance of impairment provision at the end of the period
		Increased investment	Decreased investment	Investment gain and loss recognized using the equity method	Other miscellaneous income adjustment	Other equity change	Cash dividend or profit announced	Impairment provision	Others		
1. Joint venture											
2. Associate											
Ganshang Joint Investment	2,365,399.31			3,789.03						2,369,188.34	
Jiangxi Business Innovative Property Joint Stock (Jiangxi Business Inovation)	52,853,546.83			-36,763.18						52,816,783.65	
Subtotal	55,218,946.14			-32,974.15						55,185,971.99	
Total	55,218,946.14			-32,974.15						55,185,971.99	

13. Investment in other equity tools

In RMB

Item	Closing balance	Opening balance
Unlisted equity instrument investment	14,180,652.65	14,180,652.65
Total	14,180,652.65	14,180,652.65

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 Semi-conductor Lighting Co., Ltd. (hereinafter Shenyang Fangda)			14,381,923.02			
Shenzhen Huihai Yirong Internet Service Co., Ltd.			3,779,277.52			

14. Other non-current financial assets

In RMB

Item	Closing balance	Opening balance
Financial assets measured at fair value with variations accounted into current income account	7,504,750.83	7,525,408.24
Total	7,504,750.83	7,525,408.24

15. Investment real estates

(1) Investment real estate measured at costs

☑ Applicable □ Inapplicable

In RMB

Item	Houses & buildings	Total
I. Book value		
1. Opening balance	17,388,824.39	17,388,824.39
2. Increase in this period		
3. Decrease in this period		
4. Closing balance	17,388,824.39	17,388,824.39
II. Accumulative depreciation and amortization		
1. Opening balance	7,253,011.36	7,253,011.36

2. Increase in this period	224,704.02	224,704.02
(1) Provision or amortization	224,704.02	224,704.02
3. Decrease in this period		
4. Closing balance	7,477,715.38	7,477,715.38
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	9,911,109.01	9,911,109.01
2. Opening book value	10,135,813.03	10,135,813.03

(2) Investment real estate measured at fair value

☑ Applicable □ Inapplicable

In RMB

Item	Houses & buildings	Total
I. Opening balance	5,755,216,580.10	5,755,216,580.10
II. Change in this period	-1,867,274.91	-1,867,274.91
Add: external purchase	0.00	0.00
Less: other transfer-out	2,935,603.51	2,935,603.51
Change in fair value	1,068,328.60	1,068,328.60
III. Closing balance	5,753,349,305.19	5,753,349,305.19

Disclosure of investment real estate measured at fair value by projects

In RMB

Project name	Location	Completion time	Building area (m^2)	Rental income in the report period	Opening fair value	Closing fair value	Change in fair value	Reason for the change and report
Commercial podium of Fangda Town	Shenzhen	11 October 2017	22,551.58	17,144,114.39	1,344,899,032.00	1,344,899,032.00	0.00%	
Building 1# of Fangda Town	Shenzhen	29 December 2018	76,623.31	43,210,570.72	3,640,588,848.63	3,640,588,848.63	0.00%	
Fangda Building	Shenzhen	28 December 2002	17,432.38	8,968,746.78	329,471,982.00	329,471,982.00	0.00%	
Nanchang Fangda Center	Nanchang	December 10, 2020	37,725.82	5,165,210.22	436,493,838.47	434,626,563.56	-0.43%	

Total			154,333.09	74,488,642.11	5,751,453,701.10	5,749,586,426.19	-0.03%	

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

☐ Yes ☑ No

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

☐ Yes ☑ No

(3) Investment real estate without ownership certificate

In RMB

Item	Book value	Reason
Nanchang Fangda Center project 4# building commercial	17,345,966.44	The acceptance record is being handled

Other note

① The fair value of some real estate in Fangda Town is RMB1,958,894,944.14, which has been mortgaged to the loan of China Construction Bank Shenzhen OCT sub branch. The loan has not expired and has not been released; The fair value of some real estate in fangdacheng is RMB1,344,899,032.00, which has been mortgaged to the loan of Shenzhen Dongbin branch of Huaxia Bank. The loan has not expired and has not been released.

② Other transfers out in the current period are due to the needs of business development. The Company has transferred some houses of Nanchang Fangda Center from external rental to self use.

16. Fixed assets

In RMB

Item	Closing balance	Opening balance
Fixed assets	681,823,427.57	663,414,297.61
Total	681,823,427.57	663,414,297.61

(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	610,564,471.12	120,638,873.28	21,390,928.69	50,870,105.77	129,596,434.84	933,060,813.70
2. Increase in this period	25,222,586.32	10,418,231.84	11,273.76	1,532,403.47		37,184,495.39
(1) Purchase	10,371,081.60	10,418,231.84		874,368.07		21,663,681.51
(2) Transfer-in of construction	14,851,504.72			658,035.40		15,509,540.12

in progress						
(3) Other increases			11,273.76			11,273.76
3. Decrease in this period	2,800,131.20	1,139,518.96	2,663,142.67	1,227,229.26		7,830,022.09
(1) Disposal or retirement	2,800,131.20	1,139,518.96	2,663,142.67	1,227,229.26		7,830,022.09
4. Closing balance	632,986,926.24	129,917,586.16	18,739,059.78	51,175,279.98	129,596,434.84	962,415,287.00
II. Accumulative depreciation						
1. Opening balance	96,553,528.93	91,086,675.44	16,472,796.03	30,931,249.97	34,505,796.22	269,550,046.59
2. Increase in this period	7,632,627.09	2,552,916.67	363,347.31	1,382,283.41	3,074,220.06	15,005,394.54
(1) Provision	7,632,627.09	2,552,916.67	357,568.71	1,382,283.41	3,074,220.06	14,999,615.94
(2) Other increases			5,778.60			5,778.60
3. Decrease in this period	258,186.41	329,705.18	2,396,828.40	1,075,331.21		4,060,051.20
(1) Disposal or retirement	258,186.41	329,705.18	2,396,828.40	1,075,331.21		4,060,051.20
4. Closing balance	103,927,969.61	93,309,886.93	14,439,314.94	31,238,202.17	37,580,016.28	280,495,389.93
III. Impairment provision						
1. Opening balance		79,843.20		16,626.30		96,469.50
2. Increase in this period						
3. Decrease in this period						
4. Closing balance		79,843.20		16,626.30		96,469.50
IV. Book value						
1. Closing book value	529,058,956.63	36,527,856.03	4,299,744.84	19,920,451.51	92,016,418.56	681,823,427.57
2. Opening book value	514,010,942.19	29,472,354.64	4,918,132.66	19,922,229.50	95,090,638.62	663,414,297.61

(2) Fixed assets without ownership certificate

In RMB

Item	Book value	Reason
Yuehai Office Building C 502	115,455.69	Historical reasons

17. Construction in process

In RMB

Item	Closing balance	Opening balance
Construction in process	2,839,581.23	11,642,444.21
Total	2,839,581.23	11,642,444.21

(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 Nanchang Fangda Center				11,642,444.21		11,642,444.21
Decoration of the self-used part of Fangda Group East China Construction Base	2,839,581.23		2,839,581.23			
Total	2,839,581.23		2,839,581.23	11,642,444.21		11,642,444.21

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

In RMB

Project name	Budget	Opening balance	Increase in this period	Amount transfer-in to fixed assets in this perio	Other decrease in this period	Closing balance	Proportion of accumulative engineering inves	Project progress	Accumulative capitalized interest	Including: capitalized interest for the curre	Interest capitalization rate	Capital source

				d			tment in the budget			nt period		
Construction and decoration of self use part of Nanchang Fangda Center	13,000,000.00	11,642,444.21	3,090,056.34	14,732,500.55		0.00	100.00%	Completed				Others
Decoration of the self-used part of Fangda Group East China Construction Base	6,080,000.00		2,839,581.23			2,839,581.23	46.70%	In construction				Others
Total	19,080,000.00	11,642,444.21	5,929,637.57	14,732,500.55	0.00	2,839,581.23						

18. Use right assets

In RMB

Item	Houses & buildings	Transportation facilities	Total
I. Book value			
1. Opening balance	37,075,290.17	1,319,251.12	38,394,541.29
2. Increase in this period	569,163.12		569,163.12
3. Decrease in this period	587,910.79		587,910.79

4. Closing balance	37,056,542.50	1,319,251.12	38,375,793.62
II. Accumulative depreciation			
1. Opening balance	6,344,621.50	609,063.25	6,953,684.75
2. Increase in this period	6,310,611.40	304,531.62	6,615,143.02
(1) Provision	6,310,611.40	304,531.62	6,615,143.02
3. Decrease in this period	195,970.20		195,970.20
(1) Disposal	195,970.20		195,970.20
4. Closing balance	12,459,262.70	913,594.87	13,372,857.57
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	24,597,279.80	405,656.25	25,002,936.05
2. Opening book value	30,730,668.67	710,187.87	31,440,856.54

19. Intangible assets

(1) Intangible assets

In RMB

Item	Land using right	Patent	Software	Total
I. Book value				
1. Opening balance	80,404,737.13	8,989,350.94	21,627,838.43	111,021,926.50
2. Increase in this period		968.87	808,447.54	809,416.41
(1) Purchase		968.87	808,447.54	809,416.41
3. Decrease in this period				
4. Closing balance	80,404,737.13	8,990,319.81	22,436,285.97	111,831,342.91
II. Accumulative amortization				
1. Opening balance	17,370,871.00	8,652,629.93	9,798,712.74	35,822,213.67
2. Increase in this period	1,147,643.30	108,462.92	972,444.15	2,228,550.37
(1) Provision	1,147,643.30	108,462.92	972,444.15	2,228,550.37
3. Decrease in this period				
4. Closing balance	18,518,514.30	8,761,092.85	10,771,156.89	38,050,764.04

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	61,886,222.83	229,226.96	11,665,129.08	73,780,578.87
2. Opening book value	63,033,866.13	336,721.01	11,829,125.69	75,199,712.83

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	1,028,527.10		28,050.78		1,000,476.32
Reconstruction project of sample room	231,427.38		57,856.80		173,570.58
Membership fee	193,749.80		118,749.82		74,999.98
Waterproofing works for employee dormitories	472,886.09		79,291.98		393,594.11
Management consulting service fee	178,466.08		32,448.36		146,017.72
Warehouse addition and renovation project	151,376.19		30,275.22		121,100.97
Dahuaxin Dongguan Songshanhu rubber area interlayer transformation	180,428.08		90,214.08		90,214.00
Factory wall painting and rolling shutter door engineering	172,368.00		22,982.40		149,385.60
Property insurance premium	237,369.99	84,625.00	126,487.93		195,507.06
Plant ground reconstruction project	319,593.71		43,581.00		276,012.71
High voltage network access fee of East China base	794,750.23		153,822.66		640,927.57
Others	1,427,827.57	1,614,472.08	794,315.49		2,247,984.16
Total	5,388,770.22	1,699,097.08	1,578,076.52		5,509,790.78

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	285,680,229.38	52,322,012.68	257,631,149.84	48,121,014.85
Unrealized profit of internal transactions	298,049,521.84	58,293,392.21	281,712,399.14	55,842,834.37
Deductible loss	224,697,948.29	49,538,340.07	194,235,656.90	44,060,479.20
Credit impairment provision	197,414,358.26	32,230,462.86	216,539,086.13	34,918,828.89
Unrealizable gross profit	106,053,789.85	26,513,447.43	114,199,793.34	27,967,001.62
Anticipated liabilities	3,052,064.92	457,809.74	6,347,809.40	1,161,300.00
Deferred earning	2,753,977.39	429,893.08	3,674,964.26	551,244.65
Change in fair value	2,907,950.88	436,192.63	1,079,130.19	161,869.53
Accrued expenses and others	12,967,806.54	2,473,278.36	8,914,405.11	1,339,159.89
Total	1,133,577,647.35	222,694,829.06	1,084,334,394.31	214,123,733.00

(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	4,200,169,583.79	1,049,852,190.57	4,199,023,889.76	1,049,649,013.70
Acquire premium to form inventory	1,535,605.47	383,901.37	1,535,605.47	383,901.37
Estimated gross margin when Fangda Town records income, but does not reach the taxable income level	18,022,638.21	4,505,659.55	31,539,658.09	7,884,914.52
Rental income	35,512,252.70	8,878,063.17	34,856,116.84	8,714,029.21
Total	4,255,240,080.17	1,063,619,814.66	4,266,955,270.16	1,066,631,858.80

(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		222,694,829.06		214,123,733.00

Deferred income tax liabilities		1,063,619,814.66		1,066,631,858.80

(4) Details of unrecognized deferred income tax assets

In RMB

Item	Closing balance	Opening balance
Deductible temporary difference	78,842.21	554,677.54
Deductible loss	10,817,244.13	10,345,101.90
Total	10,896,086.34	10,899,779.44

(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
2022	1,233,589.22	1,233,589.22	
2023	4,575,983.46	4,575,983.46	
2024	1,276,235.76	1,276,235.76	
2025	800,020.76	213,129.83	
2026	2,355,213.17	3,046,163.63	
2027	576,201.76		
Total	10,817,244.13	10,345,101.90	

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	94,328,082.78	10,050,259.99	84,277,822.79	72,288,658.32	7,952,729.45	64,335,928.87
Prepaid house and equipment amount	27,094,308.28		27,094,308.28	35,693,402.77		35,693,402.77
Certificate of deposit	311,792,353.94		311,792,353.94	306,738,886.82		306,738,886.82
Others	2,004,460.50		2,004,460.50	1,088,296.93		1,088,296.93
Total	435,219,205.50	10,050,259.99	425,168,945.51	415,809,244.84	7,952,729.45	407,856,515.39

23. Short-term borrowings

(1) Classification of short-term borrowings

In RMB

Item	Closing balance	Opening balance
Loan by pledge	74,536,621.23	58,450,232.49
Guarantee loan	92,099,305.57	10,013,291.67
Credit borrow	310,052,500.00	302,354,444.46
Discount borrowing of acceptance bills	1,146,202,710.82	916,656,430.03
Total	1,622,891,137.62	1,287,474,398.65

24. Derivative financial liabilities

In RMB

Item	Closing balance	Opening balance
Futures contracts	1,821,775.00	
Forward foreign exchange contract	18,916.89	11,871.20
Total	1,840,691.89	11,871.20

25. Notes payable

In RMB

Type	Closing balance	Opening balance
Commercial acceptance	39,025,946.98	185,747,490.66
Bank acceptance	690,667,133.63	663,697,808.43
Total	729,693,080.61	849,445,299.09

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

26. Account payable

(1) Account payable

In RMB

Item	Closing balance	Opening balance
Account repayable and engineering repayable	912,872,170.52	942,689,466.48
Construction payable	16,885,608.55	58,406,046.64
Payable installation and implementation fees	351,215,766.97	327,879,727.83
Others	16,655,565.98	14,148,245.02
Total	1,297,629,112.02	1,343,123,485.97

(2) Significant payables aging more than 1 year

In RMB

Item	Closing balance	Reason
Supplier 1	38,366,194.94	Not mature
Total	38,366,194.94	

27. Prepayment received

(1) Prepayment received

In RMB

Item	Closing balance	Opening balance
Rental	2,850,390.49	1,280,482.93
Total	2,850,390.49	1,280,482.93

28. Contract liabilities

In RMB

Item	Closing balance	Opening balance
Project funds collected in advance	162,258,562.39	172,696,504.61
Real estate sales payment	5,775,179.83	4,082,802.11
Material loan	2,975,016.99	2,485,989.04
Others	1,148,805.06	921,581.39
Total	172,157,564.27	180,186,877.15

Collection of the top five real estate projects with pre-sale amount:

There are no pre-sale projects in this period.

29. Employees' wage payable

(1) Employees' wage payable

In RMB

Item	Opening balance	Increase	Decrease	Closing balance
1. Short-term remuneration	68,789,749.61	178,747,991.87	215,310,335.94	32,227,405.54
2. Retirement pension program-defined contribution plan	154,394.34	9,363,619.34	8,995,150.59	522,863.09
3. Dismiss compensation	126,870.00	662,484.73	789,354.73	0.00
Total	69,071,013.95	188,774,095.94	225,094,841.26	32,750,268.63

(2) Short-term remuneration

In RMB

Item	Opening balance	Increase	Decrease	Closing balance
1. Wage, bonus, allowance and subsidies	67,487,743.92	164,892,728.43	201,378,714.00	31,001,758.35
2. Employee welfare	373,264.20	5,001,251.84	5,248,673.90	125,842.14
3. Social insurance	47,164.22	3,910,607.97	3,804,603.29	153,168.90
Including: medical	41,419.12	3,353,494.02	3,260,889.53	134,023.61

insurance				
Labor injury insurance	3,048.20	205,068.29	201,086.05	7,030.44
Breeding insurance	2,696.90	352,045.66	342,627.71	12,114.85
4. Housing fund	77,242.00	4,457,037.80	4,437,750.80	96,529.00
5. Labor union budget and staff education fund	569,442.50	448,456.19	440,593.95	577,304.74
6. Short-term paid leave	234,892.77	37,909.64	0.00	272,802.41
Total	68,789,749.61	178,747,991.87	215,310,335.94	32,227,405.54

(3) Defined contribution plan

In RMB

Item	Opening balance	Increase	Decrease	Closing balance
1. Basic pension	150,523.04	9,089,101.84	8,730,490.89	509,133.99
2. Unemployment insurance	3,871.30	274,517.50	264,659.70	13,729.10
Total	154,394.34	9,363,619.34	8,995,150.59	522,863.09

30. Taxes payable

In RMB

Item	Closing balance	Opening balance
VAT	11,325,684.35	7,130,265.98
Enterprise income tax	28,934,824.98	32,790,801.61
Personal income tax	970,987.26	1,525,425.02
City maintenance and construction tax	1,216,772.33	1,153,514.56
Land using tax	406,279.41	257,316.97
Property tax	5,388,161.43	1,133,817.11
Education surtax	609,411.60	582,762.56
Local education surtax	289,361.93	246,199.28
Land VAT	15,092,807.51	22,186,857.45
Others	336,431.50	273,686.68
Total	64,570,722.30	67,280,647.22

31. Other payables

In RMB

Item	Closing balance	Opening balance
Other payables	114,272,250.22	126,903,098.08
Total	114,272,250.22	126,903,098.08

(1) Other payables

1) Other payables presented by nature

In RMB

Item	Closing balance	Opening balance
Performance and quality deposit	29,529,457.19	47,863,587.46
Deposit	42,256,266.91	20,376,442.13
Reserved expense	1,395,266.85	4,048,028.82
Others	41,091,259.27	54,615,039.67
Total	114,272,250.22	126,903,098.08

(2) Significant payables aging more than 1 year

In RMB

Item	Closing balance	Reason
Shenzhen Yikang Real Estate Co. Ltd.	25,062,852.92	Payment paid as agreed in the contract
Total	25,062,852.92	

32. Non-current liabilities due within 1 year

In RMB

Item	Closing balance	Opening balance
Long-term loans due within 1 year	71,874,849.32	65,634,120.55
Lease liabilities due within one year	10,047,645.41	12,784,437.21
Total	81,922,494.73	78,418,557.76

33. Other current liabilities

In RMB

Item	Closing balance	Opening balance
Unterminated notes receivable	35,539,366.27	25,877,995.14
Substituted money on VAT	23,006,763.25	22,220,366.63
Total	58,546,129.52	48,098,361.77

34. Long-term borrowings

(1) Classification of long-term borrowings

In RMB

Item	Closing balance	Opening balance
Guarantee, mortgage and pledge loan	1,370,374,849.32	1,399,134,120.55

Less: Long-term loans due within 1 year	71,874,849.32	65,634,120.55
Total	1,298,500,000.00	1,333,500,000.00

Notes to classification of long-term borrowings:

The above guarantee, mortgage and pledge loans are the guarantee guarantee provided by the Company and its subsidiary Fangda Property and the mortgage guarantee provided by the subsidiary Fangda Property for some properties of Fangda Plaza, the 100% equity of the subsidiary Fangda Property held by the Company and the rent receivable pledge of the leased properties of Fangd a Property.

Other note, including interest rate range:

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

35. Lease liabilities

In RMB

Item	Closing balance	Opening balance
Rental payments for houses, buildings and means of transport	15,837,405.86	19,152,093.31
Total	15,837,405.86	19,152,093.31

36. Long-term payables

In RMB

Item	Closing balance	Opening balance
Long-term payable	190,640,219.18	183,640,219.18
Total	190,640,219.18	183,640,219.18

(1) Long term accounts payable listed by nature

In RMB

Item	Closing balance	Opening balance
Disposal of equity repurchase	190,640,219.18	183,640,219.18

37. Anticipated liabilities

In RMB

Item	Closing balance	Opening balance	Reason
Pending lawsuit		2,091,286.00	
Product quality warranty	3,052,064.92	4,256,523.40	
Total	3,052,064.92	6,347,809.40	

38. Deferred earning

In RMB

Item	Opening balance	Increase	Decrease	Closing balance	Reason
Government subsidy	9,566,525.60	0.00	283,322.58	9,283,203.02	See the following table
Total	9,566,525.60	0.00	283,322.58	9,283,203.02	

Items involving government subsidies:

In RMB

Liabilities	Opening balance	Amount of new subsidy	Amount included in non-operating revenue	Other misc. gains recorded in this period	Costs offset in the period	Other change	Closing balance	Related to assets/earning
Railway transport screen door controlling system and information transmission technology	39,845.21			9,452.16			30,393.05	Assets-related
Major investment project prize from Industry and Trade Development Division of Dongguan Finance Bureau	1,509,524.30			28,571.40			1,480,952.90	Assets-related
Distributed PV power generation project subsidy sponsored by Dongguan Reform and	343,750.25			12,499.98			331,250.27	Assets-related

Development Commission								
Subsidized land transfer	169,827.59			1,862.82			167,964.77	Assets-related
Special subsidy for industrial transformation, upgrading and development	766,666.65			40,000.02			726,666.63	Assets-related
Enterprise informationization subsidy project of Shenzhen Small and Medium Enterprise Service Agency	372,000.00			24,000.00			348,000.00	Assets-related
National Industry Revitalization and Technology Renovation Project fund	5,377,983.50			153,864.30			5,224,119.20	Assets-related
Energy saving and environmental protection metal curtain wall production technology transformation project	986,928.10			13,071.90			973,856.20	Assets-related
Total	9,566,525.60			283,322.58			9,283,203.02	

39. Capital share

In RMB

	Opening balance	Change (+,-)					Closing balance
		Issued new shares	Bonus shares	Transferred from reserves	Others	Subtotal	
Total of capital shares	1,073,874,227.00						1,073,874,227.00

40. Capital reserve

In RMB

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

41. 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	
I. Other comprehensive income that will not be subsequently reclassified into profit	-14,565,719.78							-14,565,719.78

and loss								
Fair value change of investment in other equity tools	-14,565,719.78							-14,565,719.78
2. Other misc. incomes that will be re-classified into gain and loss	49,891,591.56	-609,135.29	-10,090.52		-171,209.17	-450,330.27	22,494.68	49,441,261.29
Cash flow hedge reserve	926,186.62	-1,141,394.52	-10,090.52		-171,209.17	-960,094.83		-33,908.21
Translation difference of foreign exchange statement	-1,391,190.47	532,259.23				509,764.55	22,494.68	-881,425.92
Investment real estate measured at fair value	50,356,595.41							50,356,595.41
Other miscellaneous income	35,325,871.78	-609,135.29	-10,090.52		-171,209.17	-450,330.27	22,494.68	34,875,541.51

42. Surplus reserves

In RMB

Item	Opening balance	Increase	Decrease	Closing balance
Statutory surplus reserves	79,324,940.43			79,324,940.43
Total	79,324,940.43			79,324,940.43

43. Retained profit

In RMB

Item	Current period	Last period
Adjustment on retained profit of previous period	4,324,055,259.33	4,215,005,541.52
Total of retained profit at beginning of year adjusted (+ for increase, - for decrease)		2,521,701.04
Retained profit adjusted at beginning of year	4,324,055,259.33	4,217,527,242.56
Plus: Net profit attributable to owners of the parent	112,685,273.77	111,488,701.33
Common share dividend payable	53,693,711.35	
Adjustment to consolidation of entities under common control		24,107,813.58
Closing retained profit	4,383,046,821.75	4,304,908,130.31

44. Operational revenue and costs

In RMB

Item	Amount occurred in the current period		Occurred in previous period	
	Income	Cost	Income	Cost
Main business	1,523,656,283.61	1,238,697,976.76	1,500,250,618.47	1,201,118,172.57
Other businesses	89,407,031.69	20,817,865.84	68,528,216.51	7,523,630.61
Total	1,613,063,315.30	1,259,515,842.60	1,568,778,834.98	1,208,641,803.18

Income information:

In RMB

Contract classification	Segment 1-curtain wall	Segment 2 - rail transit division	Segment 3 - real estate segment	Segment 4 - new energy	Segment 5 - other segments	Total
Type of product	1,150,768,372.43	300,269,751.24	144,893,896.06	8,159,691.65	8,971,603.92	1,613,063,315.30
Including:						
Curtain wall system and materials	1,150,768,372.43					1,150,768,372.43
Subway screen door and service		300,269,751.24				300,269,751.24
Real estate lease and sales			144,893,896.06			144,893,896.06
PV power generation products				8,159,691.65		8,159,691.65
Others					8,971,603.92	8,971,603.92

Total	1,150,768,372.43	300,269,751.24	144,893,896.06	8,159,691.65	8,971,603.92	1,613,063,315.30

Information related to performance obligations:

The two businesses of the Company's curtain wall system and materials, subway screen doors and services are mainly the contracts corresponding to the engineering projects. Usually, a contract constitutes a single performance obligation and is a performance obligation performed within a certain period of time. The Company recognizes revenue according to the performance progress.

The sales of photovoltaic power generation products and real estate belong to contracts corresponding to commodity sales. Usually, a contract constitutes a single performance obligation and is a performance obligation at a certain point in time. Revenue is recognized when the customer obtains control of the relevant product.

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

The amount of revenue corresponding to the performance obligations that have been signed, but not yet performed or not yet performed at the end of the reporting period is RMB7,584,712,999.45, of which RMB2,254,431,606.27 is expected to be recognized in 2022 H2, and RMB4,021,981,724.01 is expected to be recognized in 2023, RMB1,308,299,669.17 is expected to be recognized in 2024 and beyond.

Top-5 projects in terms of income received and recognized in the reporting period:

In RMB

No.	Project name	Balanace
1	Fangda Town	96,524,719.40
2	Nanchang Fangda Center	8,715,726.75

45. Taxes and surcharges

In RMB

Item	Amount occurred in the current period	Occurred in previous period
City maintenance and construction tax	2,999,118.26	3,078,129.75
Education surtax	1,950,119.60	1,915,966.95
Property tax	6,877,755.11	2,864,691.90
Land using tax	661,851.40	751,644.13
Vehicle usage tax	14,640.00	51,320.40
Stamp tax	941,023.02	1,249,671.01
Land VAT	9,521,953.79	25,705,049.49
Others	237,493.38	237,220.25
Total	23,203,954.56	35,853,693.88

46. Sales expense

In RMB

Item	Amount occurred in the current period	Occurred in previous period
Labor costs	11,286,857.24	10,473,510.26
Sales agency fee	2,383,695.88	7,400,124.58

Entertainment expense	1,534,727.49	2,041,529.62
Travel expense	440,012.56	793,223.58
Advertisement and promotion fee	589,409.30	716,856.99
Amortization of right of use assets and lease fees	462,611.74	1,297,595.54
Others	6,598,791.57	2,712,074.24
Total	23,296,105.78	25,434,914.81

47. Management expense

In RMB

Item	Amount occurred in the current period	Occurred in previous period
Labor costs	51,258,947.78	42,525,730.63
Agencies	2,977,450.48	4,747,575.30
Depreciation and amortization	6,784,107.02	4,238,728.47
Office expense	4,110,000.28	3,742,123.03
Entertainment expense	2,079,903.87	2,159,401.56
Amortization of right of use assets and lease fees	2,678,867.12	1,171,537.38
Lawsuit	239,447.70	2,650,332.80
Travel expense	846,221.42	870,897.82
Others	3,218,305.90	7,396,126.94
Total	74,193,251.57	69,502,453.93

48. R&D cost

In RMB

Item	Amount occurred in the current period	Occurred in previous period
Labor costs	43,761,777.28	47,607,487.83
Material costs	22,539,028.06	23,898,889.12
Agencies	4,002,025.54	3,027,319.72
Depreciation costs	530,096.72	788,799.38
Amortization of intangible assets	495,249.97	507,608.85
Others	1,481,133.60	2,815,489.96
Total	72,809,311.17	78,645,594.86

49. Financial expense

In RMB

Item	Amount occurred in the current period	Occurred in previous period
Interest expense	50,244,714.46	46,707,567.90
Less: interest capitalization		3,070,467.85
Less: discount government subsidies	308,700.00	
Less: Interest income	19,918,179.96	6,976,161.44
Acceptant discount	11,494,770.87	5,472,503.74

Exchange gain/loss	-3,678,984.41	1,703,136.52
Commission charges and others	1,796,161.92	3,000,733.43
Total	39,629,782.88	46,837,312.30

50. Other gains

In RMB

Source	Amount occurred in the current period	Occurred in previous period
Government subsidies related to deferred income (related to assets)	283,322.58	206,250.66
Government subsidies related to deferred income (related to income)		95,060.00
Government subsidies directly included in current profits and losses (related to income)	5,945,520.73	5,791,459.18
Other items related to daily activities and included in other income	540,064.44	514,288.22
Total	6,768,907.75	6,607,058.06

51. Investment income

In RMB

Item	Amount occurred in the current period	Occurred in previous period
Gains from long-term equity investment measured by equity	-32,974.15	-452,893.65
Investment income from trading financial assets	2,382,310.79	2,953,049.83
Financial assets derecognised as a result of amortized cost	-1,859,057.85	-3,032,899.72
Interest income from debt investment during the holding period	3,454,345.45	
Others	651,054.19	
Total	4,595,678.43	-532,743.54

Others:

During the reporting period, the investment income generated by financial management was RMB2,382,310.79.

52. 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
Transactional financial assets	133,168.82	
Investment real estate measured at fair value	1,068,328.60	
Other non-current financial assets	-20,657.41	172,829.74
Total	1,180,840.01	172,829.74

53. Credit impairment loss

In RMB

Item	Amount occurred in the current period	Occurred in previous period
Bad debt loss of other receivables	-1,581,252.49	1,139,984.05
Bad debt loss of accounts receivable and notes receivable	26,597,550.83	18,713,432.01
Total	25,016,298.34	19,853,416.06

54. Assets impairment loss

In RMB

Item	Amount occurred in the current period	Occurred in previous period
Contract asset impairment loss	-27,659,612.75	3,466,913.89
Total	-27,659,612.75	3,466,913.89

55. Assets disposal gains

In RMB

Source	Amount occurred in the current period	Occurred in previous period
Gain and loss from disposal of fixed assets ("-" for loss)	-815,581.50	-2,027,304.03

56. 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	122,506.66	195,216.06	122,506.66
Payable account not able to be paid	115,354.80	539,817.35	115,354.80
Compensation received	4,887.00	36,000.00	4,887.00
Others	203,638.36	430,073.05	203,638.36
Total	446,386.82	1,201,106.46	446,386.82

57. Non-business expenses

In RMB

Item	Amount occurred in the current period	Occurred in previous period	Amount accounted into the current accidental gain/loss

Donation	2,338,000.00	3,127,302.00	2,338,000.00
Loss from retirement os damaged non-current assets	159,921.17	101,810.29	159,921.17
Penalty and overdue fine	79,324.94	54,643.82	79,324.94
Others	755.20	196,618.40	755.20
Total	2,578,001.31	3,480,374.51	2,578,001.31

58. 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	24,417,052.77	9,913,372.73
Deferred income tax expenses	-11,411,931.03	4,023,120.93
Total	13,005,121.74	13,936,493.66

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

In RMB

Item	Amount occurred in the current period
Total profit	127,369,982.54
Income tax expenses calculated based on the legal (or applicable) tax rates	31,842,495.63
Impacts of different tax rates applicable for some subsidiaries	-9,525,227.89
Impacts of income tax before adjustment	-313,266.86
Impact of non-taxable income	0.00
Impacts of non-deductible cost, expense and loss	638,681.52
Impacts of using deductible loss of unrecognized deferred income tax assets	-582,391.98
Deductible temporary difference and deductible loss of unrecognized deferred income tax assets	119,682.98
Profit and loss of associates and joint ventures calculated using the equity method	8,243.54
Taxation impact of R&D expense and (presented with “-”)	-9,183,095.20
Income tax expenses	13,005,121.74

59. Other miscellaneous income

See Note VII 41.

60. 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	1,798,697.05	3,844,284.17
Subsidy income	3,443,499.94	2,962,771.94
Retrieving of bidding deposits	28,957,397.39	29,885,356.39
Other operating accounts	67,415,733.82	55,055,405.87
Total	101,615,328.20	91,747,818.37

(2) Other cash paid related to operation

In RMB

Item	Amount occurred in the current period	Occurred in previous period
Oocket expenses	18,401,123.38	21,856,501.46
Bidding deposit paid	39,026,573.21	15,899,280.00
Net draft deposit net paid	181,744,397.40	144,928,637.13
Other trades	54,833,967.58	9,718,831.22
Total	294,006,061.57	192,403,249.81

(3) Other cash paid related to investment activities

In RMB

Item	Amount occurred in the current period	Occurred in previous period
Other cash paid for investment	0.00	1,323,355.15
Total	0.00	1,323,355.15

(4) Other cash paid related to financing activities

In RMB

Item	Amount occurred in the current period	Occurred in previous period
Discounted loan deposits such as bills of exchange and due repayment	604,311,403.85	228,210,000.00
Loan pledged by certificate of deposit		300,000,000.00
Repayment of principal and interest of lease liabilities	5,285,394.85	1,150,479.34
Total	609,596,798.70	529,360,479.34

61. 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	114,364,860.80	115,187,470.49
Plus: Asset impairment provision	2,643,314.41	-23,320,329.95
Fixed asset depreciation, gas and petrol depreciation, production goods depreciation	15,224,319.96	12,694,795.70
Depreciation of right to use assets	6,615,143.02	2,441,097.81
Amortization of intangible assets	2,228,550.37	2,110,624.27
Amortization of long-term amortizable expenses	1,578,076.52	1,095,936.19
Loss from disposal of fixed assets, intangible assets, and other long-term assets (“- “ for gains)	815,581.50	2,027,304.03
Loss from fixed asset discard (“- “ for gains)	159,921.17	101,810.29
Loss from fair value fluctuation (“- “ for gains)	-1,180,840.01	-172,829.74
Financial expenses (“- “ for gains)	61,739,485.33	50,128,451.89
Investment losses (“- “ for gains)	-6,454,736.28	-2,500,156.18
Decrease of deferred income tax asset (“- “ for increase)	-8,571,096.06	-108,813.53
Increase of deferred income tax asset (“- “ for increase)	-3,012,044.14	1,701,067.08
Decrease of inventory (“- “ for increase)	14,668,390.43	63,137,528.73
Decrease of operational receivable items (“- “ for increase)	-293,658,104.04	25,896,769.11
Increase of operational receivable items (“- “ for decrease)	-177,019,400.45	-851,232,377.90
Others	-36,722,215.57	99,887,106.71
Cash flow generated by business operations, net	-306,580,793.04	-500,924,545.00
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	593,918,013.39	587,299,086.12
Less: Initial balance of cash	892,251,071.59	1,028,386,529.73
Add: Ending balance of cash equivalents		
Less: Ending balance of cash equivalents		
Net increase in cash and cash equivalents	-298,333,058.20	-441,087,443.61

(2) Composition of cash and cash equivalents

In RMB

Item	Closing balance	Opening balance
I. Cash	593,918,013.39	892,251,071.59
Including: Cash in stock	791.52	3,192.76
Bank savings can be used at any time	581,005,538.43	875,884,674.10
Other monetary capital can be used at any time	12,911,683.44	16,363,204.73
III. Balance of cash and cash equivalents at end of term	593,918,013.39	892,251,071.59

62. Assets with restricted ownership or use rights

In RMB

Item	Closing book value	Reason
Monetary capital	437,397,096.43	Various deposits
Notes receivable	34,787,478.67	Bills endorsed or discounted but not yet due
Fixed assets	45,126,026.61	Loan by pledge
Account receivable	46,114,021.14	Loan by pledge
Investment real estate	3,303,793,976.13	Loan by pledge
Other non-current assets	311,792,353.94	Loan by pledge
Equity pledge	200,000,000.00	100% stake in Fangda Property Development held by the Company
Total	4,379,010,952.92	

63. Foreign currency monetary items

(1) Foreign currency monetary items

In RMB

Item	Closing foreign currency balance	Exchange rate	Closing RMB balance
Monetary capital			94,992,309.10
Including: USD	3,157,223.94	6.711400	21,189,392.75
Euro	1,319,925.99	7.008400	9,250,569.31
HK Dollar	48,857,539.37	0.855190	41,782,479.09
INR	23,962,527.45	0.085014	2,037,150.31
Vietnamese currency	203,260,060.00	0.000288	58,623.11
SGD	1,553,934.86	4.817000	7,485,304.22
AUD	2,858,119.04	4.614500	13,188,790.31
Account receivable			13,062,024.95
Including: USD	1,423,544.35	6.711400	9,553,975.55

AUD	582,762.90	4.614500	2,689,159.40
SGD	170,000.00	4.817000	818,890.00
Contract assets			90,661,307.08
Including: USD	8,884,839.82	6.711400	59,629,713.97
HK Dollar	186,368.80	0.855190	159,380.73
INR	124,460,153.97	0.085014	10,580,855.53
AUD	192,013.05	4.614500	886,044.22
Euro	2,768,864.88	7.008400	19,405,312.62
Other receivables			4,437,591.53
Including: USD	539,815.34	6.711400	3,622,916.67
HK Dollar	413,291.20	0.855190	353,442.50
INR	5,121,133.93	0.085014	435,368.08
AUD	5,605.00	4.614500	25,864.27
Account payable			8,325,030.55
Including: USD	1,178,768.59	6.711400	7,911,187.51
AUD	89,683.18	4.614500	413,843.03
Other payables			461,799.47
Including: USD	66,453.63	6.711400	445,996.89
HK Dollar	100.00	0.855190	85.52
Vietnamese currency	54,494,719.00	0.000288	15,717.06

(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

64. Hedging

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

Type	Hedged item	Hedging tools	Hedged risk
Cash flow hedging	Aluminum material purchase forward transaction	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

65. Government subsidy

(1) Government subsidy profiles

In RMB

Type	Amount	Item	Amount accounted into the current gain/loss
Major investment project prize from Industry and Trade Development Division of Dongguan Finance Bureau	1,480,952.90	Deferred earning	28,571.40
Distributed PV power generation project subsidy sponsored by Dongguan Reform and Development Commission	331,250.27	Deferred earning	12,499.98

Special subsidy for industrial transformation, upgrading and development	726,666.63	Deferred earning	40,000.02
National Industry Revitalization and Technology Renovation Project fund	5,224,119.20	Deferred earning	153,864.30
Enterprise informationization subsidy project of Shenzhen Small and Medium Enterprise Service Agency	348,000.00	Deferred earning	24,000.00
Energy saving and environmental protection metal curtain wall production technology transformation project	973,856.20	Deferred earning	13,071.90
VAT rebated into revenue	2,176,755.66	Other gains	2,176,755.66
Employment subsidy	953,585.98	Other gains	953,585.98
Discount subsidy	308,700.00	Financial expenses	308,700.00
Dongguan R&D subsidy	751,800.00	Other gains	751,800.00
Funding received from Shenzhen Science and Technology Innovation Commission for the cultivation of high-tech enterprises	1,000,000.00	Other gains	1,000,000.00
Subsidy for Multiplier Support Scheme for National High-tech Enterprises of Nanshan District Science and Technology Innovation Bureau of Shenzhen	100,000.00	Other gains	100,000.00
Hong Kong SAR epidemic subsidy	142,597.63	Other gains	142,597.63
Shanghai Songjiang District Enterprise Technology Center subsidy	200,000.00	Other gains	200,000.00
Others	637,314.55	Other gains/deferred gains	450,271.71
Total	15,355,599.02		6,355,718.58

VIII. Change to Consolidation Scope

1. Others

The scope of merger is not changed in the period.

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 Zhiyuan Technology	Shenzhen	Shenzhen	Production, processing and installation of		83.10%	Incorporation

			subway screen doors			
Fangda Jiangxi 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
Fangda Chengdu Technology	Chengdu	Chengdu	Trusted processing of building curtain wall materials		100.00%	Incorporation
Shihui International	Virgin Islands	Virgin Islands	Investment	100.00%		Incorporation
Fangda 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
Fangda Jiangxi Property Development	Nanchang	Nanchang	Real estate development and operation		100.00%	Incorporation
Fangda Luxin New Energy	Pingxiang	Pingxiang	Design and construction of PV power plants		100.00%	Incorporation
Fangda Xinjian New Energy	Nanchang	Nanchang	Design and construction of PV power plants		100.00%	Incorporation
Fangda Dongguan New Energy	Dongguan	Dongguan	Design and construction of PV power plants		100.00%	Incorporation
Kechuangyuan Software	Shenzhen	Shenzhen	Software development		83.10%	Incorporation
Fangda Zhichuang Technology Hong Kong	Hong Kong	Hong Kong	Metro screen door		83.10%	Incorporation
Fangda Hongjun Investment	Shenzhen	Shenzhen	Investment	98.00%	2.00%	Incorporation
Fangda Australia	Australia	Australia	Designing, manufacturing, and installation of curtain walls		100.00%	Incorporation
Fangda Yunzhi	Shenzhen	Shenzhen	Design, development and sales of cloud rail transport equipment		100.00%	Incorporation
Chengda Curtain Wall Company	Chengdu	Chengdu	Building decoration and other construction industry		100.00%	Incorporation
Fangda Southeast Asia	Vietnam	Vietnam	Designing, manufacturing, and installation of curtain walls		100.00%	Incorporation
Fangda Shanghai Zhijian	Shanghai	Shanghai	Intelligent technology, new energy, automated technology	30.00%	70.00%	Incorporation
Fangda Shanghai 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	Shenzhen	Shenzhen	Project investment and investment consultancy	99.00%	0.52%	Incorporation

Fangda Lifu Investment	Shenzhen	Shenzhen	Project investment and investment consultancy		52.00%	Incorporation
Fangda Xunfu Investment	Shenzhen	Shenzhen	Project investment and investment consultancy		100.00%	Incorporation
Fangda Jianke Hong Kong	Hong Kong	Hong Kong	Design, sale and installation of building curtain wall		100.00%	Incorporation
Fangda Yunzhu	Shenzhen	Shenzhen	Inspection, technical service and consultation of building safety and building energy saving system		100.00%	Consolidation of entities under common control
Fangda Yunzhu Testing	Shenzhen	Shenzhen	Inspection, technical service and consultation of building safety and building energy saving system		100.00%	Consolidation of entities under common control
General Metro Technology Co., Ltd	Singapore	Singapore	Production, processing and installation of subway screen doors		83.10%	Incorporation
Fangda Zhiyuan Technology Wuhan	Wuhan	Wuhan	Production, processing and installation of subway screen doors		83.10%	Incorporation
Fangda Zhiyuan Technology Nanchang	Nanchang	Nanchang	Production, processing and installation of subway screen doors		83.10%	Incorporation
Fangda Zhichuang Technology Dongguan	Dongguan	Dongguan	Production, processing and installation of subway screen doors		83.10%	Incorporation

(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%	-24,352.61		48,385,412.95
Fangda Zhiyuan Technology	5.96%	1,702,533.65		19,624,097.73

Others:

In May 20211 the Company's subsidiaries Fangda Construction Technology Co., Ltd. and Jiangxi Fangda New Material Co., Ltd. transfer 10.9375% of the equity of Fangda Zhiyuan Technology Co., Ltd. because the Company cannot unconditionally avoid performing its contractual obligations by delivering cash or other financial assets, the Company recognizes the contractual obligations as financial liabilities, and accordingly does not recognize minority shareholders' equity.

(3) Financial highlights of major non wholly owned subsidiaries

In RMB

Compa	Closing balance	Opening balance

ny	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	208,044,289.05	409,573.80	208,453,862.85	100,625,480.76	305,242.20	100,930,722.96	207,592,402.32	455,315.59	208,047,717.91	100,106,531.59	363,929.52	100,470,461.11
Fangda Zhiyuan Technology	759,551,314.56	72,475,038.85	832,026,353.41	482,688,726.25	20,074,242.51	502,762,968.76	725,006,361.40	84,470,444.42	809,476,805.82	485,329,720.83	23,847,519.22	509,177,240.05

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	82,951.18	-54,116.91	-54,116.91	-8,017.93	201,032.08	11,157.19	11,157.19	16,306.16
Fangda Zhiyuan Technology	300,269,751.24	28,566,000.91	28,963,818.88	-105,649,962.94	267,687,038.55	48,286,952.27	47,707,035.22	-122,774,779.41

2. Interests in joint ventures or associates

(1) Financial summary of insignificant joint ventures and associates

In RMB

	Closing balance/amount occurred in this period	Opening balance/amount occurred in previous period
Associate:		
Total book value of investment	55,185,971.99	55,218,946.14
Total shareholding		
Net profit	-32,974.15	-452,893.65
--Total of misc. incomes	-32,974.15	-452,893.65

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 Group's receivables, accounts receivable from top 5 customers account for 28.57% of the total accounts receivable (beginning of the period: 25.47%); among other receivables, other receivables from top 5 customers account for 63.91% of the total other receivables (beginning of the period: 69.41%).

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 June 30, 2022, the maturity of the Company's financial liabilities is as follows:

Amount: in RMB10,000

Item	June 30, 2022			
	Less than 1 year	Within 1-3 years	Over 3 years	Total
Short-term loans	162,289.11			162,289.11
Derivative financial liabilities	184.07			184.07
Notes payable	72,969.31			72,969.31
Account payable	123,914.67	5,650.10	198.14	129,762.91
Employees' wage payable	3,275.03			3,275.03
Other payables	7,455.22	639.31	3,332.69	11,427.23
Non-current liabilities due in 1 year	8,192.25			8,192.25
Other current liabilities	5,854.61			5,854.61
Long-term loans		21,150.00	108,700.00	129,850.00
Lease liabilities		1,583.18	0.56	1,583.74
Long-term payable		19,064.02		19,064.02
Total liabilities	384,134.27	48,086.61	112,231.39	544,452.28

Continued

	December 31, 2021			
Item	Less than 1 year	Within 1-3 years	Over 3 years	Total
Short-term loans	128,747.44			128,747.44
Derivative financial liabilities	1.19			1.19
Notes payable	84,944.53			84,944.53
Account payable	132,966.88	870.87	474.60	134,312.35
Employees' wage payable	6,907.10			6,907.10
Other payables	6,998.63	1,707.20	3,984.48	12,690.31
Non-current liabilities due in 1 year	7,841.86			7,841.86
Other current liabilities	4,809.84			4,809.84
Long-term loans	-	24,650.00	108,700.00	133,350.00
Lease liabilities	-	1,886.82	28.39	1,915.21
Long-term payable			18,364.02	18,364.02
Total liabilities	373,217.47	29,114.89	131,551.49	533,883.85

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 June 30, 2022, the Company's foreign currency financial assets and liabilities at the end of the period are listed in VII, item note 63 of consolidated financial statements and description of foreign currency monetary items.

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 June 30, 2022, if the loan interest rate calculated by floating interest rate increases or decreases by 50 basis points while other risk variables remain unchanged, the net profit of the Company in the current year will decrease or increase by RMB6,256,900 (December 31, 2021: RMB6,829,400).

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	--	--	--	--
(I) Transactional financial assets	1,768,884.99		32,133,168.82	33,902,053.81
1. Financial assets measured at fair value with variations accounted into current income account	1,768,884.99		32,133,168.82	33,902,053.81
(1) Derivative financial assets	1,768,884.99			1,768,884.99

(2) Investment of financial products			32,133,168.82	32,133,168.82
(2) Receivable financing			19,031,714.87	19,031,714.87
(3) Investment in other equity tools			14,180,652.65	14,180,652.65
(4) Investment real estate		5,753,349,305.19		5,753,349,305.19
1. Leased building		5,753,349,305.19		5,753,349,305.19
(5) Other non-current financial assets			7,504,750.83	7,504,750.83
Total assets measured at fair value continuously	1,768,884.99	5,753,349,305.19	72,850,287.17	5,827,968,477.35
(6) Transactional financial liabilities	1,840,691.89			1,840,691.89
1. Derivative financial liabilities	1,840,691.89			1,840,691.89
Total assets measured at fair value continuously	1,840,691.89			1,840,691.89
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 adopted are mainly the market comparison method and the income method, and the rent 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. Continuous third level fair value measurement items, adjustment information between opening and closing book values and sensitivity analysis of unobservable parameters

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

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	11.11%	11.11%
Shengjiu Investment Ltd.	Hong Kong	Industrial investment	HKD10,000	10.11%	10.11%

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 IX, 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	Affiliates of the Company

4. Other associates

Other related parties	Relationship with the Company
Jiangxi Business Innovative Property Joint Stock Co., Ltd.	Affiliates of the Company
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 Qijian Technology Co., Ltd. (Qijian Technology)	Common actual controller
Shenzhen Mingjiu Investment Co., Ltd	Common actual controller
Shenzhen Yingxiang Investment Co., Ltd	Company with significant influence of actual controllers
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	112,319.60	59,376.04

(2) Related leasing

The Company is the leasor:

In RMB

Name of the leasee	Category of asset for lease	Rental recognized in the period	Rental recognized in the period
Qijian Technology	Houses & buildings	434,285.70	482,580.65

(3) Related guarantees

The Company is the guarantor:

In RMB

Beneficiary party	Amount guaranteed	Start date	Due date	Completed or not
Fangda Jianke	500,000,000.00	July 27, 2021	June 1, 2023	No
Fangda Jianke	600,000,000.00	December 21, 2021	December 21, 2022	No
Fangda Jianke	240,000,000.00	March 9, 2022	March 2, 2023	No
Fangda Jianke	250,000,000.00	November 17, 2021	November 16, 2022	No
Fangda Jiangxi New Material	100,000,000.00	April 20, 2022	April 19, 2023	No

Fangda Jianke	150,000,000.00	May 23, 2022	May 7, 2024	No
Fangda Zhijian	70,000,000.00	June 1, 2022	June 15, 2024	No
Fangda Jianke	300,000,000.00	March 17, 2021	February 17, 2022	Yes
Fangda Jianke	300,000,000.00	January 29, 2021	January 28, 2022	No
Fangda Jianke	400,000,000.00	September 18, 2022	September 05, 2022	No
Fangda Jianke	300,000,000.00	August 18, 2021	August 17, 2022	No
Fangda Jianke	150,000,000.00	April 10, 2020	March 18, 2022	Yes
Fangda Jianke	480,000,000.00	December 17, 2021	December 16, 2022	No
Fangda Zhiyuan Technology	400,000,000.00	July 7, 2021	July 6, 2022	No
Fangda Zhiyuan Technology	150,000,000.00	March 9, 2022	March 2, 2023	No
Fangda Zhiyuan Technology	150,000,000.00	March 31, 2021	February 17, 2022	Yes
Fangda Zhiyuan Technology	200,000,000.00	January 29, 2021	January 28, 2022	No
Fangda Zhiyuan Technology	150,000,000.00	September 28, 2021	September 02, 2022	No
Fangda Zhiyuan Technology	100,000,000.00	April 10, 2020	March 18, 2022	Yes
Fangda Zhiyuan Technology	100,000,000.00	May 23, 2022	May 7, 2024	No
Fangda Zhiyuan Technology	50,000,000.00	August 12, 2021	August 7, 2022	No
Fangda Yunzhu	6,000,000.00	May 10, 2022	April 1, 2023	No
Kechuangyuan Software	10,000,000.00	September 30, 2021	September 30, 2022	No
Fangda Jiangxi New Material	65,000,000.00	July 30, 2021	July 29, 2022	No
Fangda Jiangxi New Material	100,000,000.00	May 26, 2021	April 12, 2022	Yes
Fangda Property	1,350,000,000.00	February 25, 2020	February 24, 2030	No
Fangda Property	470,000,000.00	December 16, 2020	December 16, 2030	No
Fangda Zhijian	35,000,000.00	June 3, 2021	March 18, 2023	Yes
Fangda Jianke and Fangda Zhiyuan Technology	140,000,000.00	December 18, 2019	For details, please refer to the following description of related party guarantee (2)	No

Note to related guarantees

The above-mentioned guarantees are all associated guarantees within interested entities of the Company.

① HSBC has a total credit of RMB 90 million to the Company, Fangda Jianke and Fangda Zhiyuan Technology 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 RMB90 million including revolving loans of up to RMB90 million, non-financial bank guarantees of up to RMB90 million and bank acceptances of up to RMB90 million.

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

(4) Remuneration of key management

In RMB

Item	Amount occurred in the current period	Occurred in previous period
Directors, supervisors and senior management	4,289,505.05	4,157,864.33

6. Receivable and payables due with related parties

(1) Receivable interest

In RMB

Project name	Affiliated party	Closing balance		Opening balance	
		Remaining book value	Bad debt provision	Remaining book value	Bad debt provision
Account receivable	Qijian Technology	4,403.43	44.03	4,194.54	41.95
Other receivables	Shenyang Fangda	42,877.00	42,877.00	42,877.00	42,877.00
Other receivables	Ganshang Joint Investment	3,791,089.25	75,821.79	3,791,089.25	56,487.23
Other receivables	Shenzhen Yikang Real Estate Co. Ltd.	70,062,675.83	1,401,253.52	70,062,675.83	1,043,933.87

(2) Receivable interest

In RMB

Project name	Affiliated party	Closing balance of book value	Opening balance of book value
Other payables	Shenzhen Yikang Real Estate Co. Ltd.	25,251,147.71	25,116,052.92
Other payables	Qijian Technology	400.00	400.00
Other payables	Ganshang Joint Investment	3,355.36	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 June 30, 2022, 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 June 30, 2022, Fangda Property has paid Party B and the project company RMB50 million of security deposit, RMB20 million of service fee, RMB61,937,200 of equity transfer and RMB73,062,800 of other related payments.

(3) In May 2021, the subsidiaries Fangda Jianke and Fangda Jiangxi New Material transferred 10.9375% of the total equity of Fangda Zhichuang Technology, with a transfer amount of RMB175 million. The agreement also stipulates that if Fangda Zhiyuan Technology fails to start and complete the qualified listing before May 31, 2025, the transferee has the right to require Fangda Jianke and Fangda Jiangxi New Material to repurchase or transfer all or part of the equity of Fangda Zhiyuan Technology held by the transferee.

As of June 30, 2022, the Company did not have other commitments that should be disclosed.

2. Contingencies

Significant contingencies on the balance sheet date:

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

① 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.

② In September 2021, Fangda Jianke sued Qianhai Junlin Industrial Development (Shenzhen) Co., Ltd. and Evergrande Real Estate Group (Shenzhen) Co., Ltd. for paying RMB7096421.00 yuan of project payment and overdue interest, and claimed the priority of project payment. In August 2022, the court ruled that Qianhai Junlin Industrial Development (Shenzhen) Co., Ltd. should pay the project payment of RMB7,096,421.00 and the interest on overdue payment to Fangda Construction Technology Co., Ltd., and supported the priority of the project payment, but did not support the shareholder Evergrande Real Estate Group (Shenzhen) Co., Ltd. to bear the joint and several liabilities. As of the disclosure date of this report, the judgment has not yet taken effect.

③ In October 2021, Fangda Jianke filed an arbitration with the arbitration court, requiring Zhuhai R&F Real Estate Co., Ltd. to pay RMB11,806,353.97 of the project funds and overdue interest, and claimed to enjoy the priority of the project funds. The Zhuhai International Arbitration Court accepted the case on October 26, 2021, with the case number of zzz (2021) No. 698. In January 2022, Fangda Jianke reached a settlement with Zhuhai R&F Real Estate Co., Ltd., signed a settlement agreement, and signed a housing mortgage agreement with the third party Hengxin International Optical Industry Co., Ltd. after the settlement, R&F paid RMB652,248.97 for the project; In May 2022, due to the failure of R&F and Hengxin to perform the house arrival agreement, Fangda Jianke filed an arbitration again, demanding payment of the remaining project funds and interests totaling RMB11,633,903.96. Zhuhai International Arbitration Court accepted the case in May 2022, with the case number of ZZCZ (2022) No. 283, and the hearing was completed on July 25, 2022. As of the disclosure date of this report, no ruling has been issued in this case.

④ In March 2022, Xiangheng Real Estate (Jinan) Co., Ltd. filed an arbitration with the Jinan Arbitration Commission, requesting Fangda Jianke to bear the deduction, maintenance, rectification and rework costs of RMB8,956,563.81 and lawyer's fees of RMB350,000.00 caused by the quality problems of the supply and installation of aluminum alloy doors and windows, louvers and curtain walls of Jinan Kerry comprehensive development project (phase I and II); In April 2022, Fangda Construction Technology Co., Ltd. filed an anti arbitration application, requiring Xiangheng Real Estate (Jinan) Co., Ltd. to pay a total of RMB18,062,462.28 for the project funds and project expenses. As of the date of this report, the two cases are under joint trial.

(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 payment of RMB10,242,182.99 to Fangda Jianke within 10 days from the date of the verdict 川 0108 民初 1828 号. 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 people's Court of Chenghua District of Chengdu made a judgment (2019)川 0108 民初 428 号 that Sichuan Chuanta Hengyuan Industrial Co., Ltd. shall pay interest to the Company within ten days from the date of the judgment (based on RMB6,013,841.23, from May 29, 2015 to the date of payment; based on RMB841,876.32, from May 28, 2015 to the date of payment; based on RMB841,876.32, from May 28, 2016 to the date of payment). The company has priority right to be paid for the discounted or auctioned price of project C of Sichuan Tower Project (Television Culture Plaza) within the scope of 7,697,4#*@$ Yuan. As of the date of this report, Fangda Jianke has not received relevant funds.

In November 2018, the Company's subsidiary, Fangda Jianke, sued Fujian Huapu Real Estate Development Co., Ltd. (hereinafter referred to as Huapu company) to the People's Court of Taijiang District, Fuzhou City for paying RMB13,810,243.67 of project payment and RMB373,380.16 of overdue interest, totaling RMB14,183,623.83. Case No.: (2019) Min 0103 Min Chu No. 4282. In April 2020, Huapu Company filed a counterclaim application to the court, requesting Fangda Jianke Company to pay a total of 12,746,000.00 yuan for the construction period and quality. In October 2021, the court ruled that Huapu should pay the project payment of RMB10,683,952.00 and overdue payment interest to Fangda Jianke, of which the project payment of RMB10,683,952.00 has the priority to be paid, and the judgment has come into force. As of the date of this report, Huapu has been applied for bankruptcy liquidation, and Fangda Jianke has declared priority creditor's rights.

In January 2022, Fangda Jianke filed a lawsuit against Chongqing Yongde Real Estate Co., Ltd. to the People's Court of Jiangbei District, Chongqing to pay RMB28,760,911.55 for the project and the interest on overdue payment, and claimed to enjoy the priority of the project payment. The case number is (2022)渝 0105 民初 227 号. In May 2022, the court ruled that Chongqing Yongde Real Estate Co., Ltd. should pay RMB28,760,911.55 of project funds and overdue payment interest to Fangda Jianke, and supported the priority right of compensation of project funds. The judgment has taken effect. As of the date of this report, Fangda Jianke has applied for execution and has not received the relevant funds. In the future, it will promote the judicial auction of the seized assets and prepare for bankruptcy application.

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

By June 30, 2022, the Company has provided loan guarantees for the following entities:

Name of guaranteed entity	Guarantee	Amount (in RMB10,000)	Term
Fangda Property	Guarantee and mortgage guarantee	91,000.00	2020/2/25-2030/02/24
Fangda Property	Guarantee	45,850.00	2021/03/18-2031/03/18
Kechuangyuan Software	Guarantee	1,000.00	2021/09/30-2022/09/30
Fangda Zhiyuan Technology	Guarantee	5,000.00	2021/08/12-2022/08/07
Fangda Jianke	Guarantee	3,000.00	2022/06/01-2023/06/01
Fangda Jianke	Guarantee	5,000.00	2022/03/17-2023/03/26

Notes:

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

② The Company's property business provides periodic mortgage guarantee for property purchasers. The term of the periodic guarantee lasts from the effectiveness of guarantee contracts to the completion of mortgage registration and transfer of housing ownership certificates to banks. As of June 30, 2022, the Company has undertaken the above phased guarantee amount of RMB35,265,600.

(4) Other contingent liabilities and their influences

As of June 30, 2022, the Company has no other contingencies to be disclosed.

3. Others

As of June 30, 2022, the Company has not revoked the letter of guarantee:

Currency	Guarantee balance (original currency)	Deposit (RMB)	Credit line used (RMB)
RMB yuan	777,924,532.56	-	777,924,532.56
INR	87,107,132.78	495,801.30	6,909,437.38
HKD (HKD)	15,349,982.00	15,000,000.00	-
United States Dollar (USD)	7,455,636.33	4,028,154.76	46,009,602.91
SGD	2,700,000.00	-	13,005,900.00
Euro (EUR)	3,771,764.01		26,434,030.89
Total	894,309,047.68	19,523,956.06	870,283,503.73

XIV. Post-balance-sheet events

1. Notes to other issues in post balance sheet period

The Company has no other issues in post balance sheet period that need to be disclosed on August 26, 2022 (report date approved by the Board of Directors).

XV. Other material events

1. Segment information

(1) Recognition basis and accounting policy for segment report

The Group divides its businesses into five reporting segments. The reporting segments are determined based on financial information required by routine internal management. The Group's management regularly review the operating results of the reporting segments to determine resource distribution and evaluate their performance.

The reporting segments are:

(1) Curtain wall segment, production and sales of curtain wall materials, construction curtain wall design, production and installation;

(2) Rail transport segment: assembly and processing of metro screen doors;

(3) Real estate segment: development and operating of real estate on land of which land use right is legally obtained by the Company; property management;

(4) New energy segment: photovoltaic power generation, photovoltaic power plant sales, photovoltaic equipment R & D, installation, and sales, and photovoltaic power plant engineering design and installation

(5) Others

The segment report information is disclosed based on the accounting policies and measurement standards used by the segments when reporting to the management. The policies and standards should be consistent with those used in preparing the financial statement.

(2) Financial information

In RMB

Item	Curtain wall	Rail transport	Real estate	New energy	Others	Offset between segments	Total
Turnover	1,152,781,762.78	300,269,751.24	148,989,153.73	8,501,022.57	14,705,232.50	12,183,607.52	1,613,063,315.30
Including: external transaction income	1,150,768,372.43	300,269,751.24	144,893,896.06	8,159,691.65	8,971,603.92		1,613,063,315.30
Inter-segment	2,013,390.34		4,095,257.66	341,330.92	5,733,628.59	12,183,607.52	0.00

transaction income							
Including: major business turnover	1,134,030,357.71	300,180,875.13	83,384,432.54	8,501,022.57	0.00	2,440,404.34	1,523,656,283.61
Operating cost	970,969,416.01	237,515,394.89	50,269,160.81	3,793,584.03	418,824.01	3,450,537.15	1,259,515,842.60
Including: major business cost	962,083,811.64	237,493,707.69	38,732,091.98	3,793,584.03	0.00	3,405,218.57	1,238,697,976.76
Operation cost	116,197,848.20	30,778,786.10	51,885,075.42	1,536,836.84	17,727,940.93	-5,919,388.18	224,045,875.67
Operating profit/(loss)	65,614,498.57	31,975,570.25	46,834,917.49	3,170,601.70	-3,441,532.44	14,652,458.55	129,501,597.03
Total assets	5,241,241,275.43	832,026,353.41	6,426,315,246.85	922,267,287.00	3,732,426,885.84	4,742,771,266.13	12,411,505,782.40
Total liabilities	3,609,633,890.15	502,762,968.76	3,735,917,549.65	812,657,687.52	1,388,459,854.39	3,289,375,400.53	6,760,056,549.94

Note: The financial information of the reportable segment should be disclosed in conjunction with the company's specific conditions including information on the main business income and the cost of the main business.

(3) Others

Since more than 90% of the Group's revenue comes from Chinese customer and 90% of the Group's assets are in China, no detailed regional information is needed.

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	811,162.00	100.00%	20,387.35	2.51%	790,774.65	595,366.68	100.00%	9,430.38	1.58%	585,936.30

debt provision is made by group										
Including:										
Portfolio 3. Others	811,162.00	100.00%	20,387.35	2.51%	790,774.65	595,366.68	100.00%	9,430.38	1.58%	585,936.30
Total	811,162.00	100.00%	20,387.35	2.51%	790,774.65	595,366.68	100.00%	9,430.38	1.58%	585,936.30

Provision for bad debts by combination: portfolio 3: Others business

In RMB

Name	Closing balance		
	Remaining book value	Bad debt provision	Provision rate
Less than 1 year	440,052.00	3,212.38	0.73%
1-2 years	222,666.00	4,675.99	2.10%
2-3 years	148,444.00	12,498.98	8.42%
Total	811,162.00	20,387.35	

Group recognition basis:

See 9. Financial Tools in V. Important Accounting Policies and Accounting Estimates for the recognition criteria and instructions for withdrawing bad debt reserves by portfolio

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

☐ Applicable ☑ Inapplicable

Account age

In RMB

Age	Closing balance
Within 1 year (inclusive)	440,052.00
1-2 years	222,666.00
2-3 years	148,444.00
Total	811,162.00

(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	9,430.38	10,956.97				20,387.35
Total	9,430.38	10,956.97				20,387.35

(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	751,933.30	92.70%	19,954.98
Total	751,933.30	92.70%	

2. Other receivables

In RMB

Item	Closing balance	Opening balance
Other receivables	1,821,626,998.78	1,276,731,665.95
Total	1,821,626,998.78	1,276,731,665.95

(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	150,699.54
Debt by Luo Huichi	12,992,291.48	12,992,291.48
Others	114,964.87	120,143.89
Accounts between related parties within the scope of consolidation	1,821,408,667.12	1,276,507,096.22
Total	1,834,666,623.01	1,289,770,231.13

2) Method of bad debt provision

In RMB

Bad debt provision	First stage	Second stage	Third stage	Total
	Expected credit losses in the next 12 months	Expected credit loss for the entire duration (no credit impairment)	Expected credit loss for the entire duration (credit impairment has occurred)	
Balance on January 1, 2022	3,396.70		13,035,168.48	13,038,565.18
Balance on January 1, 2022 in the current period				
Provision	1,059.05			1,059.05
Balance on June 30, 2022	4,455.75		13,035,168.48	13,039,624.23

Changes in book balances with significant changes in the current period

☐ Applicable ☑ Inapplicable

Account age

In RMB

Age	Closing balance
Within 1 year (inclusive)	1,821,631,454.53
Over 3 years	13,035,168.48
3-4 years	0.00
4-5 years	42,877.00
Over 5 years	12,992,291.48
Total	1,834,666,623.01

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	13,038,565.18	1,059.05				13,039,624.23
Total	13,038,565.18	1,059.05				13,039,624.23

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	Affiliated party payment	930,462,523.45	Less than 1 year	51.08%	0.00
Fangda Dongguan New Material	Affiliated party payment	358,077,558.80	Less than 1 year	19.66%	0.00
Fangda Jiangxi Property Development	Affiliated party payment	208,139,038.54	Less than 1 year	11.42%	0.00
Fangda Jianke	Affiliated party payment	205,841,633.15	Less than 1 year	11.30%	0.00
Fangda Hongjun Investment	Affiliated party payment	88,385,280.00	Less than 1 year	4.85%	0.00
Total		1,790,906,033.94		98.31%	0.00

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	1,196,831,253.00		1,196,831,253.00
Total	1,196,831,253.00		1,196,831,253.00	1,196,831,253.00		1,196,831,253.00

(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 Jiangxi New Material	74,496,600.00					74,496,600.00	
Fangda Property	198,000,000.00					198,000,000.00	
Shihui International	61,653.00					61,653.00	
Fangda New Energy	99,000,000.00					99,000,000.00	
Fangda Hongjun Investment	98,000,000.00					98,000,000.00	
Fangda Investment	235,323,000.00					235,323,000.00	
Total	1,196,831,253.00					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	14,705,232.50	418,824.01	12,068,999.58	89,904.13
Total	14,705,232.50	418,824.01	12,068,999.58	89,904.13

Income information:

In RMB

Contract classification	Segment 1 - other segments	Total
Including:		
Other businesses	14,705,232.50	14,705,232.50
Total	14,705,232.50	14,705,232.50

Information related to performance obligations:

Information related to performance obligations:

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 RMB27,691,651.94, of which RMB12,889,648.98 is expected to be recognized in 2022, and RMB8,412,900.45 is expected to be recognized in 2023, RMB6,389,102.51 is expected to be recognized in 2024 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		33,660,000.00
Investment gain of financial products	431,992.15	316,138.71
Total	431,992.15	33,976,138.71

XVII. Supplementary Materials

1. Detailed accidental gain/loss

☑ Applicable □ Inapplicable

In RMB

Item	Amount	Notes
Gain/loss of non-current assets	-815,581.50	
Government subsidies accounted into current gain/loss account, other than those closely related to the Company's common business, comply with the national policy and continues to enjoy at certain fixed rate or amount.	4,734,557.71	
Capital using expense charged to non-financial enterprises and accounted into the current income account	3,454,345.45	
Gain/loss from change of fair value of transactional financial asset and liabilities, and investment gains from disposal of transactional financial assets and liabilities and sellable financial assets, other than valid period value instruments related to the Company's common businesses	3,145,876.39	
Gain/loss from change of fair value of investment property measured at fair value in follow-up measurement	1,068,328.60	
Other non-business income and expenditures other than the	-2,131,614.49	

above		
Less: Influenced amount of income tax	1,815,756.39	
Influenced amount of minority shareholders' equity	72,457.02	
Total	7,567,698.75	--

Other gain/loss items satisfying the definition of non-recurring gain/loss account:

☐ Applicable ☑ Inapplicable

The Company has no other gain/loss items satisfying the definition of non-recurring gain/loss account

Circumstance that should be defined as recurrent profit and loss to Explanation Announcement of Information Disclosure No. 1 - Non-recurring gain/loss

☐ Applicable ☑ Inapplicable

2. Net income on asset ratio and earning per share

Profit of the report period	Weighted average net income/asset ratio	Earning per share	
		Basic earnings per share (yuan/share)	Diluted Earnings per share (yuan/share)
Net profit attributable to common shareholders of the Company	2.03%	0.10	0.10
Net profit attributable to the common owners of the PLC after deducting of non-recurring gains/losses	1.89%	0.10	0.10

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

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

☐ Applicable ☑ Inapplicable

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

☐ Applicable ☑ Inapplicable

(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