

CHINA FANGDA GROUP CO. , LTD.

2021 Financial Statements

August 2021

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.

Wednesday, June 30, 2021

In RMB

Item	Wednesday, June 30, 2021	Thursday, December 31, 2020
Current asset:		
Monetary capital	1,246,131,160.65	1,463,974,162.44
Settlement provision		
Outgoing call loan		
Transactional financial assets	132,493,708.09	14,382,896.04
Derivative financial assets	5,096,490.27	6,974,448.22
Notes receivable	117,929,830.31	207,165,063.97
Account receivable	446,412,912.08	616,952,136.19
Receivable financing	23,798,104.10	10,727,129.28
Prepayment	24,126,119.19	24,105,635.39
Insurance receivable		
Reinsurance receivable		
Provisions of Reinsurance contracts receivable		
Other receivables	168,599,288.27	162,282,396.88
Including: interest receivable	1,601,660.58	
Dividend receivable		
Repurchasing of financial assets		
Inventory	774,694,262.15	837,831,790.88
Contract assets	1,662,933,014.05	1,433,599,583.48
Assets held for sales		

Non-current assets due in 1 year	91,082,209.06	141,943,454.82
Other current assets	235,259,911.57	233,223,084.51
Total current assets	4,928,557,009.79	5,153,161,782.10
Non-current assets:		
Loan and advancement provided		
Debt investment		
Other debt investment		
Long-term receivables		
Long-term share equity investment	55,449,484.30	55,902,377.95
Investment in other equity tools	17,398,629.00	17,628,307.59
Other non-current financial assets	5,198,015.90	5,025,186.16
Investment real estate	5,646,194,098.44	5,634,648,416.52
Fixed assets	566,440,865.19	483,217,323.75
Construction in process	98,594,455.15	168,626,803.01
Productive biological assets		
Gas & petrol		
Use right assets	25,764,982.77	
Intangible assets	76,541,048.06	77,201,610.87
R&D expense		
Goodwill		
Long-term amortizable expenses	7,008,249.85	4,581,487.32
Deferred income tax assets	186,758,149.49	186,649,335.96
Other non-current assets	107,305,323.12	104,817,688.85
Total of non-current assets	6,792,653,301.27	6,738,298,537.98
Total of assets	11,721,210,311.06	11,891,460,320.08
Current liabilities		
Short-term loans	1,174,631,199.75	1,048,250,327.62
Loans from Central Bank		
Call loan received		
Transactional financial liabilities		
Derivative financial liabilities		915,234.93
Notes payable	684,298,609.74	866,224,515.42
Account payable	1,127,961,009.14	1,282,847,988.91
Prepayment received	3,726,440.79	1,544,655.62

Contract liabilities	166,915,485.03	265,487,113.12
Selling of repurchased financial assets		
Deposit received and held for others		
Entrusted trading of securities		
Entrusted selling of securities		
Employees' wage payable	26,879,789.78	60,894,196.78
Taxes payable	36,203,828.98	360,325,524.42
Other payables	158,525,255.26	153,635,067.86
Including: interest payable		
Dividend payable		6,000,000.00
Fees and commissions payable		
Reinsurance fee payable		
Liabilities held for sales		
Non-current liabilities due in 1 year	119,496,617.91	103,359,833.57
Other current liabilities	36,713,615.23	107,688,425.69
Total current liabilities	3,535,351,851.61	4,251,172,883.94
Non-current liabilities:		
Insurance contract provision		
Long-term loans	1,484,161,462.35	1,099,411,462.35
Bond payable		
Including: preferred stock		
Perpetual bond		
Lease liabilities	24,619,179.70	
Long-term payable		
Long-term employees' wage payable		
Anticipated liabilities	30,000,528.43	33,425,500.13
Deferred earning	8,843,181.51	9,168,492.17
Deferred income tax liabilities	1,039,785,167.05	1,038,084,099.97
Other non-current liabilities		
Total of non-current liabilities	2,587,409,519.04	2,180,089,554.62
Total liabilities	6,122,761,370.65	6,431,262,438.56

Owner's equity:		
Share capital	1,073,874,227.00	1,088,278,951.00
Other equity tools		
Including: preferred stock		
Perpetual bond		
Capital reserves	122,211,372.31	20,459,588.40
Less: Shares in stock		42,748,530.12
Other miscellaneous income	2,076,706.89	2,078,167.63
Special reserves		
Surplus reserve		106,783,436.96
Common risk provisions		
Retained profit	4,304,908,130.31	4,217,527,242.56
Total of owner's equity belong to the parent company	5,503,070,436.51	5,392,378,856.43
Minor shareholders' equity	95,378,503.90	67,819,025.09
Total of owners' equity	5,598,448,940.41	5,460,197,881.52
Total of liabilities and owner's interest	11,721,210,311.06	11,891,460,320.08

Legal representative: XiongJianming

CFO: Lin Keping

Accounting Manager: Wu Bohua

2. Balance Sheet of the Parent Company

In RMB

Item	Wednesday, June 30, 2021	Thursday, December 31, 2020
Current asset:		
Monetary capital	104,169,224.51	204,828,995.78
Transactional financial assets		
Derivative financial assets		
Notes receivable		
Account receivable	888,385.48	885,849.08
Receivable financing		
Prepayment	291,635.93	1,323,361.34
Other receivables	1,624,397,140.22	1,156,802,204.91
Including: interest receivable		
Dividend receivable		
Inventory		

Contract assets		
Assets held for sales		
Non-current assets due in 1 year		
Other current assets	1,171,313.27	1,071,138.13
Total current assets	1,730,917,699.41	1,364,911,549.24
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	16,392,331.44	16,392,331.44
Other non-current financial assets	30,000,001.00	30,000,001.00
Investment real estate	330,957,456.00	334,498,436.00
Fixed assets	69,799,553.04	65,157,481.98
Construction in process		
Productive biological assets		
Gas & petrol		
Use right assets		
Intangible assets	1,366,852.92	1,521,975.72
R&D expense		
Goodwill		
Long-term amortizable expenses	450,845.25	687,202.16
Deferred income tax assets	28,784,112.10	26,592,617.26
Other non-current assets		
Total of non-current assets	1,674,582,404.75	1,671,681,298.56
Total of assets	3,405,500,104.16	3,036,592,847.80
Current liabilities		
Short-term loans	490,203,611.11	491,503,263.89
Transactional financial liabilities		
Derivative financial liabilities		
Notes payable		
Account payable	606,941.85	606,941.85
Prepayment received	868,632.74	927,674.32
Contract liabilities		

Employees' wage payable	1,256,126.64	3,440,073.04
Taxes payable	826,759.56	2,993,196.12
Other payables	374,408,006.97	28,068,648.70
Including: interest payable		
Dividend payable		
Liabilities held for sales		
Non-current liabilities due in 1 year		
Other current liabilities		
Total current liabilities	868,170,078.87	527,539,797.92
Non-current liabilities:		
Long-term loans		
Bond payable		
Including: preferred stock		
Perpetual bond		
Lease liabilities		
Long-term payable		
Long-term employees' wage payable		
Anticipated liabilities		
Deferred earning		
Deferred income tax liabilities	74,187,186.84	73,837,511.85
Other non-current liabilities		
Total of non-current liabilities	74,187,186.84	73,837,511.85
Total liabilities	942,357,265.71	601,377,309.77
Owner's equity:		
Share capital	1,073,874,227.00	1,088,278,951.00
Other equity tools		
Including: preferred stock		
Perpetual bond		
Capital reserves	360,835.52	360,835.52
Less: Shares in stock		42,748,530.12
Other miscellaneous income	1,137,972.98	-371,129.71
Special reserves		
Surplus reserve	78,439,630.84	106,783,436.96

Retained profit	1,309,330,172.11	1,282,911,974.38
Total of owners' equity	2,463,142,838.45	2,435,215,538.03
Total of liabilities and owner's interest	3,405,500,104.16	3,036,592,847.80

3. Consolidated Income Statement

In RMB

Item	H1 2021	H1 2020
1. Total revenue	1,568,778,834.98	1,256,258,223.01
Incl. Business income	1,568,778,834.98	1,256,258,223.01
Interest income		
Insurance fee earned		
Fee and commission received		
2. Total business cost	1,464,915,772.96	1,161,656,553.71
Incl. Business cost	1,208,641,803.18	972,247,913.86
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	35,853,693.88	7,589,822.75
Sales expense	25,434,914.81	21,243,542.31
Administrative expense	69,502,453.93	63,196,975.88
R&D cost	78,645,594.86	52,496,161.25
Financial expenses	46,837,312.30	44,882,137.66
Including: interest cost	43,637,100.05	43,164,977.83
Interest income	6,976,161.44	6,956,602.08
Add: other gains	6,607,058.06	6,214,112.77
Investment gains ("-" for loss)	-532,743.54	-642,178.57
Incl. Investment gains from affiliates and joint ventures	-452,893.65	-375,202.09

Financial assets derecognised as a result of amortized cost	-3,032,899.72	-2,255,794.10
Exchange gains ("-" for loss)		
Net open hedge gains (" - " for loss)		
Gains from change of fair value (" - " for loss)	172,829.74	50,384.90
Credit impairment ("-" for loss)	19,853,416.06	54,670,793.32
Investment impairment loss ("-" for loss)	3,466,913.89	20,219,822.04
Investment gains ("-" for loss)	-2,027,304.03	-1,981.72
3. Operational profit ("-" for loss)	131,403,232.20	175,112,622.04
Plus: non-operational income	1,201,106.46	280,621.27
Less: non-operational expenditure	3,480,374.51	5,275,868.33
4. Gross profit ("-" for loss)	129,123,964.15	170,117,374.98
Less: Income tax expenses	13,936,493.66	22,259,131.92
5. Net profit ("-" for net loss)	115,187,470.49	147,858,243.06
(1) By operating consistency		
1. Net profit from continuous operation ("-" for net loss)	115,187,470.49	147,858,243.06
2. Net profit from discontinuous operation ("-" for net loss)		
(2) By ownership		
1. Net profit attributable to the owners of parent company	111,488,701.33	147,784,781.12
2. Minor shareholders' equity	3,698,769.16	73,461.94
6. After-tax net amount of other misc. incomes	-24,854.15	940,933.00
After-tax net amount of other misc. incomes attributed to parent's owner	-1,460.74	940,933.00
(1) Other misc. incomes that cannot be re-classified into gain and loss	-229,678.59	-520,143.59
1. Re-measure the change in the defined benefit plan		
2. Other comprehensive income that cannot be transferred to profit or loss under the equity method		

3. Fair value change of investment in other equity tools	-229,678.59	-520,143.59
4. Fair value change of the Company's credit risk		
5. Others		
(2) Other misc. incomes that will be re-classified into gain and loss	228,217.85	1,461,076.59
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	-785,690.88	1,625,577.36
6. Translation difference of foreign exchange statement	-495,193.96	-164,500.77
7. Others	1,509,102.69	
After-tax net of other misc. income attributed to minority shareholders	-23,393.41	
7. Total of misc. incomes	115,162,616.34	148,799,176.06
Total of misc. incomes attributable to the owners of the parent company	111,487,240.59	148,725,714.12
Total misc gains attributable to the minor shareholders	3,675,375.75	73,461.94
8. Earnings per share:		
(1) Basic earnings per share	0.10	0.13
(2) Diluted earnings per share	0.10	0.13

Net profit contributed by entities merged under common control in the report period was RMB17,512.89, net profit realized by parties merged during the previous period is RMB1,049,885.06.

Legal representative: XiongJianming

CFO: Lin Keping

Accounting Manager: Wu Bohua

4. Income Statement of the Parent Company

In RMB

Item	H1 2021	H1 2020
1. Turnover	12,068,999.58	12,719,395.10
Less: Operation cost	89,904.13	151,219.77
Taxes and surcharges	664,469.85	677,865.78
Sales expense		
Administrative expense	13,509,831.81	11,316,043.39
R&D cost		
Financial expenses	7,575,722.85	14,753,727.62
Including: interest cost	7,449,236.11	15,820,677.77
Interest income	407,702.78	1,914,893.50
Add: other gains	85,100.49	295,818.89
Investment gains (“-” for loss)	33,976,138.71	338,561.17
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)	-3,239.44	-2,277.86
Investment impairment loss (“-” for loss)		
Investment gains (“-” for loss)	-460.17	
2. Operational profit (“-” for loss)	24,286,610.53	-13,547,359.26
Plus: non-operational income	32,837.61	51,867.26
Less: non-operational expenditure	101,429.05	1,008.00
3. Gross profit (“-” for loss)	24,218,019.09	-13,496,500.00
Less: Income tax expenses	-2,200,178.64	-3,313,543.54
4. Net profit (“-” for net loss)	26,418,197.73	-10,182,956.46
(1) Net profit from continuous operation (“-” for net loss)	26,418,197.73	-10,182,956.46
(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	27,927,300.42	-10,182,956.46
7. Earnings per share:		
(1) Basic earnings per share		
(2) Diluted earnings per share		

5. Consolidated Cash Flow Statement

In RMB

Item	H1 2021	H1 2020
1. Net cash flow from business operations:		
Cash received from sales of products and providing of services	1,573,340,053.10	1,154,804,074.94
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	16,480,293.15	3,703,306.32
Other cash received from business operation	91,747,818.37	213,986,261.22
Sub-total of cash inflow from business operations	1,681,568,164.62	1,372,493,642.48
Cash paid for purchasing products and services	1,361,468,797.85	996,468,687.27
Net increase of client trade and advance		
Net increase of savings in central bank and brother company		

Cash paid for original contract claim		
Net increase in funds dismantled		
Cash paid for interest, processing fee and commission		
Cash paid for policy dividend		
Cash paid to and for the staff	196,896,028.86	168,329,630.62
Taxes paid	431,724,633.10	69,056,612.37
Other cash paid for business activities	192,403,249.81	277,565,976.54
Sub-total of cash outflow from business operations	2,182,492,709.62	1,511,420,906.80
Cash flow generated by business operations, net	-500,924,545.00	-138,927,264.32
2. Cash flow generated by investment:		
Cash received from investment recovery	2,224,594,891.08	2,516,455,357.62
Cash received as investment profit	2,754,435.58	9,253,861.27
Net cash retrieved from disposal of fixed assets, intangible assets, and other long-term assets	332,717.49	
Net cash received from disposal of subsidiaries or other operational units		
Other investment-related cash received		250.00
Sub-total of cash inflow generated from investment	2,227,682,044.15	2,525,709,468.89
Cash paid for construction of fixed assets, intangible assets and other long-term assets	54,321,772.94	69,468,255.88
Cash paid as investment	2,167,460,000.00	2,516,610,000.00
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	2,348,493,228.09	2,586,078,255.88
Cash flow generated by investment activities, net	-120,811,183.94	-60,368,786.99

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	1,220,000,000.00	2,304,697,876.18
Other cash received from financing activities		
Subtotal of cash inflow from financing activities	1,220,000,000.00	2,304,697,876.18
Cash paid to repay debts	445,249,952.00	1,813,978,153.39
Cash paid as dividend, profit, or interests	64,069,929.56	128,588,570.23
Incl. Dividend and profit paid by subsidiaries to minority shareholders	4,560,100.00	
Other cash paid for financing activities	529,360,479.34	281,298,965.99
Subtotal of cash outflow from financing activities	1,038,680,360.90	2,223,865,689.61
Net cash flow generated by financing activities	181,319,639.10	80,832,186.57
4. Influence of exchange rate changes on cash and cash equivalents	-671,353.77	1,284,254.96
5. Net increase in cash and cash equivalents	-441,087,443.61	-117,179,609.78
Plus: Balance of cash and cash equivalents at the beginning of term	1,028,386,529.73	730,933,482.19
6. Balance of cash and cash equivalents at the end of the period	587,299,086.12	613,753,872.41

6. Cash Flow Statement of the Parent Company

In RMB

Item	H1 2021	H1 2020
1. Net cash flow from business operations:		
Cash received from sales of	10,393,331.14	8,683,073.96

products and providing of services		
Tax refunded		232,652.87
Other cash received from business operation	2,246,619,631.82	2,914,427,921.50
Sub-total of cash inflow from business operations	2,257,012,962.96	2,923,343,648.33
Cash paid for purchasing products and services	342,534.67	406,441.27
Cash paid to and for the staff	10,905,880.26	9,739,820.05
Taxes paid	3,555,895.62	793,263.98
Other cash paid for business activities	2,367,856,652.84	2,553,029,078.24
Sub-total of cash outflow from business operations	2,382,660,963.39	2,563,968,603.54
Cash flow generated by business operations, net	-125,648,000.43	359,375,044.79
2. Cash flow generated by investment:		
Cash received from investment recovery	382,800,000.00	562,800,000.00
Cash received as investment profit	33,976,138.71	338,561.17
Net cash retrieved from disposal of fixed assets, intangible assets, and other long-term assets		
Net cash received from disposal of subsidiaries or other operational units		
Other investment-related cash received		
Sub-total of cash inflow generated from investment	416,776,138.71	563,138,561.17
Cash paid for construction of fixed assets, intangible assets and other long-term assets	239,020.66	48,767.89
Cash paid as investment	382,800,000.00	562,800,000.00
Net cash paid for acquiring subsidiaries and other operational units		
Other cash paid for investment		
Subtotal of cash outflows	383,039,020.66	562,848,767.89
Cash flow generated by investment	33,737,118.05	289,793.28

activities, net		
3. Cash flow generated by financing activities:		
Cash received from investment		
Cash received from borrowed loans	300,000,000.00	500,000,000.00
Other cash received from financing activities		
Subtotal of cash inflow from financing activities	300,000,000.00	500,000,000.00
Cash paid to repay debts	300,000,000.00	810,000,000.00
Cash paid as dividend, profit, or interests	8,748,888.89	71,233,278.75
Other cash paid for financing activities		99,998,965.99
Subtotal of cash outflow from financing activities	308,748,888.89	981,232,244.74
Net cash flow generated by financing activities	-8,748,888.89	-481,232,244.74
4. Influence of exchange rate changes on cash and cash equivalents		-78,890.92
5. Net increase in cash and cash equivalents	-100,659,771.27	-121,646,297.59
Plus: Balance of cash and cash equivalents at the beginning of term	204,578,995.78	175,341,953.63
6. Balance of cash and cash equivalents at the end of the period	103,919,224.51	53,695,656.04

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

Amount of the Current Term

In RMB

Item	H1 2021														
	Owners' Equity Attributable to the Parent Company												Minor shareh olders' equity	Total of owners', equity	
	Share capita l	Other equity tools			Capital reserve s	Less: Shares in stock	Other miscell aneous incom e	Specia l reserve s	Surplu s reserve	Comm on risk provisi ons	Retain ed profit	Others			Subtot al
		Prefe rred share	Perpe tual bond	Other s											

1. Balance at the end of last year	1,088,278,951.00				11,459,588.40	42,748,530.12	2,078,167.63		106,783,436.96		4,215,005,541.52		5,380,857,155.39	66,538,836.09	5,447,395,991.48
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	-1,460,747.74		-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							-1,460,747.74				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 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. 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		5,503,070.43	95,378,503.90	5,598,448.94

Amount of the Previous Term

In RMB

Item	H1 2020														
	Owners' Equity Attributable to the Parent Company													Minor shareholders' equity	Total of owners' equity
	Share capital	Other equity tools			Capital reserves	Less: Shares in stock	Other miscellaneous income	Special reserves	Surpluses reserve	Common risk provisions	Retained profit	Others	Subtotal		
		Preferred share	Perpetual bond	Others											
1. Balance at the end of last year	1,123,384,189.00				1,454,191.59		-475,409.25		159,805,930.34		3,898,626,177.99		5,182,795,079.67	48,410,009.60	5,231,205,089.27
Plus: Changes in accounting policies															
Correction of previous errors															
Consolidation of entities under common					9,000,000.00						9,026,682.67		18,026,682.67	2,002,964.74	20,029,647.41

control															
Others															
2. Balance at the beginning of current year	1,123,384,189.00				10,454,191.59		-475,409.25		159,805,930.34		3,907,652,860.66		5,200,821,762.34	50,412,974.34	5,251,234,736.68
3. Change amount in the current period (" - " for decrease)	-35,105,238.00						940,933.00		-64,280,649.28		93,370,833.57		-5,074,120.71	73,461.94	-5,000,658.77
(1) Total of misc. incomes							940,933.00				147,784,781.12		148,725,714.12	73,461.94	148,799,176.06
(2) Investment or decreasing of capital by owners	-35,105,238.00								-64,280,649.28				-99,385,887.28		-99,385,887.28
1. Common shares invested by owners	-35,105,238.00								-64,280,649.28				-99,385,887.28		-99,385,887.28
2. Capital contributed by other equity instrument holders															
3. Amount of shares paid and accounted as owners' equity															
4. Others															
(3) Profit allotment											-54,413,947.55		-54,413,947.55		-54,413,947.55
1. Provision of surplus reserves															
2. Common risk provision															
3. Distribution											-54,413,947.55		-54,413,947.55		-54,413,947.55

to owners (or shareholders)											3,947.55		3,947.55		,947.55
4. Others															
(4) Internal carry-over of owners' equity															
1. Capitalizing of capital reserves (or share capital)															
2. Capitalizing of surplus reserves (or share capital)															
3. Surplus reserves used to cover losses															
4. Retained gain transferred due to change in set benefit program															
5. Other miscellaneous income															
6. Others															
(5) Special reserves															
1. Provided this year															
2. Used this period															
(6) Others															
4. Balance at the end of this period	1,088,278,951.00				10,454,191.59		465,523.75		95,525,281.06		4,001,023,694.23		5,195,747,641.63	50,486,436.28	5,246,234,077.91

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

Amount of the Current Term

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			0.00
1. Common shares invested by owners	-14,404,724.00					-42,748,530.12			-28,343,806.12			0.00
2. Capital contributed by other equity instrument holders												0.00
3. Amount of												0.00

shares paid and accounted as owners' equity												
4. Others												0.00
(3) Profit allotment												0.00
1. Provision of surplus reserves												0.00
2. Distribution to owners (or shareholders)										0.00		0.00
3. Others												0.00
(4) Internal carry-over of owners' equity												0.00
1. Capitalizing of capital reserves (or share capital)												0.00
2. Capitalizing of surplus reserves (or share capital)												0.00
3. Surplus reserves used to cover losses												0.00
4. Retained gain transferred due to change in set benefit program												0.00
5. Other miscellaneous income												0.00
6. Others												0.00
(5) Special reserves												0.00
1. Provided this year												0.00
2. Used this period												0.00

(6) Others												0.00
4. Balance at the end of this period	1,073,874,227.00				360,835.52		1,137,972.98		78,439,630.84	1,309,330,172.11		2,463,142,838.45

Amount of the Previous Term

In RMB

Item	H1 2020											
	Share capital	Other equity tools			Capital reserves	Less: Shares in stock	Other miscellaneous income	Special reserves	Surplus reserve	Retained profit	Others	Total of owners' equity
		Preferred share	Perpetual bond	Others								
1. Balance at the end of last year	1,123,384,189.00				360,835.52		1,287,629.38		159,805,930.34	1,236,002,518.79		2,520,841,103.03
Plus: Changes in accounting policies												0.00
Correction of previous errors												0.00
Others												0.00
2. Balance at the beginning of current year	1,123,384,189.00				360,835.52	0.00	1,287,629.38		159,805,930.34	1,236,002,518.79		2,520,841,103.03
3. Change amount in the current period ("—" for decrease)	-35,105,238.00								-64,280,649.28	-64,596,904.01		-163,982,791.29
(1) Total of misc. incomes										-10,182,956.46		-10,182,956.46
(2) Investment or decreasing of capital by owners	-35,105,238.00								-64,280,649.28			-99,385,887.28
1. Common shares invested by owners	-35,105,238.00								-64,280,649.28			-99,385,887.28

2. Capital contributed by other equity instrument holders												0.00
3. Amount of shares paid and accounted as owners' equity												0.00
4. Others												0.00
(3) Profit allotment										-54,413,947.55		-54,413,947.55
1. Provision of surplus reserves												0.00
2. Distribution to owners (or shareholders)										-54,413,947.55		-54,413,947.55
3. Others												0.00
(4) Internal carry-over of owners' equity												0.00
1. Capitalizing of capital reserves (or share capital)												0.00
2. Capitalizing of surplus reserves (or share capital)												0.00
3. Surplus reserves used to cover losses												0.00
4. Retained gain transferred due to change in set benefit program												0.00
5. Other miscellaneous income												0.00
6. Others												0.00

(5) Special reserves												0.00
1. Provided this year												0.00
2. Used this period												0.00
(6) Others												0.00
4. Balance at the end of this period	1,088,278,951.00				360,835.52		1,287,629.38		95,525,281.06	1,171,405,614.78		2,356,858,311.74

III. General Information

China Fangda Group Co., Ltd. (hereinafter referred to as "the Company") was approved in October 1995 by the General Office of the Shenzhen Municipal People's Government with the letter of Shenfu Office (1995) No. 194, in the original "Shenzhen Fangda Building Materials Co., Ltd." on the basis of the establishment of the fundraising method. The unified social credit code is: 91440300192448589C; registered address: Fangda Technology Building, Keji South 12th Road, South District, High-tech Industrial Park, Nanshan District, Shenzhen. Mr. XiongJianming 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 2016. According to the 2016 Annual Profit Allocation Scheme, which was approved by the 2016 Annual Shareholders' Congress, the Company has a total share capital of 789,094,836 shares as the basis and a capital reserve fund of 5 shares per 10 shares to all shareholders. The registered capital at the end of 2017 was RMB 1,183,642,254.00. The Company repurchased and cancelled 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 July-September 2020 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 Decoration, FangdaChuangzhi, Fangda New Material, Fangda Property and Fangda New Energy.

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

Date of financial statement approval: This financial statement is approved by the Board of Directors of the Company on August 16, 2021.

The Company in the current period includes a total of 28 subsidiaries, of which 1 have been added this year and 2 have been reduced this year. For details, please refer to "Note 6. Change of the scope of merger" and "Note 9. Rights and Interests in Other Subjects".

IV. Basis for the preparation of financial statements

1. Preparation basis

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

2. Continuous operation

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

V. Significant Account Policies and Estimates

Specific accounting policy and estimate prompt:

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

1. Statement of compliance to the Enterprise Accounting Standard

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

2. Fiscal Period

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

3. Operation period

Our normal business cycle is one year

4. Bookkeeping standard money

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

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

(1) Consolidation of entities under common control

The assets and liabilities acquired by the Company in a business combination are measured at the book value of the combined party in the consolidated financial statements of the ultimate controlling party on the date of combination. Among them, if the accounting policy adopted by the merger party is different from that adopted by the Company before the merger, the accounting policy is unified based on the principle of importance, that is, the book value of the assets and liabilities of the merger party is adjusted according to the accounting policy of the Company. If there is a difference between the book value of the net assets acquired by the Company in the business combination and the book value of the consideration paid, first adjust the balance of the capital reserve (capital premium or equity premium), the balance of the capital reserve (capital premium or equity premium). If it is insufficient to offset, the surplus reserve and undistributed profits will be offset in sequence.

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

(2) Consolidation of entities under different control

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

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

(3) Treatment of related transaction fee in enterprise merger

Agency expenses and other administrative expenses such as auditing, legal consulting, or appraisal services occurred relating to the merger of entities are accounted into current income account when occurred. The transaction fees of equity certificates or liability certificates issued by the purchaser for payment for the acquisition are accounted at the initial amount of the certificates.

6. Preparation of Consolidated Financial Statements

(1) Determination of consolidation scope

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

Control means the power possessed by the Company on invested entities to share variable returns by participating in related activities of the invested entities and to impact the amount of the returns by using the power. The subsidiary company is the subject controlled by the Company (including the enterprise, the divisible part of the invested unit and the structured subject controlled by the enterprise, etc.). The structured subject

is the subject which is not designed to determine the controlling party by taking the voting right or similar right as the decisive factor.

(2) Preparation of Consolidated Financial Statements

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

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

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

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

③ Offset the influence of internal transaction between parent company, subsidiary company and subsidiary company. 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. Subsidiaries or businesses added by business combinations not under the same control

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

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

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

② Disposal of subsidiaries or business

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

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

C. When the consolidated cash flow statement is prepared, the cash flow from the Beginning of the period of the subsidiary to the end of the reporting period is included in the consolidated cash flow statement.

(4) Special considerations in consolidation offsets

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

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

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

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

④ The unrealized internal transaction gains and losses incurred by the Company from selling assets to subsidiaries shall be fully offset against the "net profit attributable to the owners of the parent company". The unrealized internal transaction gains and losses arising from the sale of assets by the subsidiary to the Company shall be offset between the "net profit attributable to the owners of the parent company" and the "minority shareholder gains and losses" in accordance with the Company's distribution ratio to the subsidiary. The unrealized internal transaction gains and losses arising from the sale of assets between subsidiaries shall be offset between the "net profit attributable to the owners of the parent company" and the "minority shareholders' gains and losses" in accordance with the Company's distribution ratio to the seller's subsidiary.

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

(5) Accounting treatment of special transactions

① Purchase minority shareholders' equity

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

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

A. Enterprise merger under common control through multiple transactions

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

In consolidated financial statements, assets and liabilities obtained by the merging party from the merged party should be

measured at the book value in the final controlling party's consolidated financial statements other than the adjustment made due to differences in accounting policies; adjust the capital surplus (share premium) according to the difference between the initial investment cost and the book value of the held investment before merger plus the book value of the consideration paid on the merger date. Where the capital surplus falls short, the retained income should be adjusted.

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

B. Enterprise merger not under common control through multiple transactions

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

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

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

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

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

A. One transaction disposition

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

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

B. Multi-transaction step-by-step disposition

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

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

with the relevant provisions of "the parent company disposes of the long-term equity investment in the subsidiary without losing control."

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

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

- (a) These transactions were concluded at the same time or in consideration of mutual influence.
- (b) These transactions can only achieve the business result as a whole;
- (c) The effectiveness of one transaction depends the occurrence of at least another transaction;
- (d) A single transaction is not economic and is economic when considered together with other transactions.

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

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 items on balance sheet days

At the balance sheet date, foreign currency items are translated on the spot exchange rate of the balance sheet date. The exchange differences caused by the difference in exchange rates on the balance sheet date and initial recognizing date or previous balance sheet date are included in the current profits and losses. Non-monetary items accounted in foreign currency and on historical costs are exchanged with the spot exchange rate on the transaction date. Non-monetary items accounted in foreign currency and on fair value are exchanged with the spot exchange rate on the determination date of the fair value. The exchange difference between the accounting standard-currency amount and the original accounting standard-currency amount are included in the

current profits and losses.

(3) Foreign currency statement conversion method

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

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

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

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

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

When foreign operations are disposed of and the control rights are lost, the difference in foreign currency statements related to the overseas operations that are listed in the shareholders' equity items in the balance sheet is transferred to the profit or loss for the current period, either in whole or in proportion to the disposal of the foreign operations.

9. Financial instrument

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

(1) Recognition and de-recognition of financial instrument

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

Financial asset is derecognized when:

- ① The contractual right to receive the cash flows of the financial assets is terminated;
- ② The financial asset is transferred and meets the following derecognition condition.

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

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

(2) Classification and subsequent measurement of financial assets

At initial recognition, the Company classifies financial assets into the following three categories based on the business model of managing financial assets and the contractual cash flow characteristics of financial assets: financial assets measured at amortized cost are measured at fair value and their changes are included in other financial assets with current profit and loss and financial assets measured at fair value through profit or loss. Unless the Company changes the business model for managing financial assets, in this case, all affected financial assets are reclassified on the first day of the first reporting period after the business model changes, otherwise the financial assets may not be initially confirmed.

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

The subsequent measurement of financial assets depends on their classification:

① Financial assets measured at amortized cost

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

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

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

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

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

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

(3) Classification and measurement of financial liabilities

The Company classifies financial liabilities into financial liabilities measured at fair value and their

changes included in the current profit and loss, loan commitments and financial guarantee contract liabilities for loans below market interest rates, and financial liabilities measured at amortized cost.

The subsequent measurement of financial liabilities depends on their classification:

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

Such financial liabilities include transactional financial liabilities (including derivatives that are financial liabilities) and financial liabilities designated as at fair value through profit or loss. After the initial recognition, the financial liabilities are subsequently measured at fair value. Except for the hedge accounting, the gains or losses (including interest expenses) are recognized in profit or loss. However, for the financial liabilities designated as fair value and whose variations are included in the profits and losses of the current period, the variable amount of the fair value of the financial liability due to the variation of credit risk of the financial liability shall be included in the other consolidated income. When the financial liability is terminated, the cumulative gains and losses previously included in the other consolidated income shall be transferred out of the other consolidated income and shall be included in the retained income.

② Loan commitments and financial security contractual liabilities

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

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

③ Financial liabilities measured at amortized cost

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

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

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

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

(4) Derivative financial instruments and embedded derivatives

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

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

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

(5) Impairment of financial instruments

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

① Measurement of expected credit losses of accounts receivable

The expected credit loss refers to the weighted average of the credit losses of financial instruments that are weighted by the risk of default. Credit loss refers to the difference between all contractual cash flows receivable from the contract and all cash flows expected to be received by the Company at the original actual interest rate, that is, the present value of all cash shortages. Among them, the financial assets which have been purchased or born by the Company shall be discounted according to the actual rate of credit adjustment of the financial assets.

The expected lifetime credit loss is the expected credit loss due to all possible default events during the entire expected life of the financial instrument.

Expected credit losses in the next 12 months are expected to result from possible defaults in financial instruments within 12 months after the balance sheet date (or estimated duration of financial instruments if the expected duration is less than 12 months) Credit losses are part of the expected lifetime credit loss.

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

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

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

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

A Accounts receivable/contract assets

Where there is objective evidence of impairment, as well as other receivable instruments, receivables, other receivables, receivables financing and long-term receivables applicable to individual assessments, separate impairment tests are performed to confirm expected credit losses and prepare individual impairment. For notes receivable, accounts receivable, other receivables, financing of receivables, long-term receivables, and contract assets for which there is no objective evidence of impairment, or when individual financial assets cannot be assessed at a reasonable cost, the Company divides bills receivable, accounts receivable, other receivables, receivable financing, long-term receivables, and contract assets into several combinations based on credit risk characteristics, and calculates expected credit losses on the basis of the combination. The basis for determining the combination is as follows:

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

Notes Receivable Combination1 Commercial Acceptance Bill

Notes Receivable Combination1 Commercial Acceptance Bill

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

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

Accounts receivable combination 1 Accounts receivable business

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

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

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

② Continue to be involved in the transferred financial assets

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

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

(III) Continuing identification of transferred financial assets

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

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

(7) Deduction of financial assets and liabilities

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

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

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

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

(8) Recognition of fair value of Finance instruments

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

10. Notes receivable

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

11. Account receivable

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

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

12. Receivable financing

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

13. Other receivables

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

See Chapter 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) Valuation method for issuing inventory

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

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.

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

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

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

(5) Methods of amortization of swing materials

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

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

15. Contract assets

As of 1 January 2020

The Company presents contract assets or liabilities in the balance sheet according to the relationship between performance obligation and customer payment. The consideration for which the Company is entitled to

receive (subject to factors other than the passage of time) for the transfer of goods or the provision of services to customers is listed as contract assets. The Company's obligation to transfer goods or provide services to customers for consideration received or receivable from customers is listed as contractual liabilities.

For the determination method and accounting treatment method of the Company's expected credit loss of contract assets, see 9. Financial instruments in Chapter XII, 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

As of 1 January 2020

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

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

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

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

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

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

- ① The residual consideration expected to be obtained due to the transfer of goods or services related to the asset;
- ② The estimated cost to be incurred for the transfer of the relevant goods or services.

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

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

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

17. Long-term share equity investment

The Group's long-term equity investment includes control on invested entities and significant impacts on equity investment. Invested entities on which the Group has significant impacts are associates of the Group.

(1) Basis for recognition of common control and major influence on invested entities

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

Major influence refers to the power to participate in decision-making of financial and operation policies of a company, but cannot control or jointly control the making of the policies. When considering whether the Company can impose significant impacts on the invested entity, impacts of conversion of shares with voting rights held directly or indirectly by the investor and voting rights that can be executed in this period held by the investor and other party into shares of the invested entity should be considered.

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

(2) Initial investment cost determination

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 issued 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 recognizable 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 recognized after deduction. The unrealized internal transaction loss between the Company and the invested entity is the impairment loss of transferred assets and should not be written off.

Where substantial influence on invested entities is imposed or joint control is implemented due to increase

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

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

(4) Equity investment held for sale

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

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

(5) Impairment examination and providing of impairment provision

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

XVIII. Investment real estates

(1) Classification of investment real estate

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

- ① Leased land using right
- (2) the right to use the land that is transferred after holding and preparing for the increment.
- ③ Leased building

(2) Measurement of investment real estate

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

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

For investment real estate under construction (including investment real estate under construction for the first time), if the fair value cannot be reliably determined but the expected fair value of the real estate after completion is continuously and reliably obtained, the investment real estate under construction is measured by cost. When the fair value can be measured reliably or after completion (the earlier one), it is measured at fair

value. For an investment real estate whose fair value is proven unable to be obtained continuously and reliably by objective evidence, the real estate will be measured at cost basis until it is disposed and no residual value remains as assumed.

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

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

Type	Service year (year)	Residual rate %	Annual depreciation rate %
Houses & buildings	35-50	10	1.80-2.57

19. Fixed assets

(1) Recognition conditions

Fixed assets is defined as the tangible assets which are held for the purpose of producing goods, providing services, lease or for operation & management, and have more than one accounting year of service life. Fixed assets are recognized at the actual cost of acquisition when the following conditions are met: (1) The economic benefits associated with the fixed assets are likely to flow into the enterprise. (2) The cost of the fixed assets can be measured reliably. Overhaul cost generated by regular examination on fixed assets is recognized as fixed assets costs when there is evidence proving that it meets fix assets recognition conditions. If not, it will be accounted into the current gain/loss account.

(2) Depreciation method

Type	Depreciation method	Service year	Residual rate	Annual depreciation rate %
Houses & buildings	Average age	35-50	10%	1.8%-2.57%
Mechanical equipment	Average age	10	10%	9%
Transportation facilities	Average age	5	10%	18%
Electronics and other devices	Average age	5	10%	18%
PV power plants	Average age	20	5%	4.75%

(3) Recognition and pricing of financing leased fixed assets

See Chapter V, Important Accounting Policies and Accounting Estimates 33. Lease.

XX. Construction in process

- (1) Construction in progress is accounted for by project classification.
- (2) Standard and timing for transferring construction in process into fixed assets

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

XXI. Borrowing expenses

(1) Recognition principles for capitalization of borrowing expenses

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

(1) Asset expenditure has occurred;

② The borrowing expense has already occurred;

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

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

If the construction or production of assets satisfying the capitalizing conditions is suspended abnormally for over 3 months, capitalizing of borrowing expenses shall be suspended. During the normal suspension period, borrowing expenses will be capitalized continuously.

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

(2) Calculation of the capitalization amount of borrowing expense

Interest expenses generated by special borrowings less the interests income obtained from the deposit of unused borrowings or investment gains from temporary investment is capitalized; the capitalization amount for general borrowing is determined based on the capitalization rate which is the exceeding part of the accumulative assets expense over weighted average of the assets expense of the special borrowing/used general borrowing. If the assets that are constructed or produced under the condition of capitalization occupy the general borrowing, the interest amount to be capitalized in the general borrowing shall be calculated and determined by multiplying the capital rate of the general borrowing by the weighted average of the asset expenditure of the accumulated assets whose expenditure exceeds that of the specialized borrowing. The capitalization ratio is the weighted average interest rate of general borrowings.

22. Use right assets

See Chapter V, Important Accounting Policies and Accounting Estimates 33. Lease.

23. Intangible assets

(1) Pricing method, service life and depreciation test

(1) Pricing of intangible assets

Recorded at the actual cost of acquisition.

Amortization of intangible assets

① Useful life of intangible assets with limited useful life

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

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

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

③ Amortization of intangible assets

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

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

(2) Accounting policies for internal R&D expenses

Specific standard for distinguish between research and development stage

① The Company takes the information and related preparatory activities for further development activities as the research stage, and the intangible assets expenditure in the research stage is included in the current

profit and loss period.

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

Specific conditions for capitalization of expenditures in the development phase

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

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

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

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

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

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

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

26. Contract liabilities

See 15. Contract assets in Chapter V. Important Accounting Policies and Accounting Estimates for details.

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 Group's post-employment benefit plan is defined contribution plan. Defined contribution plans include basic endowment insurance, unemployment insurance, etc. During the accounting period when employees provide services

for them, the Company shall recognize the deposit amount calculated according to the defined deposit plan as liabilities and include it in the current profits and losses or related asset costs.

(3) Accounting of dismiss welfare

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

- ① An enterprise may not unilaterally withdraw the resignation benefits provided for by the dismissal plan or reduction proposal;
- ② When the enterprise recognizes the costs or expenses related to the reorganization involving the payment of resignation benefits.

(4) Accounting of other long-term staff welfare

28. Lease liabilities

See Chapter V, Important Accounting Policies and Accounting Estimates 33. Lease.

29. Anticipated liabilities

(1) Confirmation of projected liabilities

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

- ① This responsibility is a current responsibility undertaken by the Company;
- ② Execution of this responsibility may cause financial benefit outflow from the Company;
- ③ Amount of the liability can be reliably measured.

(2) Methods of measurement of projected liabilities

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

30. Revenue

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

As of 1 January 2020

(1) General principles

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

The Company has fulfilled the performance obligation in the contract, that is, the revenue is recognized

when the customer obtains the control right of relevant goods. To obtain the control right of the relevant commodity means to be able to dominate the use of the commodity and obtain almost all the economic benefits from it.

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

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

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

- ① When the customer performs the contract in the Company, he obtains and consumes the economic benefits brought by the Company's performance;
- ② Customers can control the goods under construction during the performance of the contract;
- ③ The goods produced by the Company in the process of performance have irreplaceable uses, and the Company has the right to collect money for the performance part that has been completed so far during the whole contract period.

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

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

- ① The Company has the right to receive payment for the goods or services, that is, the customer has the obligation to pay for the goods;
- ② The Company has transferred the legal ownership of the goods to the customer, that is, the customer has the legal ownership of the goods;
- ③ The Company has transferred the goods in kind to the customer, that is, the customer has possessed the goods in kind;
- ④ The Company has transferred the main risks and rewards of the ownership of the goods to the customer, that is, the customer has obtained the main risks and rewards of the ownership of the goods;
- ⑤ The product has been accepted by the customer.

Sales return clause

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

Warranty obligations

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

Customer consideration payable

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

Contractual rights not exercised by customers

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

Contract change

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

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

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

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

(2) Specific methods

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

① Commodity sales contract

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

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

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

② Service contract

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

③ Engineering contract

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

④ Real estate sales contract

The income of the Company's real estate development business is recognized when the control of the property is transferred to the customer. Based on the terms of the sales contract and the legal provisions applicable to the contract, the control of the property can be transferred within a certain period of time or at a certain point in time. Only if the goods produced by the Company during the performance of the contract have irreplaceable uses, and the Company has the right to collect payment for the cumulative performance part that has been completed during the entire contract period, the performance obligation has been completed during the contract period.

The progress is recognized as revenue within a period of time, and the progress of the completed performance obligations is determined in accordance with the ratio of the contract costs actually incurred to complete the performance obligations to the estimated total cost of the contract. Otherwise, the income is recognized when the customer obtains the physical ownership or legal ownership of the completed property and the Company has obtained the current right of collection and is likely to recover the consideration. When confirming the contract transaction price, if the financing component is significant, the Company will adjust the contract commitment consideration according to the financing component of the contract.

31. Government subsidy

(1) Recognition of government subsidies

Government subsidies are recognized when the following conditions are met:

- ① Requirements attached to government subsidies;
- ② The Company can receive government subsidies.

(2) Recognition of government subsidies

When a government subsidy is monetary capital, it is measured at the received or receivable amount. None monetary capital are measured at fair value; if no reliable fair value available, recognized at RMB1.

(3) Recognition of government subsidies

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.

④ Temporary 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) The Company as lessee

The Company recognizes the right to use assets and lease liabilities for the lease on the beginning date of the lease term. The right of use assets are initially measured at cost, including the initial measurement amount of lease liabilities, the lease payment paid on or before the beginning of the lease term (deducting the amount related to the enjoyed lease incentives), the initial direct expenses incurred, and the costs incurred for dismantling and removing the leased assets, the estimated cost of restoring the site where the leased asset is located or restoring the leased asset to the state agreed in the lease terms.

The Company depreciates the right of use assets using the straight-line method. If it can be reasonably determined that the ownership of the leased asset is obtained at the expiration of the lease term, the Company shall accrue depreciation within the remaining service life of the leased asset. Otherwise, the leased asset is depreciated within the shorter of the lease term and the remaining service life of the leased asset. The impairment provision for right of use assets shall be accrued according to the accounting policies described in note V. 24.

The lease liabilities are initially measured according to the present value of the unpaid lease payments at the beginning of the lease term, and the discount rate is the interest rate embedded in the lease. If the embedded interest rate of the lease cannot be determined, the incremental loan interest rate of the Company shall be used as the discount rate.

The Company calculates the interest expense of the lease liability in each period of the lease term according to the fixed periodic interest rate and records it into the current profit and loss or relevant asset cost. The amount of variable lease payments not included in the measurement of lease liabilities shall be included in the current profits and losses or relevant asset costs when actually incurred.

After the beginning date of the lease term, in case of the following circumstances, the Company shall re-measure the lease liabilities according to the present value of the lease payment after the change:

- Changes in the expected payable amount according to the guarantee residual value;
- Changes in the index or ratio used to determine the amount of lease payments;
- The Company's appraisal results of purchase option, renewal option or termination option have changed, or the actual exercise of renewal option or termination option is inconsistent with the original appraisal results.

When the lease liabilities are remeasured, the Company adjusts the book value of the right to use assets accordingly. If the book value of the right of use asset has been reduced to zero, but the lease liability still needs to be further reduced, the Company shall record the remaining amount into the current profit and loss.

The Company has chosen not to recognize the right to use assets and lease liabilities for short-term leases (leases with a lease term of no more than 12 months) and low-value asset leases, and the relevant lease payments are included in the current profit and loss or relevant asset costs according to the straight-line method in each period of the lease term.

(2) The Company is the lessor

On the lease commencement date, the Company divides the lease into financial lease and operating lease. The company does not have financial leasing.

When the Company is the operating lessor, the rent received shall be recognized as income within the lease

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

Initial direct expenses are recorded to current income account. Larger amounts shall be capitalized and included in current profits and losses in installments on the same basis as the confirmed rental income during the entire operating lease period. In the event of an agreement or rent, the current profit and loss shall be included in the actual occurrence.

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

②Fair value hierarchy

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

(2) Hedge accounting

(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) Validation and measurement

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

Cash flow hedging

The part of hedging tool gains or losses that is valid for hedging is recognized as other comprehensive income as a cash flow hedging reserve, and the part that is invalid for hedging (that is, other gains or losses after deducting other comprehensive income), are counted Into the current profit and loss. The amount of cash flow hedging reserve is determined according to the lower of the absolute amounts of the following two items: ①accumulated gains or losses of hedging instruments since the hedging. The amount in the effective arbitrage is recognized by the accumulative gains or losses from the starting of arbitrage and accumulative changes to the current value of future forecast cash flows from the start of arbitrage.

If the expected transaction of the hedged asset is subsequently recognized as a non-financial asset or non-financial liability, or if the expected transaction of the non-financial asset or non-financial liability forms a defined commitment to the applicable fair value hedge accounting, the amount of the cash flow hedge reserve originally recognized in the other consolidated income is transferred out to account for the initial recognized amount of the asset or liability. For the remaining cash flow hedges, during the same period when the expected cash flow to be hedged affects the profit and loss, if the expected sales occur, the cash flow hedge reserve recognized in other comprehensive income is transferred out and included in the current profit and loss.

(3) Repurchase of the Company's shares

(3.1) In the event of a reduction in the Company's share capital as approved by legal procedure, the Company shall reduce the share capital by the total amount of the written-off shares, adjust the owner's equity by the difference between the price paid by the purchased stocks (including transaction costs) and the total amount of the written-off shares, offset the capital reserve (share capital

premium), surplus reserve and undistributed profits in turn; A portion of a capital reserve (share capital premium) that is less than the total face value and less than the total face value.

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

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

(4) Significant accounting judgment and estimate

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

Classification of financial assets

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

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

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

Measurement of expected credit losses of accounts receivable

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

Deferred income tax assets

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

Revenue recognition (after January 1, 2020)

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

Estimate of fair value

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

Development cost

For property that has been handed over with income recognized, but whose public facilities have not been constructed or not been completed, the management will estimate the development cost for the part that has not been started according to the budget to reflect the operation result of the property sales.

35. Major changes in accounting policies and estimates

(1) Changes in accounting policies

✓ Applicable ☐ Inapplicable

Account policy changes and reasons	Approval procedure	Remarks
In December 2018, the Ministry of Finance revised and issued the accounting standards for Business Enterprises No. 21 - leasing (CK [2018] No. 35) (hereinafter referred to as the "new leasing standards"), which requires enterprises listed at home and abroad and enterprises listed abroad and preparing financial statements using international financial reporting standards or accounting standards for enterprises to take effect as of January 1, 2019; Other enterprises implementing the accounting standards for business enterprises shall be implemented as of January 1, 2021. According to the above unified requirements, the Company needs to make corresponding changes to the original accounting policies.	Inapplicable	Disclosure source: Announcement on Changes in Accounting Policies on March 23, 2021 (http://www.cninfo.com.cn/) on http://www.cninfo.com.cn/

According to the requirements of the new lease standard, the Company will recognize all leased assets (except short-term leases and low-value asset leases that choose simplified processing) to recognize right-of-use assets and lease liabilities from January 1, 2021, and recognize depreciation and interest expenses respectively.

In the standard convergence policy, simplified treatment is selected, that is, the lease liabilities are equal to the present value of the remaining lease payment, and the right-of-use asset is equal to the amount of the lease liabilities and necessary adjustments are made. Using this method will not affect the Company's retained earnings at the beginning of 2021.

Due to the implementation of the new lease standards, the consolidated statements of the Company adjusted the use right assets of RMB7,208,915.40 yuan, lease liabilities of RMB5,102,002.19 yuan and non-current liabilities due within one year of RMB2,106,913.21 yuan on January 1, 2021.

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

(2) Changes in major accounting estimates

☐ Applicable ☒ Inapplicable

(3) The first implementation of the new financial instruments guidelines, new lease standards, adjustments the first implementation of the financial statements at the beginning of the year 2021

Applicable

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

☒ Yes ☐ No

Consolidated Balance Sheet

In RMB

Item	Thursday, December 31, 2020	Friday, January 1, 2021	Adjustment
Current asset:			
Monetary capital	1,463,974,162.44	1,463,974,162.44	
Settlement provision		0.00	
Outgoing call loan		0.00	
Transactional financial assets	14,382,896.04	14,382,896.04	
Derivative financial assets	6,974,448.22	6,974,448.22	
Notes receivable	207,165,063.97	207,165,063.97	
Account receivable	616,952,136.19	616,952,136.19	
Receivable financing	10,727,129.28	10,727,129.28	
Prepayment	24,105,635.39	24,105,635.39	
Insurance receivable		0.00	
Reinsurance receivable		0.00	
Provisions of Reinsurance contracts receivable		0.00	
Other receivables	162,282,396.88	162,282,396.88	
Including: interest receivable		0.00	
Dividend receivable		0.00	
Repurchasing of financial assets		0.00	
Inventory	837,831,790.88	837,831,790.88	

Contract assets	1,433,599,583.48	1,433,599,583.48	
Assets held for sales		0.00	
Non-current assets due in 1 year	141,943,454.82	141,943,454.82	
Other current assets	233,223,084.51	233,223,084.51	
Total current assets	5,153,161,782.10	5,153,161,782.10	
Non-current assets:			
Loan and advancement provided			
Debt investment			
Other debt investment			
Long-term receivables			
Long-term share equity investment	55,902,377.95	55,902,377.95	
Investment in other equity tools	17,628,307.59	17,628,307.59	
Other non-current financial assets	5,025,186.16	5,025,186.16	
Investment real estate	5,634,648,416.52	5,634,648,416.52	
Fixed assets	483,217,323.75	483,217,323.75	
Construction in process	168,626,803.01	168,626,803.01	
Productive biological assets		0.00	
Gas & petrol		0.00	
Use right assets		7,208,915.40	7,208,915.40
Intangible assets	77,201,610.87	77,201,610.87	
R&D expense		0.00	
Goodwill		0.00	
Long-term amortizable expenses	4,581,487.32	4,581,487.32	
Deferred income tax assets	186,649,335.96	186,649,335.96	
Other non-current assets	104,817,688.85	104,817,688.85	
Total of non-current assets	6,738,298,537.98	6,745,507,453.38	7,208,915.40
Total of assets	11,891,460,320.08	11,898,669,235.48	7,208,915.40
Current liabilities			

Short-term loans	1,048,250,327.62	1,048,250,327.62	
Loans from Central Bank		0.00	
Call loan received		0.00	
Transactional financial liabilities			
Derivative financial liabilities	915,234.93	915,234.93	
Notes payable	866,224,515.42	866,224,515.42	
Account payable	1,282,847,988.91	1,282,847,988.91	
Prepayment received	1,544,655.62	1,544,655.62	
Contract liabilities	265,487,113.12	265,487,113.12	
Selling of repurchased financial assets		0.00	
Deposit received and held for others		0.00	
Entrusted trading of securities		0.00	
Entrusted selling of securities		0.00	
Employees' wage payable	60,894,196.78	60,894,196.78	
Taxes payable	360,325,524.42	360,325,524.42	
Other payables	153,635,067.86	153,635,067.86	
Including: interest payable			
Dividend payable	6,000,000.00	6,000,000.00	
Fees and commissions payable		0.00	
Reinsurance fee payable		0.00	
Liabilities held for sales			
Non-current liabilities due in 1 year	103,359,833.57	105,466,746.78	2,106,913.21
Other current liabilities	107,688,425.69	107,688,425.69	0.00
Total current liabilities	4,251,172,883.94	4,253,279,797.15	2,106,913.21
Non-current liabilities:			

Insurance contract provision			
Long-term loans	1,099,411,462.35	1,099,411,462.35	
Bond payable			
Including: preferred stock		0.00	
Perpetual bond		0.00	
Lease liabilities		5,102,002.19	5,102,002.19
Long-term payable			
Long-term employees' wage payable			
Anticipated liabilities	33,425,500.13	33,425,500.13	
Deferred earning	9,168,492.17	9,168,492.17	
Deferred income tax liabilities	1,038,084,099.97	1,038,084,099.97	
Other non-current liabilities			
Total of non-current liabilities	2,180,089,554.62	2,185,191,556.81	5,102,002.19
Total liabilities	6,431,262,438.56	6,438,471,353.96	7,208,915.40
Owner's equity:			
Share capital	1,088,278,951.00	1,088,278,951.00	
Other equity tools			
Including: preferred stock		0.00	
Perpetual bond		0.00	
Capital reserves	20,459,588.40	20,459,588.40	
Less: Shares in stock	42,748,530.12	42,748,530.12	
Other miscellaneous income	2,078,167.63	2,078,167.63	
Special reserves			
Surplus reserve	106,783,436.96	106,783,436.96	
Common risk provisions		0.00	
Retained profit	4,217,527,242.56	4,217,527,242.56	

Total of owner's equity belong to the parent company	5,392,378,856.43	5,392,378,856.43	
Minor shareholders' equity	67,819,025.09	67,819,025.09	
Total of owners' equity	5,460,197,881.52	5,460,197,881.52	
Total of liabilities and owner's interest	11,891,460,320.08	11,898,669,235.48	7,208,915.40

About the adjustment

According to the requirements of the new lease standard, the Company will recognize all leased assets (except short-term leases and low-value asset leases that choose simplified processing) to recognize right-of-use assets and lease liabilities from January 1, 2021, and recognize depreciation and interest expenses respectively.

In the standard convergence policy, simplified treatment is selected, that is, the lease liabilities are equal to the present value of the remaining lease payment, and the right-of-use asset is equal to the amount of the lease liabilities and necessary adjustments are made. Using this method will not affect the Company's retained earnings at the beginning of 2021.

Balance Sheet of the Parent Company

In RMB

Item	Thursday, December 31, 2020	Friday, January 1, 2021	Adjustment
Current asset:			
Monetary capital	204,828,995.78	204,828,995.78	
Transactional financial assets			
Derivative financial assets			
Notes receivable			
Account receivable	885,849.08	885,849.08	
Receivable financing			
Prepayment	1,323,361.34	1,323,361.34	
Other receivables	1,156,802,204.91	1,156,802,204.91	
Including: interest receivable			
Dividend receivable			
Inventory			
Contract assets			
Assets held for sales			
Non-current assets due			

in 1 year			
Other current assets	1,071,138.13	1,071,138.13	
Total current assets	1,364,911,549.24	1,364,911,549.24	
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	16,392,331.44	16,392,331.44	
Other non-current financial assets	30,000,001.00	30,000,001.00	
Investment real estate	334,498,436.00	334,498,436.00	
Fixed assets	65,157,481.98	65,157,481.98	
Construction in process			
Productive biological assets			
Gas & petrol			
Use right assets			
Intangible assets	1,521,975.72	1,521,975.72	
R&D expense			
Goodwill			
Long-term amortizable expenses	687,202.16	687,202.16	
Deferred income tax assets	26,592,617.26	26,592,617.26	
Other non-current assets			
Total of non-current assets	1,671,681,298.56	1,671,681,298.56	
Total of assets	3,036,592,847.80	3,036,592,847.80	
Current liabilities			
Short-term loans	491,503,263.89	491,503,263.89	
Transactional financial liabilities			
Derivative financial liabilities			

Notes payable			
Account payable	606,941.85	606,941.85	
Prepayment received	927,674.32	927,674.32	
Contract liabilities			
Employees' wage payable	3,440,073.04	3,440,073.04	
Taxes payable	2,993,196.12	2,993,196.12	
Other payables	28,068,648.70	28,068,648.70	
Including: interest payable			
Dividend payable			
Liabilities held for sales			
Non-current liabilities due in 1 year			
Other current liabilities			
Total current liabilities	527,539,797.92	527,539,797.92	
Non-current liabilities:			
Long-term loans			
Bond payable			
Including: preferred stock			
Perpetual bond			
Lease liabilities			
Long-term payable			
Long-term employees' wage payable			
Anticipated liabilities			
Deferred earning			
Deferred income tax liabilities	73,837,511.85	73,837,511.85	
Other non-current liabilities			
Total of non-current liabilities	73,837,511.85	73,837,511.85	

Total liabilities	601,377,309.77	601,377,309.77	
Owner's equity:			
Share capital	1,088,278,951.00	1,088,278,951.00	
Other equity tools			
Including: preferred stock			
Perpetual bond			
Capital reserves	360,835.52	360,835.52	
Less: Shares in stock	42,748,530.12	42,748,530.12	
Other miscellaneous income	-371,129.71	-371,129.71	
Special reserves			
Surplus reserve	106,783,436.96	106,783,436.96	
Retained profit	1,282,911,974.38	1,282,911,974.38	
Total of owners' equity	2,435,215,538.03	2,435,215,538.03	
Total of liabilities and owner's interest	3,036,592,847.80	3,036,592,847.80	

About the adjustment

The parent company of the Company has no leases other than short-term leases and leases of low-value assets. Therefore, the implementation of the new lease standards has no impact on the balance sheet of the parent company at the beginning of 2021.

(4) Description of the 2021 first implementation of the new lease standard retrospective adjustment of the previous period comparison data

☐ Applicable ☒ Inapplicable

VI. Taxation

1. Major taxes and tax rates

Tax	Tax basis	Tax rate
VAT	Taxable income	3%, 5%, 6%, 9%, 13%
City maintenance and construction tax	Taxable turnover	1%, 5%, 7%
Enterprise income tax	Taxable income	See the following table
Education surtax	Taxable turnover	3%
Local education surtax	Taxable turnover	2%

Tax rates applicable for different tax payers

Tax payer	Income tax rate
The Company	25%
Shenzhen FangdaJianke Co., Ltd. (hereinafter FangdaJianke)	15%
FangdaZhichuang Technology Co., Ltd, (FangdaZhichuang)	15%
Fangda New Material (Jiangxi) Co., Ltd. (hereinafter Fangda New Material)	15%
Dongguan Fangda New Material Co., Ltd. (hereinafter Dongguan New Material)	15%
Chengdu Fangda Construction Technology Co., Ltd. (hereinafter Chengdu Fangda)	15%
Shenzhen Fangda Property Development Co., Ltd. (hereinafter Fangda Property Development)	25%
Shenzhen Fangda New Energy Co., Ltd. (hereinafter Fangda New Energy)	25%
Shenzhen Fangda Property Development Co., Ltd. (hereinafter Fangda Property Development)	25%
Jiangxi Fangda Property Development Co., Ltd. (hereinafter Fangda Property Development)	25%
PingxiangFangdaLuxin New Energy Co., Ltd. (hereinafter Luxin New Energy)	25%
Nanchang Xinjian Fangda New Energy Co., Ltd. (hereinafter Xinjian New Energy)	25%
Dongguan Fangda New Energy Co., Ltd. (hereinafter Dongguan New Energy)	25%
Shenzhen QianhaiKechuangyuan Software Co., Ltd. (hereinafter Kechuangyuan Software)	15%
FangdaZhichuang Technology (Hong Kong) Co., Ltd, (Zhichuang Hong Kong)	16.50%
Shihui International Holding Co., Ltd. (hereinafter Shihui International)	16.50%
Shenzhen Hongjun Investment Co., Ltd.	25%
Fangda Australia Pty Ltd (hereinafter Jianke Australia)	30%
Shanghai FangdaZhijian Technology Co., Ltd. (hereinafter referred to as Shanghai Zhijian company)	15%
Shenzhen Fangda Cloud Rail Technology Co., Ltd. (hereinafter Fangda Cloud Rail)	25%
Shanghai FangdaJianzhi Technology Co., Ltd. (hereinafter Shanghai Jianzhi)	25%

Shenzhen ZhongrongLitai Investment Co. Ltd. (ZhongrongLitai)	25%
Chengdu Fangda Curtain Wall Technology Co., Ltd. (hereinafter Chengdu Curtain Wall)	25%
Fangda Southeast Asia Co., Ltd.	20%
Shenzhen Xunfu Investment Co., Ltd. (hereinafter referred to as Xunfu Investment)	25%
Shenzhen Lifu Investment Co., Ltd. (hereinafter referred to as Lifu Investment)	25%
Shenzhen Fangda Investment Partnership (Limited Partnership) (hereinafter referred to as Fangda Partnership)	25%
FangdaJianke (Hong Kong) Co., Ltd. (hereinafter Jianke Hong Kong)	16.50%
Shenzhen Yunzhu Industrial Co., Ltd. (Hereinafter Yunzhu)	15%

2. Tax preference

(1) According to the Certification of High-tech Enterprise issued by Shenzhen Commission of Technological Innovation, Shenzhen Commission of Finance, Shenzhen National Tax Bureau, and Shenzhen Local Tax Bureau, FangdaJianke was entitled to enjoy a tax preference of enterprise income tax of 15% for three years (2018-2020) since the qualifications were awarded on October 16, 2018.

(2) According to the Certification of High-tech Enterprise issued by Shenzhen Commission of Technological Innovation, Shenzhen Commission of Finance, Shenzhen National Tax Bureau, and Shenzhen Local Tax Bureau, FangdaZhichuang was entitled to enjoy a tax preference of enterprise income tax of 15% for three years (2018-2020) since the qualifications were awarded on October 16, 2018.

(3) According to the Certification of High-tech Enterprise issued by Jiangxi Ministry of Science and Technology, Jiangxi Ministry of Finance, Jiangxi National Tax Bureau, and Jiangxi Local Tax Bureau, Fangda New Material was entitled to enjoy a tax preference of enterprise income tax of 15% for three years (2018-2020) since the qualifications were awarded on August 13, 2018.

(3) On December 14, 2017, the subsidiary Chengdu Fangda obtained the “High-tech Enterprise Certificate” jointly issued by Sichuan Science and Technology Department, Sichuan Provincial Department of Finance, and Sichuan Provincial Taxation Bureau, within three years after obtaining the qualification of high-tech enterprises (2020 to 2022), the income tax is levied at 15%.

(5) On March 2, 2016, according to the document issued by Luxi National Tax Bureau, the PV power generation project undertaken by Subsidiary PingxiangFangdaLuxin New Energy Co., Ltd, became the infrastructure project supported by the central government. the Company enjoys a three-year enterprise income tax relief and 50% reduction for another three years. In 2016, the Company entered the exemption period.

(6) On June 2, 2016, according to the document issued by Nanchang Xinjian District National Tax Bureau, the PV power generation project undertaken by Subsidiary Nanchang Xinjian Fangda New Energy Co., Ltd, became the infrastructure project supported by the central government. the Company enjoys a three-year enterprise income tax relief and 50% reduction for another three years. In 2016, the Company entered the exemption period.

(7) According to the *Official Reply of the State Council on Supporting the Development and Opening-up of the Qianhai Shenzhen-Hong Kong Modern Service Industry Cooperation Zone in Shenzhen* (Guo Han [2012] No. 58) and *Notice of the Ministry*

of Finance and the State Administration of Taxation on the Preferential Policies and Preferential Catalogue of Enterprise Income Tax in the Shenzhen Qianhai Shenzhen-Hong Kong Modern Service Industry Cooperation Zone in the Pingtan Comprehensive Experimental Zone of Fujian, Hengqin New District, Guangdong (CaiShui [2014] No. 26), the subsidiary Kechuangyuan Software Company is a software and integrated circuit design enterprise, which belongs to the "encouraged industrial enterprise" in the above provisions, the enterprise income tax shall be levied at a reduced tax rate of 15%.

(8) 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 (2019 to 2021).

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

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

VII. Notes to the consolidated financial statements

1. Monetary capital

In RMB

Item	Closing balance	Opening balance
Inventory cash:	9,176.73	482.09
Bank deposits	919,530,095.12	1,124,691,042.58
Other monetary capital	326,591,888.80	339,282,637.77
Total	1,246,131,160.65	1,463,974,162.44
Including: total amount deposited in overseas	43,416,674.79	45,275,606.68
The total amount of money that has restrictions on use due to mortgage, pledge or freezing	658,832,074.53	435,587,632.71

Other note

(1) Among the bank deposits, RMB364,794,086.20 yuan is restricted, including RMB300 million yuan of time deposits, RMB35,956,145.59 yuan of deposits restricted by corporate litigation matters, RMB25,207,868.34 yuan of deposits in real estate development supervision accounts, RMB3,086,104.96 yuan of deposits in special labor insurance accounts and migrant workers' wages accounts, and RMB543,967.31 yuan of deposits in other guarantee accounts; Among other monetary funds, the use of restricted funds is RMB294,037,988.33 yuan, mainly including bill deposit, phased guarantee deposit, guarantee deposit for issuing letter of guarantee, etc. In addition, there are no other funds in the monetary funds at the end of the period that have restrictions on use and potential recovery risks due to mortgages, pledges or freezing.

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

2. Transactional financial assets

In RMB

Item	Closing balance	Opening balance
Financial assets measured at fair value with variations accounted into current income account	132,493,708.09	14,382,896.04
Including: Investment of financial products	132,493,708.09	14,382,896.04
Total	132,493,708.09	14,382,896.04

3. Derivative financial assets

In RMB

Item	Closing balance	Opening balance
Futures hedging contract	4,478,375.00	6,330,475.00
Forward foreign exchange contract	618,115.27	643,973.22
Total	5,096,490.27	6,974,448.22

4. Notes receivable

(1) Classification of notes receivable

In RMB

Item	Closing balance	Opening balance
Bank acceptance	10,854,396.27	21,081,547.58
Commercial acceptance	107,075,434.04	186,083,516.39
Total	117,929,830.31	207,165,063.97

In RMB

Type	Closing balance					Opening balance				
	Remaining book value		Bad debt provision		Book value	Remaining book value		Bad debt provision		Book value
	Amount	Proportion	Amount	Provision rate		Amount	Proportion	Amount	Provision rate	
Including:										
Notes receivable with	117,929,	100.00%			117,929,8	207,165,0	100.00%			207,165,0

provision for bad debts by portfolio	830.31				30.31	63.97				63.97
Including:										
Bank acceptance	10,854,396.27	9.20%			10,854,396.27	21,081,547.58	10.18%			21,081,547.58
Commercial acceptance	107,075,434.04	90.80%			107,075,434.04	186,083,516.39	89.82%			186,083,516.39
Total	117,929,830.31	100.00%			117,929,830.31	207,165,063.97	100.00%			207,165,063.97

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

☐ Applicable ☒ Inapplicable

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

In RMB

Item	De-recognized amount	Not de-recognized amount
Bank acceptance	1,824,969.42	9,473,266.27
Commercial acceptance		16,889,399.01
Total	1,824,969.42	26,362,665.28

(3) 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	32,500,000.00
Total	32,500,000.00

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	90,074,440.13	14.69%	90,074,440.13	100.00%		99,969,069.48	12.42%	99,969,069.48	100.00%	
Including:										
1. Customer 1	54,873,223.21	8.95%	54,873,223.21	100.00%		54,873,223.21	6.82%	54,873,223.21	100.00%	
2. Customer 2	21,739,381.96	3.54%	21,739,381.96	100.00%		21,739,381.96	2.70%	21,739,381.96	100.00%	
3. Customer 3	13,461,834.96	2.20%	13,461,834.96	100.00%		13,461,834.96	1.67%	13,461,834.96	100.00%	
4. Customer 4						7,270,000.00	0.90%	7,270,000.00	100.00%	
5. Customer 5						2,624,629.35	0.33%	2,624,629.35	100.00%	
Account receivable for which bad debt provision is made by group	523,151,364.89	85.31%	76,738,452.81	14.67%	446,412,912.08	705,506,680.47	87.59%	88,554,544.28	12.55%	616,952,136.19
Including:										
1. Portfolio 1: Engineering operations section	318,210,909.20	51.89%	66,810,754.82	21.00%	251,400,154.38	514,227,513.84	63.84%	78,043,856.98	15.18%	436,183,656.86
2. Portfolio 2: Real estate business payments	115,113,350.31	18.77%	6,381,238.33	5.54%	108,732,111.98	110,059,782.48	13.66%	7,310,980.25	6.64%	102,748,802.23
3. Portfolio 3: Other business models	89,827,105.38	14.65%	3,546,459.66	3.95%	86,280,645.72	81,219,384.15	10.08%	3,199,707.05	3.94%	78,019,677.10
Total	613,225,805.02	100.00%	166,812,892.94	27.20%	446,412,912.08	805,475,749.95	100.00%	188,523,613.76	23.41%	616,952,136.19

Separate bad debt provision:

In RMB

Name	Closing balance			
	Remaining book value	Bad debt provision	Provision rate	Reason
Customer 1	54,873,223.21	54,873,223.21	100.00%	Customer credit status deteriorates and is hard to recover
Customer 2	21,739,381.96	21,739,381.96	100.00%	Customer credit status deteriorates and is hard to recover

				to recover
Customer 3	13,461,834.96	13,461,834.96	100.00%	Customer credit status deteriorates and is hard to recover
Total	90,074,440.13	90,074,440.13	--	--

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	154,496,568.47	3,028,413.77	1.96%
1-2 years	44,607,842.82	2,524,852.40	5.66%
2-3 years	33,976,090.42	4,335,323.23	12.76%
3-4 years	14,681,954.21	2,901,154.15	19.76%
4-5 years	28,901,199.88	12,473,757.87	43.16%
Over 5 years	41,547,253.40	41,547,253.40	100.00%
Total	318,210,909.20	66,810,754.82	--

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	58,678,054.75	586,780.54	1.00%
1-2 years	4,435,295.56	221,764.78	5.00%
2-3 years	22,273,070.00	1,113,653.50	5.00%
4-5 years	29,726,930.00	4,459,039.51	15.00%
Total	115,113,350.31	6,381,238.33	--

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	46,022,790.55	375,283.28	0.73%
1-2 years	19,993,830.52	408,742.29	2.10%
2-3 years	19,759,890.58	1,628,051.85	8.42%
3-4 years	3,845,643.61	954,088.96	24.78%
4-5 years	182,238.29	157,581.45	86.47%
Over 5 years	22,711.83	22,711.83	100.00%

Total	89,827,105.38	3,546,459.66	--
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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)	259,197,413.77
1-2 years	69,196,361.13
2-3 years	79,310,331.56
Over 3 years	205,521,698.56
3-4 years	29,977,612.72
4-5 years	68,364,402.40
Over 5 years	107,179,683.44
Total	613,225,805.02

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

Customer	Balance of accounts receivable of over 3 years	Balance of provision for bad debts	Reason of the age	Whether there is a risk of recovery
Customer 1	53,862,071.05	53,862,071.05	Customer credit status deteriorates	Yes
Customer 2	19,289,861.33	19,289,861.33	Customer credit status deteriorates	Yes
Customer 3	13,461,834.96	13,461,834.96	Customer credit status deteriorates	Yes
Customer 4	17,374,148.42	17,295,727.82	Customer credit status deteriorates	Yes
Total	103,987,915.76	103,909,495.16		

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

Bad debt provision made in the period:

In RMB

Type	Opening balance	Change in the period				Closing balance
		Provision	Written-back or recovered	Canceled	Others	
Separate bad debt provision	99,969,069.48		7,270,000.00	2,624,629.35		90,074,440.13

Provision for bad debts by combination	88,554,544.28	-11,443,432.01		372,659.46		76,738,452.81
Total	188,523,613.76	-11,443,432.01	7,270,000.00	2,997,288.81	0.00	166,812,892.94

Including significant recovery or reversal:

In RMB

Entity	Written-back or recovered amount	Method
Zhejiang Jiayue Industrial Co., Ltd.	7,270,000.00	Settlement recovery
Total	7,270,000.00	--

(3) Written-off account receivable during the period

In RMB

Item	Amount
Engineering receivables	2,997,288.81

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

In RMB

Entity	Closing balance of accounts receivable	Percentage (%)	Balance of bad debt provision at the end of the period
Customer 1	56,823,678.84	9.27%	5,690,277.99
Customer 2	54,873,223.21	8.95%	54,873,223.21
Customer 3	31,500,000.00	5.14%	617,400.00
Customer 4	30,142,992.93	4.92%	1,049,162.02
Customer 5	22,633,721.50	3.69%	1,994,412.39
Total	195,973,616.48	31.97%	

(5) 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	6,012,240.28	-238,802.84
Customer 2	Factoring	7,625,631.21	-285,712.87
Customer 3	Factoring	11,897,246.28	-496,531.57
Customer 4	Factoring	5,328,588.41	-319,815.81
Customer 5	Factoring	9,897,439.00	-791,795.12

Customer 6	Factoring	1,608,410.51	-66,671.30
Customer 7	Factoring	10,000,000.00	-178,597.08
Customer 8	Factoring	3,200,196.11	-159,527.93
Customer 9	Factoring	5,093,647.78	-201,600.83
Customer 10	Factoring	3,242,714.47	-126,141.59
Customer 11	Factoring	9,390,000.00	-167,702.78
Total		73,296,114.05	-3,032,899.72

6. Receivable financing

In RMB

Item	Closing balance	Opening balance
Notes receivable	23,798,104.10	10,727,129.28
Total	23,798,104.10	10,727,129.28

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

☐ Applicable ☒ Inapplicable

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

☐ Applicable ☒ Inapplicable

7. Prepayment

(1) Account age of prepayments

In RMB

Age	Closing balance		Opening balance	
	Amount	Proportion	Amount	Proportion
Less than 1 year	18,729,843.52	77.63%	18,880,088.01	78.32%
1-2 years	1,887,107.72	7.82%	3,080,312.85	12.78%
2-3 years	1,707,116.28	7.08%	1,156,139.70	4.80%
Over 3 years	1,802,051.67	7.47%	989,094.83	4.10%
Total	24,126,119.19	--	24,105,635.39	--

(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 RMB8,689,564.47, accounting for 36.02% of the total prepayments at the end of the period.

8. Other receivables

In RMB

Item	Closing balance	Opening balance
Interest receivable	1,601,660.58	0.00
Dividend receivable		0.00
Other receivables	166,997,627.69	162,282,396.88
Total	168,599,288.27	162,282,396.88

(1) Receivable interest**1) Receivable interest**

In RMB

Item	Closing balance	Opening balance
Time deposit	1,601,660.58	
Total	1,601,660.58	0.00

2) Method of bad debt provision☐ Applicable ☒ Inapplicable**(2) Other receivables****1) Other receivables are disclosed by nature**

In RMB

By nature	Closing balance of book value	Opening balance of book value
Deposit	105,115,483.57	103,782,569.80
Construction borrowing and advanced payment	53,675,374.44	34,052,644.05
Staff borrowing and petty cash	2,685,748.34	1,717,094.83
Receivable refund of VAT	422,914.58	548,129.42
Debt by Luo Huichi	12,992,291.48	12,992,291.48
Others	15,170,689.10	12,502,878.08
Total	190,062,501.51	165,595,607.66

2) Method of bad debt provision

In RMB

Bad debt provision	First stage	Second stage	Third stage	Total
	Expected credit losses in the next 12 months	Expected credit loss for the entire duration (no credit impairment)	Expected credit loss for the entire duration (credit impairment has occurred)	
Balance on Friday, January 1, 2021	2,253,521.41	572,176.59	21,456,358.87	24,282,056.87
Balance on Friday, January 1, 2021 in the current period	—	—	—	—
Provision	203,817.68	13,494.90	-1,357,296.63	-1,139,984.05
Canceled in the current period			77,199.00	77,199.00
Balance on Wednesday, June 30, 2021	2,457,339.09	585,671.49	20,021,863.24	23,064,873.82

Changes in book balances with significant changes in the current period

☐ Applicable ☒ Inapplicable

Account age

In RMB

Age	Closing balance
Within 1 year (inclusive)	54,856,468.07
1-2 years	11,670,871.98
2-3 years	81,146,799.81
Over 3 years	42,388,361.65
3-4 years	21,134,527.37
4-5 years	1,365,756.20
Over 5 years	19,888,078.08
Total	190,062,501.51

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	24,282,056.87	-1,139,984.05		77,199.00		23,064,873.82

Total	24,282,056.87	-1,139,984.05		77,199.00		23,064,873.82
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4) Other receivable written off in the current period

In RMB

Item	Amount
Other receivable written off	77,199.00

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

In RMB

Entity	By nature	Closing balance	Age	Percentage (%)	Balance of bad debt provision at the end of the period
Shenzhen Yikang Real Estate Co. Ltd.	Deposit and advancement	70,000,000.00	2-3 years	36.83%	1,043,000.00
Bangshen Electronics (Shenzhen) Co., Ltd.	Deposit	20,000,000.00	3-4 years	10.52%	298,000.00
Shenzhen Rijiasheng Trading Co., Ltd.	Advancement	18,808,945.57	Less than 1 year	9.90%	564,268.37
Luo Huichi	Debt by Luo Huichi	12,992,291.48	Over 5 years	6.84%	12,992,291.48
Shenzhen HenggangDakang Co., Ltd.	Deposit	8,044,000.00	2-3 years	4.23%	119,855.60
Total	--	129,845,237.05	--	68.32%	15,017,415.45

9. Inventories

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

Yes

(1) Classification of inventories

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

Classified by nature:

In RMB

Item	Closing balance	Opening balance
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	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	210,828,927.04		210,828,927.04	458,032,158.63		458,032,158.63
Development products	312,870,562.69		312,870,562.69	99,012,986.31		99,012,986.31
Contract performance costs	92,016,666.73	464,651.43	91,552,015.30	140,403,466.43	464,651.43	139,938,815.00
Raw materials	83,466,750.73	55,182.86	83,411,567.87	61,682,744.96	55,182.86	61,627,562.10
Product in process	55,364,191.11		55,364,191.11	66,570,800.79		66,570,800.79
Finished goods in stock	11,358,399.61		11,358,399.61	7,784,598.06		7,784,598.06
Low price consumable	166,748.73		166,748.73	123,705.51		123,705.51
OEM materials	5,418,418.28		5,418,418.28	3,562,856.58		3,562,856.58
Materials in transit	3,723,431.52		3,723,431.52	1,178,307.90		1,178,307.90
Total	775,214,096.44	519,834.29	774,694,262.15	838,351,625.17	519,834.29	837,831,790.88

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

In RMB

Item	Starting time	Estimated finish time	Estimated total investment	Opening balance	Transferred to development product in this period	Other decrease in this period	Increase (development cost) in this period	Closing balance	Accumulative capitalized interest	Including: capitalized interest for the current period	Capital source
Nanchang Fangda Center	Tuesday, May 1, 2018	Tuesday, April 27, 2021	670,000,000.00	250,191,619.08	223,823,880.71	26,367,738.37					Bank loan and self-owned fund
Dakang Village Project in Shenzhen	1 December 2023	31 December 2029	3,600,000,000.00	197,352,043.69			683,524.39	198,035,568.08			

FangdaBanshen Industry Park	1 December 2022	31 December 2024	870,000,000.00	10,488,495.86			2,304,863.10	12,793,358.96		
Total	--	--	5,140,000,000.00	458,032,158.63	223,823,880.71	26,367,738.37	2,988,387.49	210,828,927.04		--

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

In RMB

Item	Completion time	Opening balance	Increase	Decrease	Closing balance	Accumulative capitalized interest	Including: capitalized interest for the current period
Phase I of Fangda Town	Thursday, December 29, 2016	99,012,986.31		10,093,492.33	88,919,493.98	3,433,223.79	
Nanchang Fangda Center	Tuesday, April 27, 2021		223,823,880.71		223,823,880.71	9,813,470.29	1,537,383.71
Total	--	99,012,986.31	223,823,880.71	10,093,492.33	312,743,374.69	13,246,694.08	1,537,383.71

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

The inventory depreciation provision is disclosed as follows:

Classified by nature:

In RMB

Item	Opening balance	Increase in this period		Decrease in this period		Closing balance	Remarks
		Provision	Others	Recover or write-off	Others		
Contract performance costs	464,651.43					464,651.43	
Raw materials	55,182.86					55,182.86	
Total	519,834.29					519,834.29	--

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

As at June 30, 2021, the amount of the capitalization of borrowing costs in the balance of the end-of-period inventory was RMB13,246,694.08.

(4) Restriction of inventory

Restricted inventory is disclosed by project

In RMB

Item	Opening balance	Closing balance	Reason
Nanchang Fangda Center	103,973,925.13	87,429,489.76	Credit Mortgage, Mortgage Loan
Total	103,973,925.13	87,429,489.76	--

10. Contract assets

In RMB

Item	Closing balance			Opening balance		
	Remaining book value	Impairment provision	Book value	Remaining book value	Impairment provision	Book value
Sales funds with conditional collection right	42,793,840.93	1,215,396.98	41,578,443.95	27,639,344.20	351,544.65	27,287,799.55
Completed but unsettled assets	1,762,114,432.79	141,438,318.05	1,620,676,114.74	1,540,146,004.75	146,024,200.75	1,394,121,804.00
Unexpired warranty deposit	692,613.72	14,158.36	678,455.36	12,536,462.04	346,482.11	12,189,979.93
Total	1,805,600,887.44	142,667,873.39	1,662,933,014.05	1,580,321,810.99	146,722,227.51	1,433,599,583.48

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

In RMB

Item	Change	Reason
Sales funds with conditional collection right	14,290,644.40	It is mainly due to the sales payment with conditional collection right arising from the recognized product sales revenue in the current period
Completed but unsettled assets	226,554,310.74	It is mainly caused by the unsettled assets with conditional collection right generated from the revenue recognized in the project contract this period
Total	240,844,955.14	——

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

☐ Applicable ☒ Inapplicable

Provision made for bad debts of contract assets in this period

In RMB

Item	Provision	Transferred back in the current period	Written off in the current period	Reason
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Sales funds with conditional collection right	863,852.33			
Completed but unsettled assets	2,744,117.30	7,330,000.00		The reversal of 7.33 million yuan in the current period is due to the reconciliation and recovery in the current period after the individual full provision for impairment in the previous period.
Unexpired warranty deposit	-332,323.75			
Total	3,275,645.88	7,330,000.00		--

11. Non-current assets due in 1 year

In RMB

Item	Closing balance	Opening balance
Contract assets due within one year	107,518,641.70	159,410,690.57
Less: provision for impairment	16,436,432.64	17,467,235.75
Total	91,082,209.06	141,943,454.82

12. Other current assets

In RMB

Item	Closing balance	Opening balance
Tax to be input	122,632,551.19	136,812,357.07
Prepaid income tax	86,196,746.29	88,741,787.42
Other prepaid taxes	20,253,761.57	2,373,031.15
Deferred discount expense	6,170,627.16	2,644,267.12
Contract acquisition cost		2,156,027.17
Others	6,225.36	495,614.58
Total	235,259,911.57	233,223,084.51

13. Long-term share equity investment

In RMB

Invested entity	Opening book value	Change (+,-)								Closing book value	Balance of impairment provision at the end of the period
		Increased investment	Decreased investment	Investment gain and loss recognized using the equity method	Other miscellaneous income adjustment	Other equity change	Cash dividend or profit announced	Impairment provision	Others		
1. Joint venture											
2. Associate											
Shenzhen Ganshang Joint Investment Co., Ltd.	2,364,798.65			404.53						2,365,203.18	
Jiangxi Business Innovative Property Joint Stock Co., Ltd.	53,537,579.30			-453,298.18						53,084,281.12	
Subtotal	55,902,377.95			-452,893.65						55,449,484.30	
Total	55,902,377.95			-452,893.65						55,449,484.30	

14. Investment in other equity tools

In RMB

Item	Closing balance	Opening balance
Unlisted equity instrument investment	17,398,629.00	17,628,307.59
Total	17,398,629.00	17,628,307.59

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	Reason for measurement at fair value with	Reason for transfer of other miscellaneous

				transferred to retained earnings	variations accounted into current income account	into income
Shenyang Fangda			12,170,244.23			
Shenzhen Huihai Yirong Internet Service Co., Ltd.			2,772,979.96			

15. Other non-current financial assets

In RMB

Item	Closing balance	Opening balance
Financial assets measured at fair value with variations accounted into current income account	5,198,015.90	5,025,186.16
Total	5,198,015.90	5,025,186.16

16. Investment real estates

(1) Investment real estate measured at costs

✓ Applicable ☐ Inapplicable

In RMB

Item	Houses & buildings	Total
I. Book value		
1. Opening balance	10,410,691.87	10,410,691.87
2. Increase in this period	6,978,132.52	6,978,132.52
(1) Transfer-in from inventory\fixed assets\construction in progress	6,978,132.52	6,978,132.52
3. Decrease in this period	0.00	0.00
4. Closing balance	17,388,824.39	17,388,824.39
II. Accumulative depreciation and amortization		
1. Opening balance	4,053,723.75	4,053,723.75
2. Increase in this period	2,974,583.59	2,974,583.59
(1) Provision or amortization	209,680.87	209,680.87
(2) Other transfer-in	2,764,902.72	2,764,902.72

3. Decrease in this period		
4. Closing balance	7,028,307.34	7,028,307.34
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	10,360,517.05	10,360,517.05
2. Opening book value	6,356,968.12	6,356,968.12

(2) Investment real estate measured at fair value✓ Applicable ☐ Inapplicable

In RMB

Item	Houses & buildings	Total
I. Opening balance	5,628,291,448.40	5,628,291,448.40
II. Change in this period	7,542,132.99	7,542,132.99
Add: external purchase	11,083,112.99	11,083,112.99
Transfer-in from inventory\fixed assets\construction in progress	8,987,340.00	8,987,340.00
Less: other transfer-out	12,528,320.00	12,528,320.00
III. Closing balance	5,635,833,581.39	5,635,833,581.39

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

Disclosure of investment real estate measured at fair value by projects

In RMB

Item	Location	Completion time	Building area	Rental income in the report period	Opening fair value	Closing fair value	Change in fair value	Reason for the change and report
Commercial podium of Fangda Town	Shenzhen	11 October 2017	22,565.42	16,719,174.95	1,340,385,948.00	1,340,385,948.00		
Building 1# of Fangda Town	Shenzhen	29 December 2018	72,517.71	34,936,181.89	3,646,971,680.07	3,646,971,680.07		

Fangda Building	Shenzhen	28 December 2002	17,604.12	7,361,567. 20	334,498,4 36.00	330,957,456.00	-1.06%	
Nanchang Fangda Center	Nanchang	Tuesday, April 27, 2021	32,354.44		302,854,5 54.33	313,937,667.32	3.66%	
Total	——	——	145,041.6 9	59,016,92 4.04	5,624,710, 618.40	5,632,252,751. 39	0.13%	——

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	313,937,667.32	Conditions for applying for property right are not met

17. Fixed assets

In RMB

Item	Closing balance	Opening balance
Fixed assets	566,440,865.19	481,326,212.63
Disposal of fixed assets		1,891,111.12
Total	566,440,865.19	483,217,323.75

(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	415,725,429.92	121,496,328.96	21,516,442.64	46,349,557.98	129,596,434.84	734,684,194.34
2. Increase in this period	106,511,868.90	1,639,089.37	275,730.08	814,682.92		109,241,371.27

(1) Purchase	12,224,293.06	1,639,089.37	275,730.08	814,682.92		14,953,795.43
(2) Transfer-in of construction in progress	81,759,255.84					81,759,255.84
(3) Increase due to enterprise merger						
(4) Other increases	12,528,320.00					12,528,320.00
3. Decrease in this period	14,818,152.52	3,269,796.62	439,458.08	405,887.75		18,933,294.97
(1) Disposal or retirement		3,269,706.62	439,458.08	386,783.23		4,095,947.93
(2) Other decrease	14,818,152.52	90.00		19,104.52		14,837,347.04
4. Closing balance	511,745,585.15	119,865,621.71	21,352,714.64	46,758,353.15	129,596,434.84	829,318,709.49
II. Accumulative depreciation						
1. Opening balance	89,797,346.50	89,670,126.47	16,097,483.98	29,337,279.16	28,357,356.10	253,259,592.21
2. Increase in this period	5,960,601.60	2,111,534.26	356,399.79	982,359.12	3,074,220.06	12,485,114.83
(1) Provision	5,960,601.60	2,111,534.26	356,399.79	982,359.12	3,074,220.06	12,485,114.83
3. Decrease in this period	3,629,719.64	2,780,502.19	389,373.35	490,175.91		7,289,771.09
(1) Disposal or retirement		2,780,502.19	389,373.35	346,138.26		3,516,013.80
(2) Other decrease	3,629,719.64			144,037.65		3,773,757.29
4. Closing balance	92,128,228.46	89,001,158.54	16,064,510.42	29,829,462.37	31,431,576.16	258,454,935.95
III. Impairment provision						
1. Opening balance		41,621.81		56,767.69		98,389.50

2. Increase in this period						
3. Decrease in this period		1,920.00				1,920.00
(1) Disposal or retirement		1,920.00				1,920.00
4. Closing balance		39,701.81		56,767.69		96,469.50
IV. Book value						
1. Closing book value	419,617,356.69	30,824,761.36	5,288,204.22	16,872,123.09	98,164,858.68	570,767,304.04
2. Opening book value	325,928,083.42	31,784,580.68	5,418,958.66	16,955,511.13	101,239,078.74	481,326,212.63

(2) Fixed assets without ownership certificate

In RMB

Item	Book value	Reason
Houses in Urumuqi for offsetting debt	490,848.03	Historical reasons
Yuehai Office Building C 502	121,526.97	Historical reasons
Construction of Chengdu FangdaXinjin Base	25,624,991.38	In the process of applying for property right certificate

(3) Disposal of fixed assets

In RMB

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

18. Construction in process

In RMB

Item	Closing balance	Opening balance
Construction in process	98,594,455.15	168,626,803.01
Total	98,594,455.15	168,626,803.01

(1) Construction in progress

In RMB

Item	Closing balance			Opening balance		
	Remaining book value	Impairment provision	Book value	Remaining book value	Impairment provision	Book value
Construction and decoration of self-use part of Building 1 of Fangda Town				78,213,965.55		78,213,965.55
Fangda Group East China Construction Base Project	98,195,599.66		98,195,599.66	90,101,031.20		90,101,031.20
Design of intelligent gluing robot	23,242.53		23,242.53	23,242.53		23,242.53
Standard production line	288,563.73		288,563.73	288,563.73		288,563.73
Environmental protection equipment of Xinjin base	87,049.23		87,049.23			
Total	98,594,455.15		98,594,455.15	168,626,803.01		168,626,803.01

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

In RMB

Item	Budget	Opening balance	Increase in this period	Amount transferred to fixed assets in this period	Other decrease in this period	Closing balance	Proportion of accumulative engineering investment in the budget	Project progress	Accumulative capitalized interest	Including: capitalized interest for the current period	Interest capitalization rate	Capital source
Construction and decoration	82,840,000.00	78,213,965.55	3,545,290.29	81,759,255.84			98.70%	Completed	3,253,136.04			Self-owned fund

n of self-use part of Building 1 of Fangda Town												
Fangda Group East China Construction Base Project	105,060,000.00	90,101,031.20	8,094,568.46			98,195,599.66	93.47%	In construction	3,703,581.41	1,067,732.34	5.46%	Loans from financial institutions+ self-owned fund
Total	187,900,000.00	168,314,996.75	11,639,858.75	81,759,255.84		98,195,599.66	--	--	6,956,717.45	1,067,732.34		--

19. Use right assets

In RMB

Item	Houses & buildings	Transportation facilities	Total
1. Opening balance	5,889,664.28	1,319,251.12	7,208,915.40
2. Increase in this period	20,997,165.18		20,997,165.18
4. Closing balance	26,886,829.46	1,319,251.12	26,886,829.46
2. Increase in this period	2,136,566.18	304,531.63	2,441,097.81
(1) Provision	2,136,566.18	304,531.63	2,441,097.81
4. Closing balance	2,136,566.18	304,531.63	2,441,097.81
1. Closing book value	24,750,263.28	1,014,719.49	25,764,982.77
2. Opening book value	5,889,664.28	1,319,251.12	7,208,915.40

20. Intangible assets

(1) Intangible assets

In RMB

Item	Land using right	Patent	Unpatented technologies	Software	Total
I. Book value					
1. Opening	80,404,737.13	8,982,747.17		19,357,024.16	108,744,508.46

balance					
2. Increase in this period				1,450,061.46	1,450,061.46
(1) Purchase				1,450,061.46	1,450,061.46
3. Decrease in this period					
4. Closing balance	80,404,737.13	8,982,747.17		20,807,085.62	110,194,569.92
II. Accumulative amortization					
1. Opening balance	15,075,529.76	8,472,024.78		7,995,343.05	31,542,897.59
2. Increase in this period	1,147,670.62	103,185.07		859,768.58	2,110,624.27
(1) Provision	1,147,670.62	103,185.07		859,768.58	2,110,624.27
3. Decrease in this period					
4. Closing balance	16,223,200.38	8,575,209.85		8,855,111.63	33,653,521.86
III. Impairment provision					
1. Opening balance					
2. Increase in this period					
3. Decrease in this period					
4. Closing balance					
IV. Book value					
1. Closing book value	64,181,536.75	407,537.32		11,951,973.99	76,541,048.06
2. Opening book value	65,329,207.37	510,722.39		11,361,681.11	77,201,610.87

(2) Failure to obtain the land use right certificates

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

21. Long-term amortizable expenses

In RMB

Item	Opening balance	Increase in this period	Amortized amount in this period	Other decrease	Closing balance
Decoration cost of headquarters of Fangda Town building No.1		2,925,988.72	166,589.69		2,759,399.03
XuanfengChayuan village and Zhuyuan village land transfer compensation	1,084,628.66		28,050.78		1,056,577.88
Waterproofing works for employee dormitories	631,470.05		79,291.98		552,178.07
Warehouse addition and renovation project	572,782.87		120,489.30		452,293.57
Plant ground reconstruction project	406,755.71	64,727.88	43,581.00		427,902.59
Property insurance premium	360,772.95	79,923.61	116,279.12		324,417.44
Membership fees	413,749.88	15,000.00	117,500.04		311,249.84
Rectification works of rainwater and sewage diversion pipeline		328,751.71	21,916.80		306,834.91
Others	1,111,327.20	108,306.80	402,237.48		817,396.52
Total	4,581,487.32	3,522,698.72	1,095,936.19		7,008,249.85

22. 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	Deferred income tax	Deductible temporary	Deferred income tax

	difference	assets	difference	assets
Assets impairment provision	245,456,559.19	46,067,705.01	263,315,510.54	38,465,248.35
Unrealized profit of internal transactions	135,859,744.95	33,964,936.24	135,859,744.95	33,964,936.24
Deductible loss	98,962,421.46	36,608,601.11	122,522,156.58	29,105,371.97
Credit impairment provision	209,492,239.65	33,697,512.85	212,717,683.70	44,512,473.69
Unrealizable gross profit	118,170,953.89	28,937,296.23	130,105,754.96	31,898,500.96
Anticipated liabilities	30,000,528.43	7,068,448.87	33,425,500.13	7,715,527.38
Deferred earning	2,155,083.48	318,970.24	2,314,029.86	342,765.63
Change in fair value	631,192.72	94,678.94	1,520,569.70	228,085.49
Others			1,679,786.49	416,426.25
Total	840,728,723.77	186,758,149.49	903,460,736.91	186,649,335.96

(2) Non-deducted deferred income tax liabilities

In RMB

Item	Closing balance		Opening balance	
	Taxable temporary difference	Deferred income tax liabilities	Taxable temporary difference	Deferred income tax liabilities
Change in fair value	4,126,613,255.88	1,031,205,476.48	4,126,893,826.17	1,031,090,409.04
Estimated gross profit at the time when the recognized income of the real estate project fails to meet the tax obligation	4,152,000.00	1,038,000.00		
Acquire premium to form inventory	1,535,605.48	383,901.37	1,535,605.47	383,901.37
Rental income	28,631,156.82	7,157,789.20	26,439,158.17	6,609,789.56
Total	4,160,932,018.18	1,039,785,167.05	4,154,868,589.81	1,038,084,099.97

(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
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Deferred income tax assets		186,758,149.49		186,649,335.96
Deferred income tax liabilities		1,039,785,167.05		1,038,084,099.97

(4) Details of unrecognized deferred income tax assets

In RMB

Item	Closing balance	Opening balance
Deductible temporary difference	56,487.23	130,889.01
Deductible loss	6,884,305.40	7,336,111.24
Total	6,940,792.63	7,467,000.25

(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	1,270,623.72	1,270,623.72	
2023	4,575,983.46	4,575,983.46	
2024	789,748.15	1,276,235.76	
2025	117,456.13	213,268.30	
2026	130,493.94		
Total	6,884,305.40	7,336,111.24	--

23. 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	98,819,964.74	8,072,414.04	90,747,550.70	81,494,380.56	6,412,571.95	75,081,808.61
Prepaid house and equipment amount	16,557,772.42		16,557,772.42	29,735,880.24		29,735,880.24
Total	115,377,737.16	8,072,414.04	107,305,323.12	111,230,260.80	6,412,571.95	104,817,688.85

24. Short-term borrowings**(1) Classification of short-term borrowings**

In RMB

Item	Closing balance	Opening balance
Loan by pledge		30,045,466.66
Guarantee loan	10,012,083.34	200,013,291.68
Credit borrow	490,203,611.11	346,029,354.19
Discount loans such as bills of exchange	674,415,505.30	472,162,215.09
Total	1,174,631,199.75	1,048,250,327.62

25. Derivative financial liabilities

In RMB

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

26. Notes payable

In RMB

Type	Closing balance	Opening balance
Commercial acceptance	144,096,887.36	651,222,454.25
Bank acceptance	540,201,722.38	215,002,061.17
Total	684,298,609.74	866,224,515.42

The total amount of bills payable due and unpaid at the end of the period was RMB7,128,013.05 yuan, which was caused by the other party's failure to prompt for payment.

27. Account payable**(1) Account payable**

In RMB

Item	Closing balance	Opening balance
Account repayable and engineering repayable	807,191,590.64	884,174,693.50

Construction payable	22,116,236.64	98,783,841.73
Payable installation and implementation fees	294,400,555.72	295,439,323.67
Others	4,252,626.14	4,450,130.01
Total	1,127,961,009.14	1,282,847,988.91

(2) Significant payables aging more than 1 year

In RMB

Item	Closing balance	Reason
Supplier 1	76,327,378.14	Not mature
Supplier 2	19,433,026.36	Not mature
Supplier 3	18,646,902.62	Not mature
Total	114,407,307.12	--

28. Prepayment received**(1) Prepayment received**

In RMB

Item	Closing balance	Opening balance
Rent and others	3,726,440.79	1,544,655.62
Total	3,726,440.79	1,544,655.62

29. Contract liabilities

In RMB

Item	Closing balance	Opening balance
Project funds collected in advance	136,552,610.74	195,922,455.76
Real estate sales payment	27,779,823.59	62,466,576.69
Payment for materials, etc	2,583,050.70	7,098,080.67
Total	166,915,485.03	265,487,113.12

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

In RMB

Item	Change	Reason
Project funds collected in advance	-59,369,845.02	This is mainly due to the decrease in advance receipts due to the revenue recognized in the current period of the project contract
Real estate sales payment	-34,686,753.10	This is mainly due to the decrease in advance receipts due to the

		recognition of income from house delivery and occupation of Nanchang Fangda Center project in this period
Total	-94,056,598.12	—

30. Employees' wage payable

(1) Employees' wage payable

In RMB

Item	Opening balance	Increase	Decrease	Closing balance
1. Short-term remuneration	60,855,743.99	153,476,290.98	187,488,204.44	26,843,830.53
2. Retirement pension program-defined contribution plan	38,452.79	7,056,167.15	7,058,660.69	35,959.25
3. Dismiss compensation		321,692.29	321,692.29	
Total	60,894,196.78	160,854,150.42	194,868,557.42	26,879,789.78

(2) Short-term remuneration

In RMB

Item	Opening balance	Increase	Decrease	Closing balance
1. Wage, bonus, allowance and subsidies	60,093,523.10	140,157,327.87	174,220,078.01	26,030,772.96
2. Employee welfare		6,007,801.18	5,993,145.73	14,655.45
3. Social insurance	150.39	2,931,793.61	2,931,944.00	
Including: medical insurance		2,531,013.15	2,531,013.15	
Labor injury insurance	150.39	104,357.72	104,508.11	
Breeding insurance		296,422.74	296,422.74	
4. Housing fund	41,608.00	3,840,165.69	3,837,787.69	43,986.00
5. Labor union budget and staff education fund	564,651.81	508,442.72	505,249.01	567,845.52
6. Short-term paid leave	155,810.69	30,759.91		186,570.60
Total	60,855,743.99	153,476,290.98	187,488,204.44	26,843,830.53

(3) Defined contribution plan

In RMB

Item	Opening balance	Increase	Decrease	Closing balance
1. Basic pension	38,302.40	6,837,610.97	6,839,954.12	35,959.25
2. Unemployment insurance	150.39	218,556.18	218,706.57	
Total	38,452.79	7,056,167.15	7,058,660.69	35,959.25

31. Taxes payable

In RMB

Item	Closing balance	Opening balance
VAT	2,522,107.96	4,241,613.97
Enterprise income tax	26,820,215.06	14,495,521.72
Personal income tax	1,033,200.45	1,118,590.56
City maintenance and construction tax	624,407.20	814,163.97
Land using tax	279,217.10	242,187.59
Property tax	1,170,989.82	317,791.55
Education surtax	350,180.76	432,267.04
Local education surtax	95,625.85	169,248.62
Land VAT	3,277,497.08	337,655,257.61
Others	30,387.70	838,881.79
Total	36,203,828.98	360,325,524.42

32. Other payables

In RMB

Item	Closing balance	Opening balance
Dividend payable		6,000,000.00
Other payables	158,525,255.26	147,635,067.86
Total	158,525,255.26	153,635,067.86

(1) Dividend payable

In RMB

Item	Closing balance	Opening balance
Common share dividend		6,000,000.00

Total		6,000,000.00
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(2) Other payables**1) Other payables presented by nature**

In RMB

Item	Closing balance	Opening balance
Performance and quality deposit	51,614,323.81	37,137,147.11
Deposit	20,500,389.65	17,623,656.22
Reserved expense	9,799,122.02	10,861,930.30
Others	76,611,419.78	82,012,334.23
Total	158,525,255.26	147,635,067.86

(2) Significant payables aging more than 1 year

In RMB

Item	Closing balance	Reason
Shenzhen Yikang Real Estate Co. Ltd.	25,062,852.92	Affiliated party payment
Total	25,062,852.92	--

33. Non-current liabilities due within 1 year

In RMB

Item	Closing balance	Opening balance
Long-term loans due within 1 year	118,173,496.59	103,359,833.57
Lease liabilities due within one year	1,323,121.32	2,106,913.21
Total	119,496,617.91	105,466,746.78

34. Other current liabilities

In RMB

Item	Closing balance	Opening balance
Untermiated notes receivable	19,329,820.88	82,447,039.97
Substituted money on VAT	17,383,794.35	25,241,385.72
Total	36,713,615.23	107,688,425.69

35. Long-term borrowings**(1) Classification of long-term borrowings**

In RMB

Item	Closing balance	Opening balance
Loan by pledge	115,661,462.35	231,295,035.65
Guarantee, mortgage and pledge loan	1,368,500,000.00	868,116,426.70
Total	1,484,161,462.35	1,099,411,462.35

Notes to classification of long-term borrowings:

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

Other note, including interest rate range:

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

36. Lease liabilities

In RMB

Item	Closing balance	Opening balance
House lease	24,199,811.38	4,421,707.15
Other leases	419,368.32	680,295.04
Total	24,619,179.70	5,102,002.19

37. Anticipated liabilities

In RMB

Item	Closing balance	Opening balance	Reason
Pending lawsuit	25,683,696.08	27,017,023.60	Penalty for delay in handling certificate of title
Product quality warranty	4,316,832.35	6,408,476.53	Product quality warranty
Total	30,000,528.43	33,425,500.13	--

Note: including related significant assumptions and estimates for anticipated liabilities

For details of the matters involved in the litigation of liquidated damages, see description of ③ of XIII. Commitments and contingencies 2. Contingencies (1).

38. Deferred earning

In RMB

Item	Opening balance	Increase	Decrease	Closing balance	Reason
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Government subsidy	9,168,492.17		325,310.66	8,843,181.51	See the following table
Total	9,168,492.17		325,310.66	8,843,181.51	--

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	58,749.53			9,452.16			49,297.37	Assets-related
Major investment project prize from Industry and Trade Development Division of Dongguan Finance Bureau	1,566,667.10			28,571.40			1,538,095.70	Assets-related
Distributed PV power generation project subsidy sponsored by Dongguan Reform and Development Commission	368,750.21			12,499.98			356,250.23	Assets-related
Subsidized land transfer	173,553.23			1,862.82			171,690.41	Assets-related
Special subsidy for industrial	800,000.00						800,000.00	Assets-related

transformation, upgrading and development								
Enterprise informationization subsidy project of Shenzhen Small and Medium Enterprise Service Agency	420,000.00			24,000.00			396,000.00	Assets-related
National Industry Revitalization and Technology Renovation Project fund	5,685,712.10			153,864.30			5,531,847.80	Assets-related
Shenzhen Science and Technology Innovation Committee Technology Innovation Subsidy	95,060.00			95,060.00			0.00	Earning-related
Total	9,168,492.17			325,310.66			8,843,181.51	

39. Capital share

In RMB

	Opening balance	Change (+,-)					Closing balance
		Issued new shares	Bonus shares	Transferred from reserves	Others	Subtotal	
Total of capital shares	1,088,278,951.00				-14,404,724.00	-14,404,724.00	1,073,874,227.00

Others:

- ① The decrease in share capital was due to the cancellation of B shares repurchased by the Company during the reporting period.
- ② As of June 30, 2021, there are 2,302,093 shares with limited sales conditions in the closing balance, all of which are held by

senior executives.

40. Capital reserve

In RMB

Item	Opening balance	Increase	Decrease	Closing balance
Capital premium (share capital premium)	19,005,491.05	123,294,737.60	21,542,953.69	123,294,737.60
Other capital reserves	1,454,097.35			1,454,097.35
Total	20,459,588.40	123,294,737.60	21,542,953.69	122,211,372.31

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

The increase of RMB123,294,737.60 yuan in capital reserve in the current period is due to the premium transfer of part of the equity of Zhichuang Technology, a holding subsidiary of the Company; The capital reserve decreased by RMB21,542,953.69 yuan in the current period due to the Company's acquisition of 100% equity of Yunzhu.

41. Shares in stock

In RMB

Item	Opening balance	Increase	Decrease	Closing balance
Shares in stock	42,748,530.12		42,748,530.12	
Total	42,748,530.12		42,748,530.12	

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

At the second meeting of the ninth board of directors held on June 23, 2020, the Company considered and approved the proposal to repurchase part of the Company's domestic listed foreign shares (B shares) in 2020. From July 23, 2020 to September 22, 2020, 14,404,724 shares were repurchased through centralized competitive bidding, the highest price was HK \$3.47/share and the lowest price was HK \$3.16/share. The actual payment was HK \$48,359,819.24 (including transaction costs), which was included in treasury shares of RMB 42,748,530.12. On April 23, 2021, the Company completed the cancellation of the repurchase of 14,404,724 B shares, reduced the share capital of 14,404,724 shares and offset the surplus reserve of RMB28,343,806.12.

42. 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	Less: Income tax expenses	After-tax amount attributed to the parent	After-tax amount attributed to minority shareholders	

				in previous terms				
1. Other misc. incomes that cannot be re-classified into gain and loss	-11,670,984.54	-229,678.59				-229,678.59		-11,900,663.13
Fair value change of investment in other equity tools	-11,670,984.54	-229,678.59				-229,678.59		-11,900,663.13
2. Other misc. incomes that will be re-classified into gain and loss	13,749,152.17	1,207,423.43	643,973.21		358,625.78	228,217.85	-23,393.41	13,977,370.02
Cash flow hedge reserve	5,150,331.29	-318,749.80	643,973.21		-144,408.45	-785,690.88	-32,623.68	4,364,640.41
Translation difference of foreign exchange statement	-157,732.58	-485,963.69				-495,193.96	9,230.27	-652,926.54
Investment real estate measured at fair value	8,756,553.46	2,012,136.92			503,034.23	1,509,102.69		10,265,656.15
Other miscellaneous income	2,078,167.63	977,744.84	643,973.21		358,625.78	-1,460.74	-23,393.41	2,076,706.89

43. Surplus reserves

In RMB

Item	Opening balance	Increase	Decrease	Closing balance
Statutory surplus reserves	106,783,436.96		106,783,436.96	
Total	106,783,436.96		106,783,436.96	

Note, including explanation about the reason of the change:

If the cost of treasury shares written off in the current period is higher than the corresponding capital stock cost, the surplus reserve of RMB28,343,806.12 yuan is offset at the time of write off; The acquisition of 100% equity of Yunzhu in the current period offset the surplus reserve of RMB78,439,630.84 yuan.

44. Retained profit

In RMB

Item	Current period	Last period
Adjustment on retained profit of previous period	4,215,005,541.52	3,898,626,177.99
Total of retained profit at beginning of year adjusted (+ for increase, - for decrease)	2,521,701.04	9,026,682.67
Retained profit adjusted at beginning of year	4,217,527,242.56	3,907,652,860.66

Plus: Net profit attributable to owners of the parent	111,488,701.33	147,784,781.12
Common share dividend payable		54,413,947.55
Adjustment to consolidation of entities under common control	24,107,813.58	
Closing retained profit	4,304,908,130.31	4,001,023,694.23

Details of retained profit adjusted at beginning of the period

- 1) Retrospective adjustment due to adopting of the Enterprise Accounting Standard and related regulations, included the retained profit by RMB0.
- 2) Variation of accounting policies, influenced the retained profit by RMB0.00.
- 3) Correction of material accounting errors, influenced the retained profit by RMB0.00.
- 4) Change of consolidation range caused by merger of entities under common control, influenced the retained profit by RMB0.
- 5) Other adjustment influenced the retained profit by RMB0.

45. Operational revenue and costs

In RMB

Item	Amount occurred in the current period		Occurred in previous period	
	Income	Cost	Income	Cost
Main business	1,500,250,618.47	1,201,118,172.57	1,203,907,359.56	966,357,682.01
Other businesses	68,528,216.51	7,523,630.61	52,350,863.45	5,890,231.85
Total	1,568,778,834.98	1,208,641,803.18	1,256,258,223.01	972,247,913.86

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	1,097,171,007.07	267,687,038.55	188,235,871.36	8,323,350.81	7,361,567.20	1,568,778,834.98
Including:						
Curtain wall system and materials	1,097,171,007.07					1,097,171,007.07
Subway screen door and service		267,687,038.55				267,687,038.55
Real estate sales			188,235,871.36			188,235,871.36
PV power generation products				8,323,350.81		8,323,350.81
Others					7,361,567.20	7,361,567.20

Total	1,097,171,007.07	267,687,038.55	188,235,871.36	8,323,350.81	7,361,567.20	1,568,778,834.98
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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:

At the end of the reporting period, the amount of revenue corresponding to the performance obligations that have been signed but have not been performed or completed is RMB5,996,487,536.97 yuan, of which RMB2,009,854,086.60 yuan is expected to be recognized in the second half of 2021, RMB2,926,253,777.06 yuan is expected to be recognized in 2022, and RMB1,060,379,673.31 yuan is expected to be recognized in 2023 and later years.

Other note

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

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

In RMB

No.	Item	Balanace
1	Fangda Town	35,672,181.90
2	Nanchang Fangda Center	63,168,965.12

46. Taxes and surcharges

In RMB

Item	Amount occurred in the current period	Occurred in previous period
City maintenance and construction tax	3,078,129.75	2,421,623.93
Education surtax	1,915,966.95	1,711,891.44
Property tax	2,864,691.90	2,227,891.98
Land using tax	751,644.13	684,461.08
Vehicle usage tax	51,320.40	9,780.00
Stamp tax	1,249,671.01	475,666.06
Land VAT	25,705,049.49	
Others	237,220.25	58,508.26
Total	35,853,693.88	7,589,822.75

47. Sales expense

In RMB

Item	Amount occurred in the current period	Occurred in previous period
Labor costs	10,473,510.26	10,938,678.79
Sales agency fee	7,400,124.58	1,726,247.64
Entertainment expense	2,041,529.62	888,653.78
Travel expense	793,223.58	503,408.24
Advertisement and promotion fee	716,856.99	934,902.84
Rental	1,297,595.54	1,125,898.88
Office costs	398,521.93	262,176.26
Material consumption	367,137.80	490,460.47
Others	1,946,414.51	4,373,115.41
Total	25,434,914.81	21,243,542.31

48. Management expense

In RMB

Item	Amount occurred in the current period	Occurred in previous period
Labor costs	42,525,730.63	39,047,937.75
Maintenance costs	3,088,854.95	2,003,855.95
Agencies	4,747,575.30	5,871,925.65
Depreciation and amortization	4,238,728.47	4,118,354.72
Office expense	3,742,123.03	4,388,983.49
Entertainment expense	2,159,401.56	1,549,406.05
Rental	1,171,537.38	1,166,665.68
Lawsuit	2,650,332.80	274,438.54
Travel expense	870,897.82	675,099.35
Property management fee	728,524.88	414,235.37
Water and electricity	385,129.66	104,054.76
Material consumption	719,301.89	161,161.21
Others	2,474,315.56	3,420,857.36
Total	69,502,453.93	63,196,975.88

49. R&D cost

In RMB

Item	Amount occurred in the current period	Occurred in previous period
Labor costs	47,607,487.83	29,168,628.85
Material costs	23,898,889.12	17,682,878.47
Agencies	3,027,319.72	2,526,263.58
Rental	992,048.08	1,105,564.58
Depreciation costs	788,799.38	737,427.60
Amortization of intangible assets	507,608.85	578,107.24
Travel expense	176,681.32	34,950.20
Others	1,646,760.56	662,340.73
Total	78,645,594.86	52,496,161.25

50. Financial expense

In RMB

Item	Amount occurred in the current period	Occurred in previous period
Interest expense	46,707,567.90	46,974,588.65
Less: interest capitalization	3,070,467.85	3,809,610.82
Less: discount government subsidies		
Less: Interest income	6,976,161.44	6,956,602.08
Acceptant discount	5,472,503.74	6,049,511.72
Exchange gain/loss	1,703,136.52	-311,399.26
Commission charges and others	3,000,733.43	2,935,649.45
Total	46,837,312.30	44,882,137.66

51. Other gains

In RMB

Source	Amount occurred in the current period	Occurred in previous period
Government subsidies related to deferred income (related to assets)	206,250.66	158,379.99
Government subsidies related to deferred income (related to income)	95,060.00	34,980.00
Government subsidies directly included in current profits and losses (related to income)	5,791,459.18	2,893,461.97
Other items related to daily activities and included in other income	514,288.22	3,127,290.81

Total	6,607,058.06	6,214,112.77
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52. Investment income

In RMB

Item	Amount occurred in the current period	Occurred in previous period
Gains from long-term equity investment measured by equity	-452,893.65	-375,202.09
Investment income from disposal of trading financial assets and derivative financial assets	2,953,049.83	2,297,898.75
Financial assets derecognised as a result of amortized cost	-3,032,899.72	-2,255,794.10
Others		-309,081.13
Total	-532,743.54	-642,178.57

53. 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		41,277.62
Other non-current financial assets	172,829.74	9,107.28
Total	172,829.74	50,384.90

54. Credit impairment loss

In RMB

Item	Amount occurred in the current period	Occurred in previous period
Bad debt loss of other receivables	1,139,984.05	-712,877.78
Bad debt loss of account receivable	18,713,432.01	55,383,671.10
Total	19,853,416.06	54,670,793.32

55. Assets impairment loss

In RMB

Item	Amount occurred in the current period	Occurred in previous period
Contract asset impairment loss	3,466,913.89	20,219,822.04
Total	3,466,913.89	20,219,822.04

56. 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)	-2,027,304.03	-1,981.72

57. 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	195,216.06	172,413.23	195,216.06
Payable account not able to be paid	539,817.35		539,817.35
Compensation received	36,000.00	4,740.00	36,000.00
Others	430,073.05	103,468.04	430,073.05
Total	1,201,106.46	280,621.27	1,201,106.46

58. 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	3,127,302.00	5,113,500.00	3,127,302.00
Loss from retirement os damaged non-current assets	101,810.29	123,770.81	101,810.29
Penalty and overdue fine	54,643.82	3,731.07	54,643.82
Others	196,618.40	34,866.45	196,618.40
Total	3,480,374.51	5,275,868.33	3,480,374.51

59. 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	9,913,372.73	16,599,518.26
Deferred income tax expenses	4,023,120.93	5,659,613.66

Total	13,936,493.66	22,259,131.92
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(2) Adjustment process of accounting profit and income tax expense

In RMB

Item	Amount occurred in the current period
Total profit	129,123,964.15
Income tax expenses calculated based on the legal (or applicable) tax rates	32,280,991.04
Impacts of different tax rates applicable for some subsidiaries	-10,512,008.61
Impacts of income tax before adjustment	33,438.03
Impacts of non-deductible cost, expense and loss	1,291,544.82
Impacts of using deductible loss of unrecognized deferred income tax assets	-2,863.58
Deductible temporary difference and deductible loss of unrecognized deferred income tax assets	130,493.94
Profit and loss of associates and joint ventures calculated using the equity method	113,223.41
Taxation impact of R&D expense and (presented with “-”)	-9,398,325.39
Income tax expenses	13,936,493.66

60. Other miscellaneous income

See Note VII 42.

61. Notes to the cash flow statement**(1) Other cash inflow related to operation**

In RMB

Item	Amount occurred in the current period	Occurred in previous period
Interest income	3,844,284.17	3,910,905.13
Subsidy income	2,962,771.94	2,675,134.41
Retrieving of bidding deposits	29,885,356.39	194,526,618.44
Other operating accounts	55,055,405.87	12,873,603.24
Total	91,747,818.37	213,986,261.22

(2) Other cash paid related to operation

In RMB

Item	Amount occurred in the current period	Occurred in previous period
Management and R&D expenses	14,947,949.40	16,820,091.22
Sales expense	6,908,552.06	2,200,543.16
Bidding deposit paid	15,899,280.00	50,058,802.62
Net draft deposit net paid	144,928,637.13	129,561,924.62
Lawsuit freezing funds		61,699,121.88
Other trades	9,718,831.22	17,225,493.04
Total	192,403,249.81	277,565,976.54

(3) Other cash received related to investment activities

In RMB

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

(4) Other cash paid related to investment activities

In RMB

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

(5) Other cash paid related to financing activities

In RMB

Item	Amount occurred in the current period	Occurred in previous period
Bill of exchange discounted loan margin	228,210,000.00	181,300,000.00
B share repurchase expenses		99,998,965.99
Loan pledged by certificate of deposit	300,000,000.00	
Repayment of principal and interest of lease liabilities	1,150,479.34	
Total	529,360,479.34	281,298,965.99

62. 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	115,187,470.49	147,858,243.06
Plus: Asset impairment provision	-23,320,329.95	-74,890,615.36
Fixed asset depreciation, gas and petrol depreciation, production goods depreciation	12,694,795.70	11,802,786.53
Depreciation of right to use assets	2,441,097.81	
Amortization of intangible assets	2,110,624.27	2,117,631.57
Amortization of long-term amortizable expenses	1,095,936.19	609,394.73
Loss from disposal of fixed assets, intangible assets, and other long-term assets (“ - “ for gains)	2,027,304.03	1,981.72
Loss from fixed asset discard (“ - “ for gains)	101,810.29	123,770.81
Loss from fair value fluctuation (“ - “ for gains)	-172,829.74	-50,384.90
Financial expenses (“ - “ for gains)	50,128,451.89	49,214,489.55
Investment losses (“ - “ for gains)	-2,500,156.18	-1,613,615.53
Decrease of deferred income tax asset (“ - “ for increase)	-108,813.53	10,311,829.50
Increase of deferred income tax asset (“ - “ for increase)	1,701,067.08	-4,365,349.25
Decrease of inventory (“ - “ for increase)	63,137,528.73	-46,192,352.00
Decrease of operational receivable items (“ - “ for increase)	25,896,769.11	-141,439,156.06
Increase of operational receivable items (“ - “ for decrease)	-851,232,377.90	-55,880,612.56
Others	99,887,106.71	-36,535,306.13
Cash flow generated by business	-500,924,545.00	-138,927,264.32

operations, net		
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	587,299,086.12	613,753,872.41
Less: Initial balance of cash	1,028,386,529.73	730,933,482.19
Add: Ending balance of cash equivalents		
Less: Ending balance of cash equivalents		
Net increase in cash and cash equivalents	-441,087,443.61	-117,179,609.78

(2) Net cash paid to subsidiaries acquired in the current period

In RMB

	Amount
Cash or cash equivalents paid by the business combination in the current period	125,388,100.00
Including: Net cash paid for acquiring subsidiaries	125,388,100.00

(3) Composition of cash and cash equivalents

In RMB

Item	Closing balance	Opening balance
I. Cash	587,299,086.12	1,028,386,529.73
Including: Cash in stock	9,176.73	482.09
Bank savings can be used at any time	554,736,008.92	1,013,118,829.42
Other monetary capital can be used at any time	32,553,900.47	15,267,218.22
III. Balance of cash and cash equivalents at end of term	587,299,086.12	1,028,386,529.73
Including: restricted cash and cash equivalent used by parent company or	658,832,074.53	435,587,632.71

subsidiaries in the Group		
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63. Assets with restricted ownership or use rights

In RMB

Item	Closing book value	Reason
Monetary capital	658,832,074.53	Margin, pledge and judicial frozen deposit, etc
Inventory	87,429,489.76	Credit Mortgage, Mortgage Loan
Fixed assets	113,877,697.76	Credit Mortgage, Mortgage Loan
Intangible assets	18,869,282.56	Loan by pledge
Account receivable	42,595,672.31	Loan by pledge
Investment real estate	4,161,289,402.27	Loan by pledge
100% stake in Fangda Property Development held by the Company	200,000,000.00	Loan by pledge
Total	5,282,893,619.19	--

64. Foreign currency monetary items**(1) Foreign currency monetary items**

In RMB

Item	Closing foreign currency balance	Exchange rate	Closing RMB balance
Monetary capital	--	--	75,185,722.28
Including: USD	4,628,223.20	6.460100	29,898,784.69
Euro	0.83	7.686200	6.38
HK Dollar	34,961,409.39	0.832080	29,090,689.53
INR	17,058,783.99	0.086946	1,483,193.03
Vietnamese currency	302,393,210.00	0.000281	84,851.33
SGD	2,000.30	4.811898	9,625.24
AUD	3,012,399.90	4.852799	14,618,572.08
Account receivable	--	--	11,671,200.48
Including: USD	697,734.93	6.460100	4,507,437.42
AUD	1,476,212.52	4.852799	7,163,763.06
Contract assets			20,705,194.94
Including: USD	2,728,310.81	6.460100	17,625,160.66

INR	35,424,680.60	0.086946	3,080,034.27
Contract liabilities			42,853,498.22
Including: USD	2,581,815.62	6.460100	16,678,787.09
HK Dollar	31,456,964.64	0.832080	26,174,711.14
Other receivables			1,445,917.29
Including: USD	174,206.31	6.460100	1,125,390.18
HK Dollar	63,000.00	0.832080	52,421.04
INR	2,519,593.00	0.086946	219,068.53
AUD	10,105.00	4.852799	49,037.54
Account payable			4,574,128.13
Including: USD	708,058.41	6.460100	4,574,128.13
Other payables			390,244.49
Including: USD	57,548.51	6.460100	371,769.13
HK Dollar	100.00	0.832080	83.21
Vietnamese currency	65,545,950.00	0.000281	18,392.15

(2) The note of overseas operating entities should include the main operation places, book keeping currencies and selection basis. Where the book keeping currency is changed, the reason should also be explained.

☐ Applicable ☒ Inapplicable

65. Hedging

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

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

66. Government subsidy**(1) Government subsidy profiles**

In RMB

Type	Amount	Item	Amount accounted into the current gain/loss
Enterprise informationization subsidy project of Shenzhen Small and Medium Enterprise Service Agency	4,200,000.00	Deferred earning	24,000.00
VAT rebated into revenue	2,975,710.51	Other gains	2,975,710.51
R&D subsidy from Shenzhen Science and Technology Innovation Commission	1,023,500.00	Other gains	1,023,500.00
2020 industrial added value award project	664,600.00	Other gains	664,600.00
Support for steady industrial growth in Shenzhen	637,000.00	Other gains	637,000.00
VAT plus deduction	251,399.27	Other gains	251,399.27
National Industry Revitalization and Technology Renovation Project fund	153,864.30	Deferred earning	153,864.30
Technology research and development award of Finance Bureau of Management Committee of Nanchang High-tech Development Zone	123,700.00	Other gains	123,700.00
Others	812,033.51	Other gains/deferred gains	753,283.98
Total	10,841,807.59		6,607,058.06

(2) Government subsidy refund
☐ Applicable ☒ Inapplicable

VIII. Change to Consolidation Scope

1. Consolidation of entities under common control

(1) Merger of companies under the common control during the report period

In RMB

Consolidated party	Proportion of equity obtained in business consolidation	Basis for judgment of merger of companies under the common control	Consolidation date	Determination basis of consolidation date	Income of the consolidated party from the beginning of the current period to the consolidation date	Net profit of the consolidated party from the beginning of the current period to the consolidation date	Income of the consolidated party during the consolidation period	Net profit of the consolidated party during the consolidation period
Shenzhen Yunzhu Industrial Co., Ltd.	100.00%	The ultimate controlling party of the Company and Yunzhu before and after the consolidation is Mr. Xiong Jianming	Thursday, April 8, 2021	Obtaining the actual control right of the acquired party	3,390,588.25	17,512.89	4,650,158.59	1,049,885.06

(2) Consolidation costs

In RMB

Combination costs	
--Cash	125,388,100.00

(3) Book value of assets and liabilities of the consolidated party on the consolidation date

In RMB

Item	Consolidation date	End of last period
Assets:	15,175,632.19	24,603,069.69
Monetary capital	2,128,872.25	4,134,142.34
Receivables	995,631.44	757,006.79

Inventory	1,276,334.40	
Fixed assets	52,890.36	55,650.37
Intangible assets	7,934.87	8,785.04
Transactional financial assets	3,155,680.40	10,331,880.99
Contract assets	5,748,854.44	8,559,360.21
Prepayment	333,438.89	259,671.72
Others	1,475,995.14	496,572.23
Liabilities:	2,356,229.26	11,801,179.65
Borrowing	37,186.48	0.00
Payable	2,319,042.78	11,801,179.65
Net assets	12,819,402.93	12,801,890.04
Less: minor shareholders' equity	0.00	1,280,189.00
Acquired net assets	12,819,402.93	11,521,701.04

Contingent liabilities of the consolidated party assumed in the business consolidation:

None

Others:

None

2. Disposal of subsidiaries

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

☐ Yes ☒ No

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

☐ Yes ☒ No

3. Change to the consolidation scope for other reasons

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

None

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	
FangdaJianke	Shenzhen	Shenzhen	Designing,	98.39%	1.61%	Incorporation

			manufacturing, and installation of curtain walls			
FangdaZhichuang	Shenzhen	Shenzhen	Production, processing and installation of subway screen doors		83.10%	Incorporation
Fangda New Material	Nanchang	Nanchang	Production and sales of new-type materials composite materials and production of curtain walls	75.00%	25.00%	Incorporation
Fangda Property	Shenzhen	Shenzhen	Real estate development and operation	99.00%	1.00%	Incorporation
Fangda New Energy	Shenzhen	Shenzhen	Design and construction of PV power plants	99.00%	1.00%	Incorporation
Chengdu Fangda	Chengdu	Chengdu	Trusted processing of building curtain wall materials		100.00%	Incorporation
Shihui International	Virgin Islands	Virgin Islands	Investment	100.00%		Incorporation
Dongguan New Material	Dongguan	Dongguan	Installation and sales of building curtain walls		100.00%	Incorporation
Fangda Property Management	Shenzhen	Shenzhen	Property management		100.00%	Incorporation
Jiangxi Property Development	Nanchang	Nanchang	Real estate development and operation		100.00%	Incorporation
Luxin New Energy	Pingxiang	Pingxiang	Design and construction of PV power plants		100.00%	Incorporation
Xinjian New Energy	Nanchang	Nanchang	Design and construction of PV power plants		100.00%	Incorporation

Dongguan New Energy	Dongguan	Dongguan	Design and construction of PV power plants		100.00%	Incorporation
Kechuangyuan Software	Shenzhen	Shenzhen	Software development		83.10%	Incorporation
FangdaZhichuang Science and Technology (Hong Kong) Co., Ltd.	Hong Kong	Hong Kong	Metro screen door		83.10%	Incorporation
Hongjun Investment Company	Shenzhen	Shenzhen	Investment	98.00%	2.00%	Incorporation
Fangda Australia Co., Ltd.	Australia	Australia	Designing, manufacturing, and installation of curtain walls		100.00%	Incorporation
Fangda Cloud Rail	Shenzhen	Shenzhen	Design, development and sales of cloud rail transport equipment		100.00%	Incorporation
Chengda Curtain Wall Company	Chengdu	Chengdu	Building decoration and other construction industry		100.00%	Incorporation
Fangda Southeast Asia	Vietnam	Vietnam	Designing, manufacturing, and installation of curtain walls		100.00%	Incorporation
Shanghai Zhijian	Shanghai	Shanghai	Intelligent technology, new energy, automated technology	30.00%	70.00%	Incorporation
Shanghai Jianzhi	Shanghai	Shanghai	Construction technology, intelligent technology, automation technology,		100.00%	Incorporation

			design, production and installation of building curtain walls			
ZhongrongLitai	Shenzhen	Shenzhen	Business service		55.00%	Purchase
Fangda Investment Partnership (Limited Partnership)	Shenzhen	Shenzhen	Project investment and investment consultancy	99.00%	0.52%	Incorporation
Lifu Investment	Shenzhen	Shenzhen	Project investment and investment consultancy		52.00%	Incorporation
Xunfu Investment	Shenzhen	Shenzhen	Project investment and investment consultancy		100.00%	Incorporation
Jianke Hong Kong	Hong Kong	Hong Kong	Design, sale and installation of building curtain wall		100.00%	Incorporation
Yunzhu	Shenzhen	Shenzhen	Inspection, technical service and consultation of building safety and building energy saving system		100.00%	Purchase

Note to the difference between shareholdings in subsidiaries and percentage of votes:

None

Basis for holding half or less votes but controlling invested entities, and holding half or more votes but not controlling invested entities:

None

Basis for control of structural entities incorporated in the consolidation scope:

None

Basis for recognizing a company as an agent or consigner:

None

Others:

None

(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
ZhongrongLitai	45.00%	5,020.74		48,407,976.32
FangdaZhichuang	16.90%	3,689,439.35	3,989,716.00	46,308,033.52

Note to the difference between shareholdings of minority shareholders in subsidiaries and percentage of votes:

None

Others:

None

(3) Financial highlights of major non wholly owned subsidiaries

In RMB

Company	Closing balance						Opening balance					
	Current asset	Non-current assets	Total of assets	Current liabilities	Non-current liabilities	Total liabilities	Current asset	Non-current assets	Total of assets	Current liabilities	Non-current liabilities	Total liabilities
ZhongrongLitai	206,568,978.96	186,691.75	206,755,670.71	99,011,785.19	170,604.81	99,182,390.00	205,837,361.25	30,024.88	205,867,386.13	98,305,262.61		98,305,262.61
FangdaZhichuang	545,615,396.10	82,132,291.49	627,747,687.59	345,785,202.83	7,950,452.10	353,735,654.93	757,453,607.34	62,283,695.54	819,737,276.88	519,869,993.38	6,562,286.06	526,432,279.44

In RMB

Company	Amount occurred in the current period				Occurred in previous period			
	Turnover	Net profit	Total of misc. incomes	Business operation cash flows	Turnover	Net profit	Total of misc. incomes	Business operation cash flows
ZhongrongLitai	201,032.08	11,157.19	11,157.19	16,306.16	229,334.85	-70,059.04	-70,059.04	-11,053.19
FangdaZhichuang	267,687,038.55	48,286,952.27	47,707,035.22	-122,774,779.41				

2. Change in the ownership share of the subsidiary and control of the transaction of the subsidiary**(1) Description of changes in owner's equity shares of subsidiaries**

In order to strengthen the strategic layout of the Company's rail transit PSD system industry and further optimize the equity structure of the holding subsidiary Zhichuang Technology, according to the Company's strategic plan, the Company transferred 10.9375% of

the equity of Zhichuang Technology, with a transfer amount of RMB175 million yuan. The above equity transfer related procedures have been completed in the reporting period. For details of the disclosure of relevant matters, please refer to the Announcement on Transfer of Partial Equity of Holding Subsidiaries released on cninfo.com on May 17, 2021.

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

In RMB

Item	Amount
Purchase cost/disposal consideration	
--Cash	175,000,000.00
Total purchase cost/disposal consideration	175,000,000.00
Less: share of net assets of subsidiaries calculated according to the proportion of equity acquired / disposed	29,154,008.06
Difference	145,845,991.94
Including: adjustment of capital reserve	145,845,991.94

Other note

None

3. Interests in joint ventures or associates

(1) Financial summary of insignificant joint ventures and associates

In RMB

	Closing balance/amount occurred in this period	Opening balance/amount occurred in previous period
Associate:	--	--
Total book value of investment	55,449,484.30	55,902,377.95
Total shareholding	--	--
Net profit	-452,893.65	-375,202.09
--Total of misc. incomes	-452,893.65	-375,202.09

Other note

None

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 31.97% of the total accounts receivable (beginning of the period: 28.36%); among other receivables, other receivables from top 5 customers account for 68.32% of the total other receivables (beginning of the period: 69.65%).

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, 2021, the maturity of the Company's financial liabilities is as follows:

Contract amount: RMB

Item	June 30, 2021
------	---------------

	Less than 1 year	Within 1-3 years	Over 3 years	Total
Short-term loans	117,463.12			117,463.12
Notes payable	68,429.86			68,429.86
Account payable	108,683.62	2,983.24	1,129.24	112,796.10
Employees' wage payable	2,687.98			2,687.98
Other payables	10,024.62	1,592.44	4,235.47	15,852.53
Non-current liabilities due in 1 year	11,949.66			11,949.66
Other current liabilities	3,671.36			3,671.36
Long-term loans		29,116.15	119,300.00	148,416.15
Total liabilities	322,910.22	33,691.83	124,664.71	481,266.76

(Continued)

Contract amount: RMB

	December 31, 2020			
Item	Less than 1 year	Within 1-3 years	Over 3 years	Total
Short-term loans	104,825.03			104,825.03
Notes payable	86,622.45			86,622.45
Account payable	124,909.38	3,271.34	104.08	128,284.80
Employees' wage payable	6,089.42			6,089.42
Other payables	9,741.88	3,965.54	1,656.09	15,363.51
Non-current liabilities due in 1 year	10,335.98			10,335.98
Other current liabilities	10,768.84			10,768.84
Long-term loans		24,941.15	85,000.00	109,941.15
Total liabilities	353,292.98	32,178.03	86,760.17	472,231.18

3. Market risks and measures

(1) Credit risks

The exchange rate risk of the Company mainly comes from the assets and liabilities of the Company and its subsidiaries in foreign currency not denominated in its functional currency. Except for the use of Hong Kong dollars, United States dollars, Australian dollars, Vietnamese 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, 2021, the Company's ending foreign currency financial assets and foreign currency financial liabilities are listed in Note 7, 66 foreign currency monetary item description.

The Company pays close attention to the impact of exchange rate changes on the Company's exchange rate risk. The Company continuously monitors the scale of foreign currency transactions and foreign currency assets and liabilities to minimize foreign exchange risks. To this end, the Company may avoid foreign exchange risks by signing forward foreign exchange contracts or currency swap contracts.

(2) Interest risk

The Group's interest rate risk mainly arises from long-term interest-bearing debts such as long-term bank loans. Financial liabilities with floating interest rate cause cash flow interest rate risk for the Group. Financial liabilities with fixed interest rate cause fair value interest rate risk for the Group. The Group decides the proportion between fixed interest rate and floating interest rate according to the market environment and regularly reviews and monitors the combination of fixed and floating interest rate instruments.

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

As of June 30, 2021, the current floating rate loan is RMB 2.077 billion. If the loan interest rate calculated by floating rate increases or decreases by 50 basis points, the net profit of the Company will decrease or increase by RMB 7.7888 million (December 31, 2020: RMB 7.3875 million) while other risk variables remain unchanged.

XI. Fair Value

1. Closing fair value of assets and liabilities measured at fair value

In RMB

Item	Closing fair value			
	First level fair value	Second level fair value	Third level fair value	Total
1. Continuous fair value measurement	--	--	--	--
Derivative financial assets	5,096,490.27			5,096,490.27
Investment in other equity tools			17,398,629.00	17,398,629.00
Leased building		5,635,833,581.39		5,635,833,581.39
Financial assets measured at fair value with changes included in current profits and losses -- investment in			132,493,708.09	132,493,708.09

financial products				
Receivable financing			23,798,104.10	23,798,104.10
Other non-current financial assets			5,198,015.90	5,198,015.90
Total assets measured at fair value continuously	5,096,490.27	5,635,833,581.39	178,888,457.09	5,819,818,528.75
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. Switch between different levels, switch reason and switching time policy

The Company takes the occurrence date of the events leading to the transition between levels as the time point to confirm the transition between levels. In the period, there is no switch in the financial assets measured at fair value between the first and second level or transfer in or out of the third level.

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

Financial assets and liabilities measured at amortized cost include: monetary capital, bills receivable, accounts receivable, other receivables, short-term borrowings, notes payable, employee compensation payable, accounts payables, other payables, and long-term payables.

XII. Related Parties and Transactions

1. Parent of the Company

Parent	Registered address	Business	Registered capital	Share of the parent co. in the Company	Voting power of the parent company
Shenzhen Banglin Technologies Development Co., Ltd.	Shenzhen	Industrial investment	RMB30 million	11.11%	11.11%
Shengjiu Investment Ltd.	Hong Kong	Industrial investment	HKD10,000	9.89%	9.89%

Particulars about the parent of the Company

① All of the investors of Shenzhen Banglin Technology Development Co., Ltd., the holding shareholder of the Company, are natural persons. Among them, Chairman XiongJianming is holding 85% shares, and Mr. Xiong Xi – son of Mr. XiongJianming, 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 XiongJianming.

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

See Note for details of significant joint ventures and associates of the Company.

Information about other joint ventures or associates with related transactions in this period or with balance generated by related transactions in previous period:

Joint venture or associate	Relationship with the Company
Shenzhen Ganshang Joint Investment Co., Ltd. (Shenzhen Ganshang)	Associate

4. Other associates

Other related parties	Relationship with the Company
Jiangxi Business Innovative Property Joint Stock (Jiangxi Business Innovation)	Associate
Shenzhen Qijian Technology Co., Ltd. (Qijian Technology)	Common actual controller
Shenzhen Mingjiu Investment Co., Ltd	Common actual controller

Shenzhen Fangda Property Development Co., Ltd. (hereinafter Fangda Property Development)	Controlled subsidiaries
Shenyang Fangda Semi-conductor Lighting Co., Ltd. (hereinafter Shenyang Fangda)	Subsidiary in liquidation
Shenzhen Woke Semi-conductor Lighting Co., Ltd. (hereinafter Shenzhen Woke)	Subsidiary in liquidation
Gong Qing Cheng Shi Li He Investment Management Partnership Enterprise (limited partner)	Affiliated relationship with Shenzhen Banglin Technology Development Co., Ltd.
Director, manager and secretary of the Board	Key management

5. Related transactions

(1) Related transactions for purchase and sale of goods, provision and acceptance of services

Sales of goods and services

In RMB

Affiliated party	Related transaction	Amount occurred in the current period	Occurred in previous period
Qijian Technology	Property service and sales of goods	59,376.04	25,261.82

(2) Related leasing

The Company is the lessor:

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	482,580.65	207,366.00

(3) Related guarantees

The Company is the guarantor:

In RMB10,000

Beneficiary party	Amount guaranteed	Start date	Due date	Completed or not
FangdaZhijian	8,000.00	Wednesday, July 31, 2019	Wednesday, July 10, 2024	No
Jiangxi Property Development	20,000.00	Wednesday, June 19, 2019	Friday, June 23, 2023	No
FangdaJianke	50,000.00	Tuesday, July 14, 2020	Thursday, July 8, 2021	No
FangdaJianke	25,000.00	Tuesday, September 22, 2020	Tuesday, September 21, 2021	No

FangdaJianke	15,000.00	Friday, April 10, 2020	Friday, March 18, 2022	No
FangdaJianke	30,000.00	Friday, June 12, 2020	Wednesday, April 14, 2021	Yes
FangdaZhichuang	10,000.00	Friday, April 10, 2020	Friday, March 18, 2022	No
FangdaZhichuang	3,000.00	Monday, June 29, 2020	Wednesday, June 23, 2021	Yes
FangdaJianke	60,000.00	Wednesday, March 17, 2021	Thursday, February 17, 2022	No
FangdaJianke	40,000.00	Thursday, September 3, 2020	Thursday, August 19, 2021	No
FangdaZhichuang	40,000.00	Tuesday, July 28, 2020	Wednesday, June 30, 2021	Yes
FangdaZhichuang	10,000.00	Thursday, September 3, 2020	Thursday, August 19, 2021	No
FangdaZhichuang	20,000.00	Monday, March 29, 2021	Thursday, February 17, 2022	No
Fangda New Material	6,500.00	Tuesday, July 14, 2020	Tuesday, July 13, 2021	No
Fangda New Material	8,000.00	Saturday, May 23, 2020	Saturday, May 22, 2021	Yes
Fangda Property	135,000.00	Tuesday, February 25, 2020	Sunday, February 24, 2030	No
Kechuangyuan	1,000.00	Sunday, August 23, 2020	Saturday, February 13, 2021	Yes
FangdaJianke and FangdaZhichuang	14,000.00	Wednesday, December 18, 2019	For details, please refer to the following description of related party guarantee (2)	No
FangdaJianke	20,000.00	Friday, March 6, 2020	Friday, March 5, 2021	Yes

Note to related guarantees

1. The above-mentioned guarantees are all associated guarantees within interested entities of the Group.
2. HSBC has a total credit of RMB 90 million to the Company, FangdaJianke and FangdaZhichuang and has not yet agreed on the credit expiration date. HSBC regularly evaluates the credit status. The restriction on the use of the credit is as follows:
The Company can use non-financial bank guarantees of up to 90 million yuan to grant credit;
FangdaJianke 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.
FangdaJianke 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	4,157,864.33	3,921,960.54

(5) Other related transactions

The subsidiaries FangdaJianke and Hongjun Investment acquired 100% equity of Yunzhu in cash. Yunzhu is a company controlled by Mr. XiongJianming, the actual controller of the Company. The total transaction amount is RMB 125,388,100. All relevant transaction procedures have been completed during the reporting period. FangdaJianke and Hongjun Investment hold 99% and 1% shares of Yunzhu respectively.

6. Receivable and payables due with related parties**(1) Receivable interest**

In RMB

Item	Affiliated party	Closing balance		Opening balance	
		Remaining book value	Bad debt provision	Remaining book value	Bad debt provision
Account receivable	Qijian Technology	3,789.89	37.90	44,268.81	442.69
Other receivables	Shenyang Fangda	42,877.00	42,877.00	42,877.00	42,877.00
Other receivables	Shenzhen Woke	867,442.94	867,442.94	867,442.94	867,442.94
Other receivables	Ganshang Joint Investment	3,791,089.25	56,487.23	3,791,089.25	56,487.23
Other receivables	Shenzhen Yikang Real Estate Co. Ltd.	70,062,675.83	1,043,933.87	70,000,000.00	1,043,000.00

(2) Receivable interest

In RMB

Item	Affiliated party	Closing balance of book value	Opening balance of book value
Other payables	Shenzhen Yikang Real Estate Co. Ltd.	25,062,852.92	24,912,830.32
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 FangdaBangshen 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, 2021, Fangda Real Estate Co., Ltd. had paid a security deposit of RMB 20 million.

(2) In July 2018, the Company's subsidiary Fangda Real Estate Co. Ltd. (Party A) signed a contract with Shenzhen Yikang Real Estate Co. Ltd. (Party B1) and Shenzhen QianhaiZhongzhengDingfeng No. 6 Investment Enterprise (Limited Partnership) (Party B2), "Shenzhen HenggangDakang 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, 2021, Fangda Real Estate has paid RMB 50 million yuan of deposit and RMB 61.9372 million yuan of equity transfer to Party B; Pay the service fee, deposit, preliminary willingness collection fee and the down payment of the old chicken farm on behalf of the project company, totaling about RMB90 million yuan.

As of June 30, 2021, the Group did not have other commitments that should be disclosed.

2. Contingencies

(1) Significant contingencies on the balance sheet date

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

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

② On June 19, 2019, LangfangAomeiJiye Real Estate Development Co., Ltd. filed a lawsuit against FangdaJianke 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; FangdaJianke 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 process of first instance.

③ As of December 31, 2021, due to the expiration of the implementation rules of the "Shenzhen Municipal People's Government on the Administration of the Transfer of Industrial Buildings (Trial)" and the "Notice of the Municipal Planning and Land Resources Commission on Matters Related to the Management of Industrial Building Transfers" and other reasons, some

owners of Fangda Town failed to handle the real estate ownership certificate as scheduled and could not handle the certificate until the implementation of the new policy in February 2020. Both parties had disputes over the failure to handle the certificate. As a result of the above-mentioned litigation, the owners proposed property preservation, and the monetary fund of RMB35,956,145.59 of Fangda Real Estate was frozen. As of June 30, 2021, Fangda Real Estate has accrued estimated liabilities of RMB25,683,696.08 yuan according to the most likely litigation results.

(2) Pending major lawsuits

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

On September 10, 2018, the People's Court of Lixia District of Jinan City sentenced Shandong Zhonghong Real Estate Co. Ltd. to the Company for payment of RMB5960429.45 within 10 days from the date of the effective date of the (2018) Lu 0102 Minchu 5367 civil judgment. Shandong Zhonghong Real Estate Co., Ltd. has been applied for bankruptcy liquidation and its assets have been successfully auctioned. Fangda Construction Technology Co., Ltd. has declared its creditor's rights and enjoys the priority to be paid for the project price. The manager is formulating the distribution details. As of the date of this report, no relevant payment has been received.

On November 15, 2019, the Chengdu Chenghua District People's Court ruled (2019) Chuan 0108 Min Chu No. 428 that Sichuan ChuantaHengyuan Industrial Co., Ltd. shall pay interest to the Company within ten days from the effective date of the judgment (subject to RMB6,013, 841.233 as the base, from May 29, 2015 to the day when the payment is paid; with RMB841,876.3235 as the base, from May 28, 2015 to the day when the payment is paid. Based on RMB841, 876.3235, from May 28, 2016 to the day when the payment is paid). The Company enjoys the priority of compensation for the discounted or auctioned price of Building C of the Chuan Tower supporting project (Film and Television Cultural Square) project within the scope of RMB 7,697,593.88. As of the date of this report, FangdaJianke has applied for execution and has not received the relevant payment.

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

As of June 30, 2021, the Company provided guarantees for the following unit loans:

Name of guaranteed entity	Guarantee	Amount (RMB10, 000)	Term
FangdaZhijian	Guarantee and mortgage guarantee	123.78	2019/7/31 to 2024/7/10
FangdaZhijian	Guarantee and mortgage guarantee	586.24	2019/8/27 to 2024/7/10
FangdaZhijian	Guarantee and mortgage guarantee	211.98	2019/9/27 to 2024/7/10
FangdaZhijian	Guarantee and mortgage guarantee	892.92	2019/11/18 to 2024/7/10
FangdaZhijian	Guarantee and mortgage guarantee	837.41	2019/12/20 to 2024/7/10
FangdaZhijian	Guarantee and mortgage guarantee	843.58	2020/01/15 to 2024/07/10
Fangda Property	Guarantee, pledge and	625.00	2019/9/12 to 2023/7/22

	mortgage guarantee		
Fangda Property	Guarantee, pledge and mortgage guarantee	3,000.00	2019/9/26 to 2023/7/22
Fangda Property	Guarantee, pledge and mortgage guarantee	2,000.00	2019/9/29 to 2023/7/22
Fangda Property	Guarantee, pledge and mortgage guarantee	5,000.00	2019/10/31 to 2023/7/22
Fangda Property	Guarantee, pledge and mortgage guarantee	4,021.70	020/03/9 to 2023/07/22
Fangda Property	Guarantee, pledge and mortgage guarantee	96,195.65	2020/03/13 to 2030/03/12
Fangda Property	Guarantee and mortgage guarantee	46,960.97	2021/03/18 to 2031/03/18
Kechuangyuan	Guarantee	1,001.21	2020/08/23 to 2021/02/13
Total		162,300.44	

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

Notes 2: The Group's property business provides periodic mortgage guarantee for property purchasers. As of June 30, 2021, the Company assumed the above-mentioned phased guarantee amount of RMB157,862,600.

(2) Significant contingent events that do not need to be disclosed should be explained

As of June 30, 2021, the Company has no other important contingencies to be disclosed.

3. Others

As of June 30, 2021:

Currency	Guarantee balance (original currency)	Deposit (RMB)	Credit line used (RMB)
RMB (CNY)	719,509,537.4	2,791,133.69	716,718,403.71
Indian rupee (INR)	87,299,635.00	-	7,590,354.06
HK \$(HKD)	15,349,982.00	-	12,772,413.02
United States dollars (USD)	9,102,345.5	1,259,418.27	57,542,643.89
Euro (EUR)	150,000.00	-	1,152,930.00
Total		4,050,551.96	795,776,744.69

XIV. Post-balance-sheet events**1. Profit distribution**

In RMB

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

2. Notes to other issues in post balance sheet period

The Company has no other issues in post balance sheet period that need to be disclosed on Monday, August 16, 2021 (report date approved by the Board of Directors).

XV. Other material events**1. Suspension of operations**

There is no net profit from discontinued operations in the current period.

2. Segment information**(1) Recognition basis and accounting policy for segment report**

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

The reporting segments are:

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

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

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

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

(5) Others

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

(2) Financial information

In RMB

Item	Curtain wall	Rail transport	Real estate	New energy	Others	Offset between segments	Total
Turnover	1,099,031,952.98	267,687,038.55	192,144,565.45	8,712,992.49	12,068,999.58	10,866,714.07	1,568,778,834.98
Including: external transaction income	1,097,171,007.07	267,687,038.55	188,235,871.36	8,323,350.81	7,361,567.19		1,568,778,834.98
Inter-segment transaction income	1,860,945.92		3,908,694.09	389,641.68	4,707,432.38	10,866,714.07	0.00
Including: major business turnover	1,086,846,566.38	267,675,591.44	139,197,248.64	8,712,992.49		2,181,780.48	1,500,250,618.47
Operating cost	940,911,538.40	190,007,785.06	76,033,488.56	3,849,674.63	89,904.13	2,250,587.60	1,208,641,803.18
Including: major business cost	935,765,330.92	190,007,785.06	74,370,131.39	3,849,674.63		2,874,749.43	1,201,118,172.57
Operation cost	-35,998,064.18	-19,651,831.82	78,165,036.90	811,034.05	-36,141,450.10	-241,549,074.75	228,733,799.60
Operating profit/(loss)	194,118,478.76	97,331,085.31	37,946,039.99	4,052,283.81	48,120,545.55	250,165,201.22	131,403,232.20
Total assets	4,720,277,495.83	627,747,687.59	6,658,684,740.30	548,563,316.08	3,424,589,311.92	4,258,652,240.66	11,721,210,311.06
Total liabilities	3,192,837,798.84	353,735,654.93	4,087,612,847.85	447,618,025.92	1,046,618,617.02	3,005,661,573.91	6,122,761,370.65

(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 debt provision is made by group	897,991.34	100.00%	9,605.86	1.07%	888,385.48	892,363.43	100.00%	6,514.35	0.73%	885,849.08
Including:										
Combination 3: Other business models	897,991.34	100.00%	9,605.86	1.07%	888,385.48	892,363.43	100.00%	6,514.35	0.73%	885,849.08
Total	897,991.34	100.00%	9,605.86	1.07%	888,385.48	892,363.43	100.00%	6,514.35	0.73%	885,849.08

Provision for bad debts by combination:

In RMB

Name	Closing balance		
	Remaining book value	Bad debt provision	Provision rate
Combination 3: Other business models	897,991.34	9,605.86	1.07%
Total	897,991.34	9,605.86	--

Provision for bad debts by combination:

In RMB

Name	Closing balance		
	Remaining book value	Bad debt provision	Provision rate
Less than 1 year	675,325.34	4,929.87	0.73%
1-2 years	222,666.00	4,675.99	2.10%
Total	897,991.34	9,605.86	--

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)	675,325.34
1-2 years	222,666.00
Total	897,991.34

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

Bad debt provision made in the period:

In RMB

Type	Opening balance	Change in the period				Closing balance
		Provision	Written-back or recovered	Canceled	Others	
Combination 3: Other business models	6,514.35	3,091.51				9,605.86
Total	6,514.35	3,091.51				9,605.86

(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	856,402.31	95.37%	9,302.26
Total	856,402.31	95.37%	

2. Other receivables

In RMB

Item	Closing balance	Opening balance
Other receivables	1,624,397,140.22	1,156,802,204.91
Total	1,624,397,140.22	1,156,802,204.91

(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	985,404.46	975,476.54
Accounts between related parties within the scope of consolidation	1,624,173,104.78	1,156,587,949.46
Total	1,638,301,500.26	1,170,706,417.02

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 Friday, January 1, 2021	3,240.69		13,900,971.42	13,904,212.11
Balance on Friday, January 1, 2021 in the current period	—	—	—	—
Provision	147.93			147.93
Balance on Wednesday, June 30, 2021	3,388.62		13,900,971.42	13,904,360.04

Changes in book balances with significant changes in the current period

☐ Applicable ☒ Inapplicable

Account age

In RMB

Age	Closing balance
Within 1 year (inclusive)	1,624,329,829.30
Over 3 years	13,971,670.96
4-5 years	42,877.00
Over 5 years	13,928,793.96
Total	1,638,301,500.26

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	13,904,212.11	147.93				13,904,360.04
Total	13,904,212.11	147.93				13,904,360.04

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

In RMB

Entity	By nature	Closing balance	Age	Percentage (%)	Balance of bad debt provision at the end of the period
Fangda Property	Associate accounts	868,875,749.45	Less than 1 year	53.04%	0.00
FangdaJianke	Associate accounts	469,824,736.51	Less than 1 year	28.68%	0.00
Fangda New Energy	Associate accounts	155,776,232.69	Less than 1 year	9.51%	0.00
Fangda Property	Associate accounts	92,589,038.54	Less than 1 year	5.65%	0.00
Shihui International	Associate accounts	30,459,793.09	Less than 1 year	1.86%	0.00
Total	--	1,617,525,550.28	--	98.73%	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	Change (+,-)	Closing book	Balance of
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	value	Increased investment	Decreased investment	Impairment provision	Others	value	impairment provision at the end of the period
FangdaJianke	491,950,000.00					491,950,000.00	
Fangda 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	
Hongjun Investment Company	98,000,000.00					98,000,000.00	
Fangda Investment Partnership	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	12,068,999.58	89,904.13	12,719,395.10	151,219.77
Total	12,068,999.58	89,904.13	12,719,395.10	151,219.77

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 32,364,717.13 yuan, of which 11,865,658.82 yuan is expected to be recognized in 2021, and 16,403,912.49 yuan is expected to be recognized in 2022, 4,095,145.82 yuan is expected to be recognized in 2023 and beyond.

5. Investment income

In RMB

Item	Amount occurred in the current period	Occurred in previous period
Gains from long-term equity investment measured by costs	33,660,000.00	
Investment gain of financial products	316,138.71	338,561.17
Total	33,976,138.71	338,561.17

XVII. Supplementary Materials**1. Detailed accidental gain/loss**✓ Applicable ☐ Inapplicable

In RMB

Item	Amount	Notes
Gain/loss of non-current assets	-2,027,304.03	
Subsidies accounted into the current income account (except the government subsidy closely related to the enterprise' s business and based on unified national standard quota)	3,563,846.25	
Net gain between the beginning and merger day of subsidiaries generated by merger of companies under common control	17,512.89	
Gain/loss from change of fair value of transactional financial asset and liabilities, and investment gains from disposal of transactional and derivative financial assets and liabilities and sellable financial assets, other than valid period value instruments related to the Company' s common businesses	3,102,080.16	
Write-back of impairment provision of receivables and contract assets for which impairment test is performed individually	14,600,000.00	
Other non-business income and expenditures other than the above	-2,279,268.05	
Less: Influenced amount of income tax	2,384,080.04	
Influenced amount of minority	199,880.80	

shareholders' equity		
Total	14,392,906.38	--

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

☐ Applicable ☒ Inapplicable

2. Net income on asset ratio and earning per share

Profit of the report period	Weighted average net income/asset ratio	Earning per share	
		Basic earnings per share (yuan/share)	Diluted Earnings per share (yuan/share)
Net profit attributable to common shareholders of the Company	2.05%	0.10	0.10
Net profit attributable to the common owners of the PLC after deducting of non-recurring gains/losses	1.79%	0.09	0.09

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