China Fangda Group Co., Ltd.

2024 Annual Report

April 2025

2024 Annual Report

Chapter 1 Important Statement, Table of Contents and Definitions

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

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

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

This annual report contains forward-looking statements such as future plans, which do not constitute a substantial commitment by the Company to investors. Investors and related parties should maintain sufficient risk awareness and understand the differences between plans, forecasts, and commitments.

The company has described the existing market risks, management risks and production and operation risks in this report. Please refer to the risks that may be faced mentioned in"11. Prospects for the Company's Future Development" in III Management Discussion and Analysis.

The Board meeting reviewed and approved the profit distribution preplan:

distributing cash dividend of RMB0.50 (tax included) for each ten shares to all shareholders on the basis of 1,073,874,227 shares of the Company and no dividend share is issued to shareholders. No reserve is capitalized.

Contents

Note: The decrease in the statutory surplus reserve during the current period is due to the fair value change of the Company's other equity instrument investments in Shenyang Fangda. As the Company has gone bankrupt during the current period, the recognition has been terminated, and the amount has been

Reference

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

2. Original copy of the Auditors' Report under the seal of the CPA and signed by and under the seal of certified accountants;

3. Originals of all documents and manuscripts of Public Notices of the Company disclosed in public.

Definitions

Terms	Refers to	Description
Fangda Group, company, the Company	Refers to	China Fangda Group Co., Ltd.
Articles of Association	Refers to	Articles of Association of China Fangda Group Co., Ltd.
Meeting of shareholders	Refers to	Meetings of shareholders of China Fangda Group Co., Ltd.
Board of Directors	Refers to	Board of Directors of China Fangda Group Co., Ltd.
Supervisory Committee	Refers to	Supervisory Committee of China Fangda Group Co., Ltd.
Banglin Technology	Refers to	Shenzhen Banglin Technologies Development Co., Ltd.
Shengjiu Co.	Refers to	Shengjiu Investment Ltd.
Fangda Jianke	Refers to	Shenzhen Fangda Jianke Group Co., Ltd.
Fangda Zhiyuan	Refers to	Fangda Zhichuang Technology Co., Ltd.
Fangda Jiangxi New Material	Refers to	Fangda New Materials (Jiangxi) Co., Ltd.
Fangda New Resource	Refers to	Shenzhen Fangda New Energy Co., Ltd.
Fangda Property	Refers to	Shenzhen Fangda Property Development Co., Ltd.
Fangda Chengdu Technology	Refers to	Chengdu Fangda Construction Technology Co., Ltd.
Fangda Dongguan New Material	Refers to	Dongguan Fangda New Material Co., Ltd.
Kechuangyuan Software	Refers to	Shenzhen Qianhai Kechuangyuan Software Co., Ltd.
Fangda Property	Refers to	Shenzhen Fangda Property Management Co., Ltd.
Fangda Jiangxi Property	Refers to	Fangda (Jiangxi) Property Development Co., Ltd.
Fangda Hongjun Investment	Refers to	Shenzhen Hongjun Investment Co., Ltd.
Fangda Investment	Refers to	Shenzhen Fangda Investment Partnership (Limited Partnership)
Fangda Yunzhu	Refers to	Shenzhen Fangda Yunzhu Technology Co., Ltd.
Fangda Zhijian	Refers to	Shanghai Fangda Zhijian Technology Co., Ltd
Fangda Intelligent Manufacturing	Refers to	Jiangxi Fangda Intelligent Manufacturing Technology Co., Ltd.
SZSE	Refers to	Shenzhen Stock Exchange

Chapter II About the Company and Financial Highlights

I. Company profiles

Stock ID	Fangda Group, Fangda B	Stock code	000055, 200055
Modified stock ID (if any)	No		
Stock Exchange	Shenzhen Stock Exchange		
Chinese name	China Fangda Group Co., Ltd.		
Chinese abbreviation	Fangda Group		
English name (if any)	CHINA FANGDA GROUP CO.,LTD.		
English abbreviation (if any)	CFGC		
Legal representative	Xiong Jianming		
Registered address	Fangda Technology Building, Kejinan 12th Avenue, High-tech Zone, Hi-tech Park South Zone, Nanshan District, Shenzhen, PR China.		
Zip code	518057		
Changes in the Company's registered address	No		
Office address	39th Floor, Building T1, Fangda Town, No.2, Longzhu 4th Road, Nanshan District, Shenzhen		
Zip code	518055		
Website	http://www.fangda.com		
Email	fd@fangda.com		

II. Contacts and liaisons

	Secretary of the Board	Representative of Stock Affairs
Name	Ye Zhiqing	Guo Linchen
Address	39th Floor, Building T1, Fangda Town, No.2, Longzhu 4th Road, Nanshan District, Shenzhen	39th Floor, Building T1, Fangda Town, No.2, Longzhu 4th Road, Nanshan District, Shenzhen
Telephone	86(755) 26788571 ext. 6622	86(755) 26788571 ext. 6622
Fax	86(755)26788353	86(755)26788353
Email	zqb@fangda.com	zqb@fangda.com

III. Information disclosure and inquiring

Website of the stock exchange where the Company discloses its annual report	Shenzhen Stock Exchange http://www.szse.cn
Names and websites of the media where the Company discloses its annual report	China Securities Journal, Security Times, Shanghai Securities Daily, Securities Daily, Hong Kong Commercial Daily and www.cninfo.com.cn
Place for information inquiry	39th Floor, Building T1, Fangda Town, No.2, Longzhu 4th Road, Nanshan District, Shenzhen

IV. Registration changes

Unified Social Credit Code	91440300192448589C
Changes in main businesses since the listing of the Company	None
Changes in the controlling shareholders (if any)	None

V. Other information

Public accountants employed by the Company

Public accountants	RSM Thornton (limited liability partnership)
Address	90122 to 90126, Foreign Trade Building, No.22, Fuchengmenwai Street, Xicheng District, Beijing, China
Signing accountant names	Zhou Junchao, Liu Gen, Hu Gaosheng

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

□ Applicable ☑ Inapplicable

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

□ Applicable ☑ Inapplicable

VI. Financial Highlight

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

□ Yes ☑ No

	2024	2023	Increase/decrease	2022
Turnover (yuan)	4,424,224,197.71	4,292,204,716.01	3.08%	3,846,975,948.44
Net profit attributable to shareholders of the listed company (yuan)	144,813,705.53	272,758,249.50	-46.91%	282,933,854.32
Net profit attributable to the shareholders of the listed company and after deducting of non-recurring gain/loss (yuan)	159,778,410.13	272,138,072.87	-41.29%	270,965,220.96
Net cash flow generated by business operation (yuan)	270,894,093.43	299,742,202.08	-9.62%	221,211,632.30
Basic earnings per share (yuan/share)	0.13	0.25	-48.00%	0.26
Diluted Earnings per share (yuan/share)	0.13	0.25	-48.00%	0.26
Weighted average net income/asset ratio	2.41%	4.67%	Decrease by 2.26 percentage points	5.03%
	End of 2024	End of 2023	Increase/decrease from the end of last year	End of 2022
Total asset (yuan)	13,555,387,225.21	13,376,351,856.86	1.34%	12,745,185,294.02

Net profit attributable to the shareholders of the listed company (RMB)	6,125,803,906.35	5,960,140,567.07	2.78%	5,749,940,874.92

The company's annual revenue for 2024 increased by 3.08%, while the net profit attributable to shareholders of the listed company decreased by 46.91%. The main reasons for the decline in net profit are: a decrease in the gross margin of the curtain wall and new materials industries, which led to a 1.61 percentage point decrease in the overall gross margin for the period; and the impact of the real estate industry, which caused delays in project settlement and payment collection, leading to an increase in the provision for bad debts of accounts receivable for the period.

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

□ Yes ☑ No

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

□ Yes ☑ No

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

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

□ Applicable ☑ Inapplicable

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

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

□ Applicable ☑ Inapplicable

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

VIII. Financial highlights by quarters

In RMB

	Q1	Q2	Q3	Q4
Turnover	915,576,687.71	1,218,268,900.05	1,072,709,446.52	1,217,669,163.43
Net profit attributable to the shareholders of the listed company	51,467,996.23	65,327,121.39	32,916,073.08	-4,897,485.17
Net profit attributable to the shareholders of the listed company and after deducting of non-recurring gain/loss	50,881,206.26	60,807,899.13	29,591,488.32	18,497,816.42
Cash flow generated by business operations, net	-295,706,302.26	124,175,304.05	18,286,417.04	424,138,674.60

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

□ Yes ☑ No

IX. Accidental gain/loss item and amount

☑ Applicable □ Inapplicable

In RMB

Item	2024	2023	2022	Notes
Non-current asset disposal gain/loss (including the write-off part for which assets impairment provision is made)	-1,101,723.90	381,572.12	-1,421,880.09	
Government grants recognized in the current period's profit or loss (except for government grants that are closely related to the Company's normal business operations, in line with national policies and in accordance with defined criteria, and have a continuous impact on the Company's profit or loss)	12,652,732.81	8,781,578.52	10,138,362.96	
Gains and losses from changes in the fair value of financial assets and liabilities held by non-financial corporations and gains and losses from the disposal of financial assets and liabilities, except for effective hedging operations related to the Company's normal business operations	-1,663,158.03	509,477.49	4,666,147.76	
Capital using expense charged to non-financial enterprises and accounted into the current income account		3,790,999.98	8,619,807.35	
Write-back of impairment provision of receivables for which impairment test is performed individually		13,228,201.06	6,138,338.91	
Gain/loss from debt reorganization	-118,701.78			
One-time expenses incurred by the Company due to discontinuation of certain business activities, such as expenditures for employee resettlement:	-10,301,966.12			This amount was spent on employee resettlement associated with the relocation of the Company's production site.
Gain/loss from change of fair value of investment property measured at fair value in follow-up measurement	-18,397,296.67	-28,482,701.26	-10,095,973.89	
Other non-business income and expenditures other than the above	87,650.88	1,262,814.78	-2,764,570.20	
Less: Influenced amount of income tax	-3,890,432.45	-1,262,507.89	3,172,419.69	
Influenced amount of minority shareholders' equity (after-tax)	12,674.24	114,273.95	139,179.75	
Total	-14,964,704.60	620,176.63	11,968,633.36	--

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

□ Applicable ☑ Inapplicable

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

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

□ Applicable ☑ Inapplicable

Chapter III Management Discussion and Analysis

I. Major businesses of the Company during the report period

The Company primarily engages in high-end smart curtain wall systems and new materials, intelligent platform screen door equipment and systems for rail transit, new energy, commercial management and services, among other businesses. The Company's main products, smart curtain walls and intelligent platform screen door equipment and systems for rail transit, have become global industry benchmarks. The urban rail transit platform screen door system has been recognized by the Ministry of Industry and Information Technology as a "Single Champion Product in Manufacturing," and the comprehensive strength of the smart curtain wall system ranks among the top in the industry. The Company currently has 7 national high-tech enterprises, 6 "specialized, refined, and innovative" enterprises, 2 "national intellectual property advantage enterprises," 1 "national quality leader enterprise," and 2 provincial engineering technology research centers.

With "digital intelligence empowerment and scientific management" as its core, the Company vigorously promotes the intelligent manufacturing + AI strategy across various industries. Through measures such as technological innovation, market expansion, system optimization, and talent cultivation, the Company has built an efficient management and operation system. By leveraging the dual drivers of globalization and intelligence, the Company promotes the high-quality development of its business segments.

During the reporting period, the Company's overall operating condition was good, achieving an operating income of RMB4,424,224,200, a net profit attributable to shareholders of the parent company of RMB144,813,700, and a net operating cash flow of RMB270,894,100. As of the end of the reporting period, the Company's order backlog was RMB8,287,395,900, which is 1.87 times the revenue for 2024, providing important support for the Company's continued healthy development.

(I) Smart curtain wall systems and new materials

① Implementation of intelligent manufacturing + AI strategy to accelerate the development of new quality productivity

"5G + Smart Factory" commissioning: To promote high-quality development, the Company has implemented an intelligent manufacturing + AI strategy in project management, factory production, and operation maintenance, continuously empowering the Company's development and accelerating the development of new quality productivity. During the reporting period, the Fangda (Ganzhou) Low-Carbon Intelligent Manufacturing Base project constructed by the Company was put into operation. This base is a "5G + Smart Factory" integrating 5G, digitalization, IoT, and intelligence. The Company has fully implemented end-to-end digital management, becoming the industry's first enterprise to achieve full-process coverage with an ERP system. Through intelligent logistics technologies such as AGV unmanned vehicles and automatic conveyors, product turnover efficiency has been comprehensively improved, striving for lean production with "zero damage, zero stagnation". The digital control system allows production pacing to be precise to the "second" level, and the workshop's digital management meets the international 8S standards, greatly enhancing the level of intelligence and digitalization in production. The Coating Center is recognized by the Ministry of Ecology and Environment as a national "Green Island Project". Through the co-construction and sharing of intensive environmental protection infrastructure, unified treatment of pollutants and resource recycling within the park are achieved, actively responding to the national "dual carbon" goals and becoming an industry benchmark for green manufacturing. The project integrates innovative technologies such as AI layout and automatic paint mixing, with color difference control precision reaching the industry's top level.

"Intelligent manufacturing + AI" empowering industrial development: During the reporting period, the Company established a special team for "Intelligent Manufacturing + AI" to coordinate digital transformation. Relying on the collaborative development of five major industrial bases in Shenzhen, Dongguan, Shanghai, Chengdu, and Ganzhou, an intelligent rapid response mechanism for "order-design-production" was established, shortening the product delivery cycle and empowering industries through AI applications. During the reporting period, the Company's operating income from the curtain wall systems and materials industry was RMB3,555,996,900, an increase of 2.27% compared to the same period last year.

In the product R&D and design phase, the feasibility and economic viability of solutions are quickly iterated and verified using AI+BIM-driven parametric tools. Additionally, technologies such as feature coding are used to achieve precise parameter calls, thereby improving design efficiency and accuracy. Furthermore, combining topology optimization algorithms allows for reasonable control of material usage while meeting mechanical performance requirements, reducing carbon emissions.

In the product production phase, AI-assisted optimization of production processes is carried out, combined with intelligent equipment and the Company's self-developed MES system, to improve overall production efficiency.

In the product installation phase, AI assists in optimizing construction sequences, shortening construction time. By combining drone aerial photography and CV technology, AI assists in identifying quality and safety issues during construction, effectively reducing quality and safety risks.

Construction of "Digital Fangda": During the reporting period, the Company accelerated the advancement of the "Digital Fangda" construction. Building on the self-developed PMS project management platform, MES production management platform, VPO supplier management platform, and quality and safety management platform, the Company completed the development and application of a contract management platform, refined management platform, and cost management system. Through AI technology, the Company achieved comprehensive information management across the entire chain of contract execution, enabling full monitoring and real-time sharing from material supply, production status, factory processing progress to project management status. This greatly simplified the process of information data processing and provided real-time business data support for management decision-making, meeting the refined management requirements for curtain wall products.

② Deepening technological innovation and accelerating the transformation of innovative achievements

Building a collaborative industry-university-research platform: The Company is committed to building a collaborative industry-university-research platform, which has become an important model for innovation-driven development. During the reporting period, the Company collaborated with Jinan University to develop the cable and ring beam composite curtain wall system, fully leveraging their respective technical advantages in the fields of architectural curtain walls and finite element simulation analysis. The research results were successfully applied to the "Shenzhen China Resources Snow Headquarters Building" curtain wall project, achieving breakthroughs in the stability of large-span curved cable curtain walls, high-altitude precision installation, processing of special-shaped materials, and environmental adaptation technologies. This overcame the construction challenges of high-rise curved cable curtain walls, was recognized as an industry benchmark case, and enhanced the Company's scientific research capabilities in the high-end curtain wall field.

Launching multiple green innovative products: The Company actively responds to national energy-saving and carbon-reduction policies, focusing on the fields of green, energy-saving, prefabricated, new materials, and high-end curtain wall systems. Relying on its advantage as the Guangdong Province Prefabricated Building Curtain Wall Engineering Technology Research Center, the Company vigorously conducts technical research and product innovation, accelerates technological innovation and achievement transformation, continuously breaks through key core technologies, and meets the diverse application scenario needs of customers. During the reporting period, the Company launched several green innovative products, including the green low-carbon inorganic fiber-free board curtain wall system, special curved stone curtain wall system, residential prefabricated unit aluminum plate and window-wall combination system, high-adaptability curved unit curtain wall system, new anti-lateral displacement groove embedding system, and ultra-high performance low-energy aluminum alloy system doors and windows, and high-efficiency system louvers developed for overseas markets. These products better meet the domestic and international demand for high-end curtain walls and the requirements for green low-carbon buildings.

In addition, the Company has also achieved technological innovation in the inspection and testing of building curtain walls, actively promoting the application of drone inspections, thermal infrared detection, and other technologies. These innovations effectively improve inspection efficiency, reduce the safety risks of high-altitude operations, enhance the safety of building facades, and ensure public safety.

Continuous R&D Investment: During the reporting period, the Company's R&D investment amounted to RMB171,031,400, accounting for 3.87% of its operating income. The Company has obtained 671 patent technologies for smart curtain wall systems and new materials, as well as 21 software copyrights. It participated in the drafting of 35 national/industry technical specifications and standards. Notably, the national standards *Building Curtain Wall Thermal Cycling and Condensation Detection Method* GB/T 43496-2023, *Aluminum Single Panel for Architectural Decoration* GB/T 23443-2024, and *Metal and Metal Composite Ceiling Panels* GB/T 23444-2024 were published during the reporting period. Six subsidiaries engaged in the smart curtain wall system and new materials industry are recognized as national high-tech enterprises, with five of them being "specialized, refined, and innovative" enterprises. They have consecutively been recognized as National Intellectual Property Advantage Enterprises, National Quality Leaders, "Specialized, Refined, and Innovative" Little Giants, Guangdong Provincial Engineering Technology Research Center, Jiangxi Provincial Enterprise Technology Center, Jiangxi Provincial Intelligent Manufacturing Benchmark Enterprises, Guangdong Provincial Innovative SMEs, and holders of Enterprise Innovation Records. These accolades highlight the Company's leading position and comprehensive strength in curtain wall product design, manufacturing, and installation technology.

③ Deepening focus on key domestic regions and achieving new highs in overseas orders

In the face of adverse impacts such as economic restructuring, a slowdown in national fixed asset investment growth, and intensified industry competition, the Company remains committed to a principle of controllable risk. It actively plans the market layout for high-end curtain walls both domestically and internationally, focusing on high-quality clients, key regions, and major projects, continuously advancing towards high-quality development goals. During the reporting period, the Company deeply penetrated the Guangdong-Hong Kong-Macao Greater Bay Area market, winning bids for a series of influential large projects such as the Shenzhen Super Headquarters Base—Shenzhen Bay Coastal Business Center Section 1, the Shenzhen ZTE Headquarters Building, and the JD Shenzhen Headquarters curtain wall project. Additionally, the Company won the bid for the "First Village of Shenzhen Urban Renewal" Shenzhen Bay Area Smart Plaza project, with a height of 358 meters; the highest building in Guangzhou Financial City East Area—the 248-meter Guangdong Construction Engineering Technology Innovation Building project; and the Dongguan OPPO Binhaiwan High-Level Talent Housing project, among others.

While domestic business continues to develop steadily, overseas orders have also achieved new breakthroughs, with newly signed overseas curtain wall system and material project orders increasing by 60.98% compared to the same period last year. Notably, the curtain wall project for Melbourne Square Phase II in Australia, with a height of 247 meters, set a new record for the Company's highest project in Australia. As of the end of the reporting period, the Company's order reserve for the smart curtain wall and new materials industry reached RMB5,776,069,900, which is 1.62 times the 2024 operating income of the Company's curtain wall system and materials industry, laying a solid foundation for the Company's continued high-quality development.

④ Deepening globalization strategy and enhancing localized decision-making efficiency

During the reporting period, the Company firmly pursued the goal of deepening its globalization strategy, integrating high-quality market resources across the group. While consolidating its strong presence in advantageous markets like Australia, the Company actively expanded into emerging markets in Southeast Asia and the Middle East. It has established branches in countries and regions along the "Belt and Road" initiative, including Singapore, India, Australia, Bangladesh, the UAE, Saudi Arabia, and Hong Kong. The Company implements a dual-output model of "technology + service" and employs matrix management for its overseas business, enhancing localized decision-making efficiency. During the reporting period, overseas revenue from the high-end smart curtain wall system and materials industry increased by 8.27% compared to the previous year.

(II) Rail Transit Intelligent Platform Screen Door Equipment and System Industry

① Remarkable results of overseas strategy highlight industry leadership

Continuing to deepen overseas markets: The year 2024 marks the beginning of the new decade for the "Belt and Road" initiative. As a pioneer and leader in the rail transit platform screen door industry, the Company has become a practitioner and beneficiary of the national "Belt and Road" initiative. Expanding the brand overseas has become an important way for the Company to enhance market competitiveness and achieve high-quality development. For over a decade, the Company has been deeply engaged in countries and regions along the "Belt and Road" initiative. It has secured rail transit platform screen door system projects in countries and regions such as Singapore, Malaysia, Hong Kong, Taipei, Thailand, India, Greece, Colombia, and the Philippines. By establishing good relationships with overseas partners and relying on excellent products, technology, and services, the Company continues to "ride the waves" in the global market.

Record high order reserve: During the reporting period, 9 metro projects worldwide that use the Company's rail transit platform screen door systems were successively opened for operation. Among them, the Mumbai Metro Line 3 in India is the Company's third operational project in the Indian market, following the Noida Metro and Ahmedabad Metro projects. During the reporting period, the operating revenue of the Company's rail transit intelligent platform screen door equipment and system industry was RMB612,820,600, an increase of 9.74% compared to the previous year. Domestic revenue accounted for 56.93%, while overseas revenue accounted for 43.07%, further consolidating the mutually reinforcing development pattern of domestic and international dual circulation. As of the end of the reporting period, the order reserve for the Company's rail transit intelligent platform screen door equipment and system industry reached RMB2,511,326,000, an increase of 3.39% compared to the end of the previous year. This is 4.10 times the operating revenue of the rail transit platform screen door equipment and system industry in 2024, setting a new historical high and laying a solid foundation for the continued release of subsequent performance. In the context of weak global economic recovery and insufficient domestic effective demand, the Company's rail transit intelligent platform screen door equipment and system industry has maintained strong resilience, demonstrating strong competitiveness and overall strength in technology, brand, and market, as well as significant advantages in new quality productivity.

② Accelerating technological innovation and leading standardization

Leading the development of industry technical specifications: The Company consistently adheres to technology innovation as its driving force and market demand as its guide, committed to providing high-quality rail transit platform screen door products and services to global customers. As a national intellectual property advantage enterprise, the Company led the preparation of the first domestic industry standard for platform screen door systems. It is currently spearheading the drafting of China's first national standard for platform screen door products, titled *Urban Rail Transit Platform Screen Door Systems*. Additionally, the Company is participating in the drafting of *Technical Guidelines for Smart Station Construction in Rail Transit*, *Technical Specifications for Intelligent Detection Systems of Foreign Objects in the Gap between Urban Rail Transit Platform Screen Doors and Train Doors*, and the group standard *High-Speed Railway Platform Door Systems*, consolidating its leading position.

AI+ driving innovation achievements transformation: In recent years, the Company has continuously improved its technological innovation system, deeply engaged in tackling key core technologies, vigorously developed "AI+", and actively promoted the transformation and application of technological innovation achievements, achieving a leap in productivity quality. During the reporting period, the Company's independently developed pneumatic-driven screen door system, intelligent operation and maintenance system, three-module full-height screen door structure products, sliding door lateral press anti-pinch self-rescue lock, and other new technologies and products have been successfully applied in multiple projects. Fangda Zhiyuan has been listed for six consecutive years among the "Top 100 Shenzhen Industry Leader Enterprises". The Company has developed a globally leading high-speed rail platform screen door system with completely independent intellectual property rights, utilizing artificial intelligence and AI vision systems. This system can automatically recognize high-speed train models and train positioning, allowing arbitrary setting of platform door opening positions and door opening sizes to accommodate different models' various opening positions and size requirements. This innovation significantly enhances the safety protection level of high-speed and intercity railway platforms, improves train operation organization and transportation efficiency, and enhances passenger service quality. It has significant engineering implications and serves as an important demonstration for promoting rail transit construction and leading the technological upgrade of the rail transit industry, earning the "Shenzhen Enterprise Innovation Record" honor. This product has obtained 36 patents and promises broad application scenarios and market space in the future.

③ Possessing full industry chain one-stop service capability, maintenance business growing annually

The Company has a full industry chain one-stop service capability for rail transit platform screen door systems, offering services that include research and development, design, equipment manufacturing, engineering services, technical services and maintenance, and spare parts supply. This comprehensive service capability effectively reduces customers' construction, operation, and management costs, lowers the risk of compatibility issues in complex line systems, and minimizes the impact of renovation projects and maintenance on normal operations. As the operational mileage of urban rail transit continues to increase, the demand for operation and maintenance is gradually becoming prominent, revealing the enormous potential of the rail transit aftermarket. Intelligence and specialization are set to become future development trends. The Company's independently developed platform screen door intelligent operation and maintenance support system utilizes artificial intelligence (AI), big data, and other information technologies to effectively achieve real-time monitoring of rail transit system equipment status, fault early warning, and intelligent maintenance decision-making. This reduces system operation and maintenance costs, lowers equipment failure rates, improves maintenance efficiency, and enhances the intelligence level of station operations. During the reporting period, the Company's maintenance revenue from the rail transit platform screen door industry was RMB70,484,800, accounting for 11.50% of the rail transit platform screen door business revenue, representing an increase of 11.76% compared to the same period last year. The good development opportunities for the Company's professional technical maintenance services business are gradually emerging.

(3) New energy industry

The Company's new energy industry mainly consists of Building Integrated Photovoltaics (BIPV) and distributed solar photovoltaic power stations. Against the backdrop of the national dual carbon strategy and green development, the Company has consistently adhered to the concepts of low carbon, energy saving, green, and environmental protection. It is one of the early developers and applicators of BIPV and photovoltaic power generation system design, manufacturing, integration, and operation in China, possessing mature technical experience and having completed some of the earliest BIPV projects in the country. Currently, the Company has won the bid for the Egret Lake Center curtain wall project, one of the seven key areas in Longhua District, Shenzhen. Leveraging its advantages in curtain wall business, the project employs BIPV technology, with a photovoltaic curtain wall area of approximately 1,000 square meters. Once completed, it is expected to generate about 62,000kWh of electricity annually, save approximately 17.8 tons of standard coal per year, and reduce carbon dioxide emissions by 43.4 tons, contributing to the acceleration of achieving zero carbon targets in the construction sector.

The Company has completed several distributed solar photovoltaic power stations, such as the Pingxiang distributed photovoltaic power station in Jiangxi, the Nanchang Jiangxi Isuzu Motors parking lot photovoltaic power station, and the Dongguan Songshan Lake base photovoltaic power station in Guangdong, which have achieved intelligent operation and maintenance to ensure long-term stable returns.

(4) Commercial management and service industry

The Company's commercial development management and property service projects are primarily located in Shenzhen and Nanchang. Shenzhen, as the most dynamic modern metropolis in China, continues to attract various enterprises with its unique advantages amid the deep interconnectivity of the Guangdong-Hong Kong-Macao Greater Bay Area. Through differentiated positioning and a digital investment promotion system, the Company has maintained a higher-than-industry average clearance rate and occupancy rate. By the end of the reporting period, the sales clearance rate of the Shenzhen Fangda City project was 98.84%, with a self-owned property occupancy rate of 83.69%, and the Fangda Technology Building occupancy rate was 81.54%. The Fangda Center project in Nanchang is located in the Honggutan New District, a core area of Nanchang's "One River, Two Banks, Twin Cities Embracing the River" strategy, also known as Nanchang's "Urban Living Room," with significant locational advantages and positive market expectations. At the end of the reporting period, the sale rate of Nanchang Fangda Center project was 43.02%, and the occupancy rate of self-owned properties was 91.35%. In the future, the Company will continue to improve its operational management model, consistently contributing to the Company's profits in a stable and healthy manner.

The Company actively embraces AI technology, vigorously promoting the digital construction of property services to achieve intelligent management. It has established smart systems including the Fangda Property Smart Park applet, enterprise WeChat online customer service, online work orders, and intelligent lighting control. By analyzing and mining massive data, the Company gains deep insights into customer needs and habits, providing personalized services to enhance smart property management levels and reduce management costs.

The planned project initiation work for the Company's Henggang Dakang urban renewal project in Shenzhen is ongoing.

II. Core Competitiveness Analysis

(I) Smart curtain wall system and material

1. Technological innovation advantages

The Company adheres to technology leadership and innovation-driven strategies, developing new quality productivity tailored to local conditions, and actively utilizing digital and green technologies through AI technology to empower the traditional curtain wall industry. The Company has obtained 671 patents for smart curtain wall systems and new materials, as well as 21 software copyrights. It has participated in the drafting of 35 national or industry standards, including the *Energy Conservation Design Standards for Public Buildings*. It was the first in the industry nationwide to establish research and development institutions such as an enterprise post-doctoral workstation, a provincial engineering technology research center, and a research design institute, with independent innovation capabilities and technical levels reaching the advanced level of the domestic industry. Six subsidiaries engaged in the smart curtain wall systems and materials industry are national high-tech enterprises, with five of them recognized as "specialized, refined, and innovative" enterprises, providing a strong platform support for the Company's high-quality innovation development. The Company has been consecutively awarded honors such as the National Intellectual Property Advantage Enterprise, National Quality Leader Enterprise, "Specialized, Refined, and Innovative" Little Giant, Guangdong Provincial Engineering Technology Research Center, Jiangxi Provincial Enterprise Technology Center, Jiangxi Provincial Intelligent Manufacturing Benchmark Enterprise, and Guangdong Provincial Innovative Small and Medium Enterprises. The Company's independent and continuous innovation has established its leading technological level and product delivery capabilities.

During the reporting period, as a leading enterprise in the curtain wall industry, the Company hosted a high-quality curtain wall engineering observation conference, attracting over 200 industry peers to observe the Tencent Shenzhen Headquarters Cloud Building curtain wall project constructed by the Company, showcasing its strength. The Company published nine papers in professional journals, providing in-depth analysis of the design essence of several key projects. The R&D achievements from industry-university-research collaboration were successfully applied to projects such as the "Shenzhen China Resources Snow Headquarters Building", fully demonstrating the Company's benchmark role in the curtain wall industry technology field.

2. Brand value advantages

The Company has been deeply involved in the curtain wall field for over thirty years, consistently adhering to a quality-first approach. With long-term excellence in product advantages and service quality, it has gained high recognition from the industry and numerous professionals, earning a good reputation as one of the preferred brands in the domestic high-end curtain wall system materials industry. The Company has received over 200 awards at the national and provincial levels, including the National Quality Award, the Luban Award (National Quality Engineering), the Zhan Tianyou Award, and the China Building Decoration Award. Globally, the Company has created over 1,000 landmark projects, establishing itself as a leading brand in the high-end curtain wall sector. The Fangda trademark has been recognized as a "China Well-known Trademark," and has also been awarded the titles of "International Reputation Brand" and "Shenzhen Old Brand."

During the reporting period, the high-end curtain wall projects undertaken by the Company, Shenzhen University Lihu Campus and Shenzhen Zhongzhou Coastal Business Center, both won the China Building Engineering Decoration Award. The Tencent Shenzhen Headquarters Cloud Building, Guangzhou Nansha International Financial Forum (IFF) Permanent Venue, and Shenzhen Hankin Center curtain wall projects were respectively awarded the "Era Icon," "Foresight", and "Innovation" honors at the 2024 Alpha Architecture Conference. The Hubei Broadcasting and Television Media Building project won the "2023-2024 My Favorite Curtain Wall Project", the Kunming Huancheng Business Center curtain wall project phase one won the Yunnan Province "Excellent Engineering Second Prize," and the Guangzhou Nansha International Financial Forum (IFF) Permanent Venue curtain wall project won the "Guangzhou City Excellent Engineering Award".

During the reporting period, the Company successfully completed 38 curtain wall projects globally, covering landmark buildings in multiple fields such as: Kingdee Cloud Center, UBTECH Robotics Building, CCCC Group Southern Headquarters Building, ByteDance Shenzhen Houhai Center Building, Shenzhen China Resources Snow Headquarters Building, Haitian Group Headquarters Building, Australia Seafarers, and Australia PFMCC Hospital. The Company's products and services have received widespread praise from clients within the industry, earning honors such as "Excellent Supplier" and "Excellent Subcontractor" multiple times.

3. Industrial layout advantages

After years of development, the Company's intelligent curtain wall systems and materials industry has established a nationwide industrial layout with Shenzhen as its headquarters and production bases in Shanghai, Chengdu, Dongguan, Ganzhou, and other locations. This setup provides customers with integrated solutions encompassing research and development, design, production, project management and construction, as well as maintenance services, creating a complete industrial chain in the field of curtain wall systems and materials. Among these, the Fangda (Ganzhou) Low-Carbon Intelligent Manufacturing Base project commenced operations during the reporting period. This base is a "5G+ Smart Factory" integrating 5G, digitalization, the Internet of Things, and intelligence. It leads the industry in system innovation, product development, and manufacturing, and has now become a "Green Island" factory within the smart manufacturing and AI system. The Company's well-established production base layout and complete industrial chain enable it to optimize production costs, enhance efficiency, and quickly respond to market demand changes, providing essential support for increasing market share and comprehensive competitiveness.

4. Talent

The Company implements an innovation-driven development strategy, accelerating the cultivation of innovative talent through multiple channels, actively introducing and nurturing various professional technical and management talents, and is committed to building an innovative and efficient management and operational team. After years of development, the Company boasts an experienced, internationally-minded senior management team and mid-level managers with solid expertise and strong execution capabilities. It has a comprehensive talent development system and talent reserve, with smooth career development paths. Additionally, the Company has a well-established incentive and evaluation system for the transformation of technological achievements, fully stimulating the innovative vitality of R&D personnel. This supports and guides the Company towards quality improvement, efficiency enhancement, and sustainable healthy development through technological innovation, steadfastly pursuing independent innovation to truly become a force driving high-quality corporate development. During the reporting period, the Company recruited 97 new graduates, laying a solid foundation for its talent reserve.

(I) Rail Transit Platform Screen Door Equipment and System Industry

1. Technical R&D advantage

The Company adheres to independent innovation and was the first in China to develop a rail transit platform screen door system with independent intellectual property rights, breaking the monopoly of foreign companies in China's rail transit platform screen door field. Through years of continuous engineering practice and technological innovation, the Company has accumulated profound technical expertise, giving it a technological R&D advantage. The Company's technological R&D system is well-established. The platform screen door system R&D center of Fangda Zhiyuan has been awarded the Guangdong Engineering Technology Center by the Guangdong Science and Technology Department. The Company has a comprehensive, experienced, and highly skilled international technical talent team. The R&D team has strong technological innovation capabilities, and its research achievements have successively received the Guangdong Science and Technology Award and the Shenzhen Science and Technology Progress Award, among others. The Company's urban rail transit platform safety doors have been recognized by the Ministry of Industry and Information Technology as a "Single Champion Product in Manufacturing." Fangda Zhiyuan has been selected as a "National Intellectual Property Advantage Enterprise" and a Shenzhen "Specialized, Refined, Special, and New" Enterprise. It was the main editor of China's first industry standard for "Urban Rail Transit Platform Screen Doors" and is currently leading the drafting of China's first national standard for "Urban Rail Transit Platform Screen Door Systems." The R&D project for the high-speed rail station platform door system has been recognized as a "Shenzhen Enterprise Innovation Record", highlighting Fangda's continuous comprehensive leading strength and industry benchmark position in the field of urban rail transit equipment.

2. Industry chain advantage

As a pioneer in China's metro platform screen door industry, the Company possesses the capability to provide one-stop services across the entire industry chain, including R&D design, equipment manufacturing, engineering services, technical services and maintenance, and spare parts supply. A complete industrial chain helps the Company to realize resource sharing at all stages and meet the market demand for specialized products and services, thereby effectively reducing the Company's production and management costs and improving profitability and competitive advantages.

With the continuous increase in urban rail transit operating mileage in China, the nation has become a global leader with the longest operating mileage and a highly dense line network. Many metro platform screen door systems are entering the maintenance period, prompting the Company to actively expand its metro maintenance business. The intelligent maintenance management system developed by the Company can count and analyze the operation status of site equipment in real time, remotely guide the on-site technical service team, and provide professional technical support to customers in a timely and efficient manner. The Company's operation and maintenance management service team is now spread across more than 30 cities worldwide. As service capabilities improve and customer recognition increases, the revenue contribution from the Company's technical services is expected to continue to grow.

3. Brand and market position advantages

The Company was an early entrant into the platform screen door system field. With outstanding advantages in product safety, reliability, availability, and sustainability, it has received high praise and recognition from numerous customers, establishing Fangda's brand advantage and market position. During the reporting period, Fangda Zhiyuan was rated as one of the "Top 100 Industry Leaders in Shenzhen in 2024" and featured on the "Innovation Power List of Enterprises in the Guangdong-Hong Kong-Macao Greater Bay Area". It was also recognized by several metro companies with titles such as "Excellent Equipment Supplier", "Outstanding Contribution Unit", and "Excellent Maintenance Unit". In the rail transit platform screen door system field, the Company acts as the sole strategic partner of internationally influential companies like Alstom, Siemens, and LG, participating in the construction of global urban rail transit screen door system projects.

During the reporting period, leveraging its strong brand image and market reputation, the Company successively won bids and signed orders for platform screen door system projects such as Hefei Metro Line 8, Shenyang Metro Line 3 Phase 1, Tianjin Metro Line 8 Phase 1, and Wuhan Metro Xin Gang Line Phase 1. Additionally, it secured technical maintenance service orders for rail transit screen doors for projects like Shenzhen Metro Lines 2, 7, 9 Phase 1, 11 Phase 1, and 20, Nanning Metro Line 5, Wuhan Metro Line 6, Wuhan-Xiaogan Intercity, and Wuhan-Xiantao Intercity. Moreover, the Company has been a pioneer in entering the international market, securing several major rail transit screen door system projects in countries and regions such as Singapore, Malaysia, Hong Kong SAR, Taipei, Thailand, India, Greece, Colombia, and the Philippines. The Company's capabilities in product design, delivery timeliness, and product quality stability have been fully recognized by overseas clients. The Company's strong brand image and market reputation contribute to its ongoing competitiveness enhancement, laying a solid foundation for its healthy development.

4. Organizational structure advantage

The Company offers customized urban rail transit platform screen door systems, which involve various management stages from order acquisition to final project delivery, including research and development, design, manufacturing, testing, installation, and maintenance. These services are characterized by high contract work refinement and long performance cycles. To provide more comprehensive services, the Company has established an organizational structure that meets customer needs, equipped with professionals in each service stage.

The Company possesses outstanding professional capabilities and a well-configured research and development team, capable of providing technical solutions for customers' special requirements. In terms of product design, the Company's technical team has extensive experience. In product manufacturing, the Company owns a large-scale production factory and has a complete and reliable supply chain. For product testing, the Company has well-equipped and professional testing equipment and methods. In terms of installation, the Company holds the first-level qualification of national construction mechanical and electrical installation engineering, enabling it to independently undertake installation work as stipulated by contracts. In terms of maintenance, the Company has an operations and maintenance center with professional maintenance teams. Maintenance centers are established at customer locations and project sites, allowing for faster and more considerate services.

(3) New energy industry

The Company's new energy industry primarily focuses on the application of new energy and energy-saving technologies, such as solar photovoltaic power plants and building-integrated photovoltaics (BIPV). Its business scope spans across the construction and photovoltaic power generation industries. The Company has been actively developing solar photovoltaic curtain wall system technology for over twenty years. It is one of the domestic enterprises that started early in the design, manufacturing, and integration of solar photovoltaic building-integrated (BIPV) systems.

Distributed solar power PV power generation is closely related to the Company's curtain wall business. Part of the distributed solar power PV systems are closely related to construction. Moreover, in terms of product system integration, the Company has over twenty years of experience in electromechanical product integration and project management. It possesses professional qualifications in mechanical and electrical installation, among others.

(4) Commercial management and service industry

Through years of operational service and the creation of a differentiated brand, the Company has continuously enhanced the value and effectiveness of the Fangda brand, steadily advancing in intense market competition. Over the years, the Company has established a professional, capable, and enterprising management team full of youthful vigor, accumulating rich experience to ensure the efficiency and execution of company management.

III. Industry Situation During the Reporting Period

(I) Smart curtain wall system and material

1. Industry development

In 2024, China's economy operated smoothly overall, progressing steadily with solid advancements in high-quality development. The company's intelligent curtain wall business has grown alongside urban development, making it one of the important industries in national economic construction and closely connected to the macroeconomic development level. According to data from the National Bureau of Statistics, in 2024, the gross domestic product (GDP) was RMB134,908.35 billion, an increase of 5.0% year-on-year, with the added value of the construction industry reaching RMB32,650.1 billion, up by 3.9% year-on-year. The construction industry remains a crucial pillar industry of the national economy, closely linked to the overall economic development of the country, and holds significant importance in stabilizing the economic landscape.

The Central Economic Work Conference and the government work report pointed out that there is still considerable room for development and improvement in China's urbanization. With the continuous advancement of new urbanization, the integration of urban agglomerations such as Beijing-Tianjin-Hebei, the Yangtze River Delta, the Guangdong-Hong Kong-Macao Greater Bay Area, and Chengdu-Chongqing region is driving further demand for infrastructure like public service facilities, providing more market opportunities for leading companies in the industry. Meanwhile, the application of digital technologies such as artificial intelligence (AI) and big data and the rapid advancement of new building industrialization and intelligent curtain wall technologies will accelerate the transformation and innovative development of the building curtain wall industry.

In May 2024, the State Council issued the *2024-2025 Energy Conservation and Carbon Reduction Action Plan*, proposing to "vigorously develop prefabricated buildings, actively promote intelligent construction, and accelerate the integration of building photovoltaics". The national implementation of technology innovation to drive industrial innovation and a series of measures for energy conservation and carbon reduction will make green buildings a development trend in the industry, further accelerating the optimization and upgrading of the curtain wall industry chain.

2. Business Status

(1) Main products and purposes

The Company's intelligent curtain wall systems are widely used in a variety of buildings such as high-end office buildings, corporate headquarters, urban complexes, hotels, large venues, institutional or government office buildings, urban public buildings, and high-end residential properties. These systems effectively enhance the visual aesthetics of buildings, improve energy efficiency and environmental sustainability, and better meet the needs of people's work and life. Intelligent curtain walls combine modern architectural technology with intelligent system solutions, developed on the basis of smart buildings. They integrate appropriate control of building supporting technologies (such as heating, thermal, lighting, and electrical systems) and reduce energy consumption through digital and artificial intelligence technologies. The Company's intelligent curtain wall products have repeatedly won the highest award in China's construction field, the Luban Prize (National Quality Project Award), placing them among the top competitors globally and establishing the brand as a renowned name in the global curtain wall industry. This reflects the high-quality characteristics of new productive forces.

The Company fully utilizes its technical, service, and talent advantages to conduct inspections and checks on building exterior maintenance systems, implement building energy-saving renovations, provide waterproofing and anti-corrosion services, as well as maintenance and related technical services. The Company has provided these services to buildings with a total area exceeding 8 million square meters, demonstrating strong competitiveness within the industry.

New materials, focusing on low-carbon, environmental protection, intelligence, and sustainability, are one of the Company's key development areas. The Company possesses strong R&D capabilities and advanced production and manufacturing bases for PVDF aluminum panels and aluminum honeycomb panels. These products have been widely applied in many major projects across more than 160 cities worldwide.

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

The Company's main operating model is primarily an integrated "design-production-construction" approach, which remained unchanged during the reporting period. The contracts for the design, installation, and construction of the Company's intelligent curtain walls are primarily obtained through bidding processes (open bidding and invitational bidding). Based on the requirements of each order, the Company provides a comprehensive solution that includes design, raw material procurement, production and processing, installation and construction, as well as after-sales service. This approach is characterized by non-standardization and customization. The gross profit margin levels of different orders are influenced by multiple factors, including the owner's budget investment, bidding competition conditions, product materials, complexity of building structures and constructions, project timelines, on-site construction, and cost management, resulting in certain variations. In addition, due to the long period of order implementation, it is greatly affected by national industrial policies, raw material prices, and fluctuations in the labor market. Different orders have different technical requirements. It is impossible to simply copy the existing experience, and the requirements for technology and management are relatively high. The engineering payment settlement process for orders is divided into stages such as engineering advance payment, engineering progress payment, completion acceptance, completion settlement payment, and quality guarantee deposit. The specific settlement situation depends on the completion progress and contract agreement.

(3) Market competition pattern in which the Company is located and the Company's market position

The future development direction of the architectural curtain wall industry includes transformation and upgrading, green development, and intelligent construction. This involves not only innovation in curtain wall construction technology but also reshaping the industry from aspects such as business philosophy, market form, product form, construction methods, and industry management. Leading enterprises in the industry, which possess advantages in talent, technology, brand, and capital, and have the capability to undertake complex, innovative, and comprehensive projects, are increasingly highlighting their competitive edge in the market. In the future, technological innovations dominated by artificial intelligence (AI), modular assembly, and Building Information Modeling (BIM) will become important driving forces for the industry's development.

The Company has been deeply involved in the curtain wall industry for more than 30 years and has a profound technical accumulation. Fangda Jianke Co., Ltd., a wholly-owned subsidiary of the Company, has the highest qualifications for curtain wall design and construction enterprises in China - the first-class qualification for professional contracting of architectural curtain wall engineering and the first-class qualification for architectural curtain wall engineering design. It is the leading enterprise in China's curtain wall industry. Fangda Jianke has won the highest awards in the national construction industry, including "Luban Award", "National Quality Engineering Award", "Zhan Tianyou Civil Engineering Award", "China Building Decoration Award", and over 200 provincial and ministerial awards. Fangda Jianke has participated in the preparation of more than 35 national or industrial standards such as the Design Standard for Energy Efficiency of Public Buildings, and has created 18 new records for Chinese enterprises. It is an intellectual property demonstration enterprise in Guangdong Province. It is the first one in the same industry in the country to set up enterprise post-doctoral workstations, provincial engineering technology research centers, research and design institutes and other research and development institutions, with independent innovation capability and technology level reaching the advanced level in the same industry in the country, with the innovative characteristics of new quality productivity. Good social credibility, high quality service quality, successfully established the Company's brand awareness and reputation, fully demonstrated the strength of the Company as the industry leader. The Company will closely follow national strategic directions, seizing important opportunities such as the dual circulation strategy, expanding domestic demand, unifying the large market, technological innovation, and green development. By consolidating and enhancing its leading position in its core business sectors, the Company aims to continuously create new value and new momentum, thereby achieving its goal of sustained scale growth.

(4) Industry qualification types and validity period

The Company has a Class A qualification for building curtain wall engineering contracting and class A qualification for building curtain wall engineering design. It is the highest level for curtain wall design and construction companies in China. During the reporting period, the Company's relevant qualifications have not changed significantly, and the validity period has not expired. Details of the meetings are disclosed as follows:

No.	Qualification	Valid period
1	Construction curtain wall designing class A	By February 14, 2030
2	Construction curtain wall contracting class A	Until December 04, 2028
3	Professional contracting for secondary level building mechanical and electrical installation engineering	By December 11, 2028
4	Construction decoration contracting class B	By December 11, 2028
5	Steel structure engineering contracting class B	By December 11, 2028
6	Professional contracting for secondary level urban and roadway lighting engineering	By December 11, 2028
7	Design and construction of metal roof (wall) surface of building	By December 18, 2026

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

Quality control system: As a leading enterprise of high-end curtain wall, the Company pays attention to quality management. It is the first in the industry to pass ISO9001, ISO14001, OHSAS18001 international and domestic dual certification, GB/T29490 intellectual property management system certification, and is the first to establish sales, design, supply, production, one-stop quality control system such as construction, after-sales, customer service, etc., implement strict quality control and supervision for each link, and create a strong quality management system.

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

Control measures: The Company has established complete and effective quality control measures and quality management institutions, introduced digital information management, and digitized the Company's various businesses, raw materials, factory workshops, and construction site operating procedures through computer information integration systems. Through cloud terminal technology, information is quickly transmitted and shared for collaborative application. Strictly implement various quality management and control measures to provide customers with high-quality products and services.

Overall evaluation: The Company's quality control system and executive standards meet the relevant requirements of the current relevant national norms and standards, maintain good operation, and provide customers with stable and reliable products and services.

(6) Major project quality problem during the reporting period

None.

(7) Operation of the safety production system

The Company consistently adheres to the safety work policy of "safety first, prevention foremost, comprehensive management", firmly establishing the concept of safe development. By establishing a safety assurance system, signing the *Safety Production Responsibility Agreement*, and conducting Safety Production Month activities, the Company fulfills the main responsibility for safety production, strengthens the foundation, enhances on-site supervision and management, improves the ability to identify risks and hazards, and enhances employees' emergency response capabilities, thereby further improving the operation level of the safety system. During the reporting period, the Company's safety management system operated well, with no major safety incidents occurring.

(II) Rail Transit Intelligent Platform Screen Door Equipment and System Industry

1. Industry development

The intelligent platform screen door system for rail transit is an indispensable component of the urban rail transit industry chain, closely related to the national economic development level and urban rail transit development and construction planning. According to the *Urban Rail Transit Operation Data Bulletin* released by the Ministry of Transport, by the end of 2024, a total of 54 cities in China had opened 325 urban rail transit lines, with an operating mileage of 10,945.6 kilometers and 6,324 stations. In 2024, China added 18 new urban rail transit lines, increasing the operating mileage by 748 kilometers. This not only marks the increasingly complete and efficient operation of China's urban rail transit network but also represents a deep practice and continuous promotion of green and convenient travel methods. In 2024, a total of 40.85 million train trips were made, with a passenger volume of 32.24 billion, an increase of 2.8 billion from 2023, representing a year-on-year growth of 9.5%. This growth reflects the increasingly prominent backbone role of rail transit in the urban public transportation system as the urban rail transit network continues to densify and optimize, attracting more citizens to choose rail transit for travel. It effectively alleviates road traffic pressure and plays an important role in easing urban congestion.

In July 2024, the State Council issued the *Five-Year Action Plan for Deeply Implementing the People-Centered New-Type Urbanization Strategy*, which proposes implementing actions to cultivate modern metropolitan areas, accelerating the transformation of mega and super-large city development methods, and promoting the development of surrounding cities and counties with central cities as the driving force. It aims to accelerate the cultivation of a number of modern metropolitan areas, strengthen the interconnection of metropolitan area transportation infrastructure, and steadily advance the construction of metropolitan area rail transit networks, bringing new opportunities for the development of urban rail transit.

With the continuous increase in urban rail transit operating mileage, China's rail transit platform screen door system maintenance market is in a rapid development stage, with intelligence and specialization being the main trends. In the future, with technological progress and increasing market demand, this field will usher in greater development opportunities, while also needing to address the challenges brought by intense market competition and technological updates.

As countries and regions along the Belt and Road increase investment in urban rail transit construction, Chinese high-end equipment manufacturing enterprises are expected to play a greater role in the international market. As a leader and promoter in the construction and operation and maintenance of rail transit platform screen door systems, the Company will continue to be guided by national strategies and relevant industrial policies, adapt to industry development trends and market demands, increase efforts in technological innovation, continuously improve its core competitiveness, focus on developing high-tech value-added products, and further increase the Company's market share in rail transit platform screen door systems.

2. Business Status

(1) Main products and purposes

The Company's main products are smart platform screen door systems applied to urban rail transit, and also provide operation and maintenance services for the above products. The platform screen door system of urban rail transit is installed at the edge of the platform of urban rail transit station to isolate the running track area from the waiting area of the platform. It is equipped with a continuous movable door body barrier corresponding to the train door, which can be opened and closed by multi-level control, including the full-height closed screen door system, the full-height non-closed screen door system, and the half-height screen door system. In addition, the Company's independently developed platform safety door system, suitable for the complex environment of high-speed railways, can intelligently match the platform safety doors with the train doors based on the different models of incoming high-speed trains. This innovation will open up new application scenarios and market spaces in the future.

The platform screen door system isolates the track from the platform waiting area, effectively ensuring the safety of passengers, preventing them from falling off the track, and also preventing unauthorized entry into the tunnel; In case of fire or other fault modes, it can be linked and controlled with relevant systems to achieve rapid smoke exhaust and passenger evacuation and escape functions. At the same time, the platform screen door system can effectively reduce dust, noise, and tunnel wind pressure entering the platform from the tunnel, providing passengers with a quiet, comfortable, and safe traveling environment. In addition, the platform screen door system also has a passenger flow counting function, which can guide passengers to low-density carriages during peak passenger hours. The platform screen door system can also serve as a platform for passenger consultation systems, achieving multimedia interaction functions such as information broadcasting, consultation dissemination, and commercial promotion for passengers.

(2) Main business model

The operating entity of the Company's rail transit intelligent platform screen door equipment industry is its subsidiary, Fangda Zhiyuan. Fangda Zhiyuan is a supplier and service provider of rail transit intelligent platform screen door systems, integrating research and development, design, manufacturing, installation, and technical services, and possessing a complete industry chain. A mature and complete management system for research and development, procurement, production, sales and O&M has been established. In terms of research and development, the Company has formed a research and development project initiation mechanism that combines independent basic research with project needs; In terms of procurement, suppliers are mainly selected and purchased by the project, and a special procurement team is set up to carry out the procurement work; In terms of production, manage the Company's production activities according to contract requirements and customer's production instructions; In terms of sales, the Company's customers are metro companies around the world and electromechanical general contracting units in the rail transit industry, all of which are direct sales, and there is no distribution; in terms of operation and maintenance, the Company already has an intelligent operation and maintenance guarantee system for platform screen doors, which can monitor the operation data in real time and quickly diagnose and eliminate faults.

(3) Market competition pattern in which the Company is located and the Company's market position

As a world-class supplier of rail transit screen door systems, the Company is the most trusted expert in rail transit screen door systems for its clients. The Company's rail transit intelligent screen door systems have a coverage rate of over 60% in cities with operational metro systems in China and cover more than 120 lines in over 40 cities worldwide, continuing to lead strongly. The Company actively responds to the national "Belt and Road" initiative, experiencing a golden period of development in its overseas screen door business, securing major rail transit screen door system projects in countries and regions along the "Belt and Road", including Singapore, Malaysia, Hong Kong (China), Taipei (China), Thailand, India, Greece, Colombia, and the Philippines. With the continuous expansion and deepening of its overseas business, the Company is poised to occupy a more significant position in the global rail transit intelligent screen door sector.

The Company has been dedicated to the rail transit platform screen door field for over 20 years, successfully developing a rail transit intelligent screen door system with independent intellectual property rights and maintaining a leading technological advantage. The Company boasts a comprehensive team of compound professionals skilled in R&D, design, manufacturing, installation, and technical services. It led the drafting of the first industry standard for rail transit platform screen doors, *Urban Rail Transit Platform Screen Doors* (CJ/T236-2022), and participated in the drafting of the group standard *Acceptance Specification for Urban Rail Transit Fully Automatic Operation Systems* (T/URTA0009-2022). During the reporting period, the Company is leading the drafting of the first national standard for the industry, *Urban Rail Transit Platform Screen Door Systems*, and is participating in the compilation of the *Technical Guidelines for Intelligent Station Construction of Rail Transit*, *Technical Specification for Intelligent Detection System for Foreign Objects in the Gap between Urban Rail Transit Platform Screen Doors and Train Doors*, and *High-Speed Railway Platform Door Systems*, fully demonstrating the Company's profound technical foundation and leading position. Additionally, the Company's urban rail transit platform safety doors have been recognized by the Ministry of Industry and Information Technology as a "Manufacturing Single Champion Product". Fangda Zhiyuan has been awarded multiple honors and qualifications, including being recognized as a National Intellectual Property Advantage Enterprise, receiving the Guangdong Science and Technology Award, National Key New Products, National Torch Plan Industrialization Demonstration Project, Guangdong Intelligent Rail Transit Platform Door Engineering Technology Research Center, Shenzhen Science and Technology Progress Award, and the title of Shenzhen "Specialized, Refined, and New" Enterprise. It was also the first to pass the International Railway Industry Standard (IRIS) management system and RAMS certification. The company holds domestic and international patents and computer software copyrights, forming a core technology group and intellectual property system with independent intellectual property rights. During the reporting period, Fangda Zhiyuan also received the EcoVadis Sustainability Rating "Silver" certification, ranking it in the top 15% of rated companies globally, which fully acknowledges the Company's continuous efforts in environmental protection, labor and human rights, business ethics, and sustainable procurement.

(3) New energy industry

With the advancement of "carbon neutrality" and green building policies, Building Integrated Photovoltaics (BIPV) has become the primary development direction in the curtain wall industry. Policies such as the *General Specification for Building Energy Efficiency and Renewable Energy Utilization* issued by the Ministry of Housing and Urban-Rural Development provide legal assurance for the promotion of BIPV and create incremental market space for the application of photovoltaic systems in new buildings. Moreover, with the reduction in photovoltaic module costs and technological advancements, the penetration rate of BIPV is expected to further increase, bringing new growth opportunities to the industry.

(4) Commercial management and service industry

1. Industry development

In 2024, China's real estate market continues to exhibit an overall adjustment trend. With the Central Political Bureau meeting explicitly proposing to "promote the stabilization and recovery of the real estate market", there have been more active changes in the real estate market under the influence of a combination of policies, gradually boosting market confidence. Real estate is a pillar industry of the national economy, and the restoration of the real estate industry chain is one of the keys to expanding domestic demand. It is expected that the policy space to support the stabilization and recovery of real estate will further open up, and the real estate market will gradually return to stability, maintaining a healthy and stable development trend in the medium to long term.

2. The Company's main business model, business project format, market position and competitive advantage, main risks and countermeasures

The Company's commercial development projects mainly adopt a self-development model, with partial sales and partial retention. Currently, the products developed by the Company primarily include office, commercial, and apartment spaces. Through years of operational service, the Company has established a professional and efficient team, efficient management processes, and an information system capable of providing high-quality management and services. The Company's specialization capabilities, brand awareness, occupancy rate, and income levels continue to improve.

The Company has occupied a certain market position through the brand advantage of commercial projects, differentiated positioning, and regional advantages. However, it still faces multiple risks in the future, including fluctuations in housing prices, policy regulation, and market competition. The Company will continuously optimize brand building and marketing promotion through refined management, flexible strategy adjustments, and seizing policy benefits to reduce operational and management risks and maintain stable development.

3. New land reserve projects

Parcel or project name	Land location	Purpose	Land area (m^2)	Building area (m^2)	Obtaining method	Interests percentage	Total land price (ten thousand yuan)	Equity consideration (ten thousand yuan)
No								

4. Total land reserve

Project/region name	Floor area (10,000 m^2)	Total building area (10,000 m^2)	Remaining building area (10,000 m^2)
No			

5. Main production development status

City/region	Project name	Land location	Project form	Interests percentage	Starting time	Development progress	Completion rate	Land area (m^2)	Planning construction area (m^2)	Area completed in this phase (m^2)	Total area completed in this phase (m^2)	Estimated total investment (in RMB 10,000)	Accumulated total investment (in RMB 10,000)
Shenzhen Nanshan District	Fangda Town	No.2 Longzhu 4th Road	Office commercial complex	100.00%	May 1, 2014	100%	100.00%	35,397.60	212,400.00	-	217,763.69	258,500	283,600
Honggutan New District,	Fangda Center	No.1516 Ganjiang North	Office commercial complex	100.00%	May 1, 2018	100%	100.00%	16,608.55	66,432.61	-	65,376.94	67,000	66,992.35

Nanchang		Avenue Fangda Center											

6. Main project sales

City/region	Project name	Land location	Project form	Interests percentage	Building area	Sellable area (m^2)	Cumulative sales area (m^2)	Current period sales area (m^2)	Current period sales amount (RMB 10,000)	Cumulative settlement area (m^2)	Settlement area in the current period (m^2)	Settlement amount in this period (RMB 10,000)
Shenzhen Nanshan District	Fangda Town	No.2 Longzhu 4th Road	Office commercial complex	100.00%	217,763.69	93,086.25	92,002.95	365.21	1,775.84	92,002.95	365.21	1,775.84
Honggutan New District, Nanchang	Fangda Center	No.1516 Ganjiang North Avenue Fangda Center	Office commercial complex	100.00%	65,376.94	25,996.84	11,183.86	879.70	891.58	11,183.86	879.70	891.58

7. Main project lease

Project name	Land location	Project form	Interests percentage	Leasable area (m^2)	Cumulative leased area (m^2)	Average lease ratio
Shenzhen Fangda Town	Shenzhen Nanshan District	Commercial and office building	100.00%	92,470.58	77,392.42	83.69%
Shenzhen Fangda Building	Shenzhen Nanshan District	Office building	100.00%	20,464.75	16,687.10	81.54%
Jiangxi Nanchang Science and Technology Park	Nanchang, Jiangxi Province	Plant and office building	100.00%	85,472.88	17,070.57	19.97%
Jiangxi Nanchang Fangda Center	Nanchang, Jiangxi Province	Commercial and office building	100.00%	38,165.36	34,864.67	91.35%

8. First-level development of land

□ Applicable ☑ Inapplicable

9. Financing channel

Financing source	Ending financing balance (in	Financing cost range / average financing cost	Term structure (monetary unit: RMB10,000)			
			Within 1 year	1-2 years	2-3 years	Over 3 years

	RMB10,000)					
Bank loan	66,000.00	Annual interest rate of 2.5%-5%	10,000.00	39,000.00	17,000.00	0.00
Total	66,000.00	Annual interest rate of 2.5%-5%	10,000.00	39,000.00	17,000.00	0.00

10. Development strategy and operation plan in next year

In 2025, the main tasks for the Company's commercial management and service business are to increase the occupancy rate of the Shenzhen Fangda Town project and clear the remaining inventory, as well as to vigorously promote the sales of the Nanchang Fangda Center project. The Company will continuously focus on cutting-edge technologies in the property service sector, deeply advance digital construction, and actively explore the application of new technologies such as artificial intelligence in property management. This includes smart customer service, intelligent security systems, and smart cleaning robots, to provide customers with a more convenient, efficient, and intelligent property service experience.

At the same time, the Company will, in accordance with the latest policies, integrate and optimize existing resources to steadily advance the application and approval process for the urban renewal project of the Shenzhen Henggang Dakang project.

11. Bank mortgage loan guarantee provided for commercial housing purchasers

☑ Applicable □ Inapplicable

In line with business practices, the Company's commercial management and service business provides mortgage loan guarantees for commodity housing buyers. The type of guarantee is a phased guarantee. The term of the periodic guarantee lasts from the effectiveness of guarantee contracts to the completion of mortgage registration and transfer of housing ownership certificates to banks. As of December 31, 2024, the Company has undertaken the above phased guarantee amount of RMB3,940,000.

12. Co-investment by directors, senior management and supervisors and listed company

□ Applicable ☑ Inapplicable

IV. Core Business Analysis

1. Summary

See "I. Main Business Conditions of the Company During the Reporting Period" in Chapter III Management Discussion and Analysis.

2. Income and costs

(1) Turnover composition

In RMB

	2024		2023		YOY change (%)
	Amount	Proportion in operating costs (%)	Amount	Proportion in operating costs (%)	
Total turnover	4,424,224,197.71	100%	4,292,204,716.01	100%	3.08%
Industry					
Metal production	3,555,996,915.26	80.38%	3,477,209,982.02	81.01%	2.27%
Railroad industry	612,820,581.01	13.85%	558,421,443.33	13.01%	9.74%
New energy industry	18,259,004.01	0.41%	19,389,107.63	0.45%	-5.83%
Business service	222,272,168.63	5.02%	222,262,890.97	5.18%	0.00%
Others	14,875,528.80	0.34%	14,921,292.06	0.35%	-0.31%

Product					
Curtain wall system and materials	3,555,996,915.26	80.38%	3,477,209,982.02	81.01%	2.27%
Subway screen door and service	612,820,581.01	13.85%	558,421,443.33	13.01%	9.74%
PV power generation products	18,259,004.01	0.41%	19,389,107.63	0.45%	-5.83%
Real estate rental and sales and property services	222,272,168.63	5.02%	222,262,890.97	5.18%	0.00%
Others	14,875,528.80	0.34%	14,921,292.06	0.35%	-0.31%
District					
In China	4,027,988,850.55	91.04%	3,886,216,878.96	90.54%	3.65%
Out of China	396,235,347.16	8.96%	405,987,837.05	9.46%	-2.40%
Sub-sales mode					
Direct sales	4,424,224,197.71	100.00%	4,292,204,716.01	100.00%	3.08%

(2) Industry, product, region and sales mode accounting for more than 10% of the Company's operating revenue or operating profit

☑ Applicable □ Inapplicable

In RMB

	Turnover	Operating cost	Gross margin	Year-on-year change in operating revenue	Year-on-year change in operating costs	Year-on-year change in gross margin
Industry						
Metal production	3,555,996,915.26	3,087,899,840.01	13.16%	2.27%	5.03%	-2.29%
Business service	222,272,168.63	57,446,713.15	74.15%	0.00%	3.97%	-0.99%
Railroad industry	612,820,581.01	434,682,301.34	29.07%	9.74%	6.36%	2.25%
Product						
Curtain wall system and materials	3,555,996,915.26	3,087,899,840.01	13.16%	2.27%	5.03%	-2.29%
Real estate rental and sales and property services	222,272,168.63	57,446,713.15	74.15%	0.00%	3.97%	-0.99%
Subway screen door and service	612,820,581.01	434,682,301.34	29.07%	9.74%	6.36%	2.25%
District						
In China	4,027,988,850.55	3,347,223,008.41	16.90%	3.65%	6.50%	-2.23%
Out of China	396,235,347.16	240,919,288.07	39.20%	-2.40%	-10.50%	5.50%
Sub-sales mode						
Direct sales	4,424,224,197.71	3,588,142,296.48	18.90%	3.08%	5.16%	-1.61%

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

□ Applicable ☑ Inapplicable

The Company needs to comply with the disclosure requirements of the decoration and decoration industry in the *Guidelines for the Self-discipline and Supervision of Listed Companies of Shenzhen Stock Exchange No. 3 - Industry Information Disclosure.*

In RMB

	Turnover	Operating cost	Gross margin	Year-on-year change in operating	Year-on-year change in operating	Year-on-year change in

				revenue	costs	gross margin
Industry						
Metal production	3,555,996,915.26	3,087,899,840.01	13.16%	2.27%	5.03%	-2.29%
Product						
Curtain wall system and materials	3,555,996,915.26	3,087,899,840.01	13.16%	2.27%	5.03%	-2.29%
District						
In China	3,423,722,269.52	2,994,558,127.93	12.54%	2.05%	4.70%	-2.22%
Out of China	132,274,645.74	93,341,712.08	29.43%	8.27%	16.68%	-5.08%
Sub-sales mode						
Direct sales	3,555,996,915.26	3,087,899,840.01	13.16%	2.27%	5.03%	-2.29%

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

□ Applicable ☑ Inapplicable

Different business types of the Company

In RMB

Business type	Turnover	Operating cost	Gross margin
Curtain wall system and materials	3,555,996,915.26	3,087,899,840.01	13.16%

Whether the Company runs business through the Internet

□ Yes ☑ No

Whether the Company runs overseas projects

☑ Yes □ No

No.	Location	Number of overseas projects in the curtain wall and material industry (number)	Total amount of overseas project contracts (RMB10,000)
1	Australia	6	19,617.35
2	Asia	10	8,226.93
3	Others	1	45.27
	Total	17	27,889.55

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

□ Yes ☑ No

(4) Performance of major sales contracts and major purchase contracts signed by the Company as of the reporting period

☑ Applicable □ Inapplicable

Performance of signed major sales contracts in the report period

□ Applicable ☑ Inapplicable

Performance of signed major purchasing contracts in the report period

□ Applicable ☑ Inapplicable

The Company needs to comply with the disclosure requirements of the decoration and decoration industry in the *Guidelines for the Self-discipline and Supervision of Listed Companies of Shenzhen Stock Exchange No. 3 - Industry Information Disclosure.*

In RMB

	Project amount	Cumulative recognized output value	Amount of unfinished part

Unfinished project	9,450,932,927.96	3,674,863,053.66	5,776,069,874.30

Major unfinished project

□ Applicable ☑ Inapplicable

Others:

□ Applicable ☑ Inapplicable

In RMB

	Accumulative occurred costs	Accumulative recognized gross margin	Estimated loss	Settled amount	Balance of unpaid amount of finished project
Finished but not settled project	4,678,491,270.56	588,702,407.24	0.00	5,277,614,638.84	462,185,163.49

Any major outstanding unsettled projects during the reporting period.

□ Applicable ☑ Inapplicable

Others:

□ Applicable ☑ Inapplicable

(5) Operation cost composition

Industry

In RMB

Industry	Item	2024		2023		YOY change
		Amount	Proportion in operating costs (%)	Amount	Proportion in operating costs (%)	
Metal production	Raw materials	2,034,486,729.78	65.89%	1,932,192,480.92	65.72%	0.17%
Metal production	Installation and engineering costs	716,075,096.74	23.19%	696,854,007.54	23.70%	-0.51%
Metal production	Labor cost	163,122,222.74	5.28%	167,624,916.35	5.70%	-0.42%
Railroad industry	Raw materials	266,583,537.05	61.33%	233,864,345.57	57.22%	4.11%
Railroad industry	Installation and engineering costs	63,941,667.48	14.71%	66,075,375.05	16.17%	-1.46%
Railroad industry	Labor cost	63,994,720.60	14.72%	53,754,378.09	13.15%	1.57%
Business service	Labor cost	15,189,230.19	26.44%	17,680,251.05	32.00%	-5.56%
Business service	Water and electricity	11,944,357.22	20.79%	14,072,626.36	25.47%	-4.68%
Business service	Construction and installation cost	5,369,696.30	9.35%	2,885,553.07	5.22%	4.13%
Business service	Land cost	4,973,045.71	8.66%	2,436,118.72	4.41%	4.25%

Note: In addition to the above costs, other cost items in the metal manufacturing and rail transit industries mainly include energy consumption costs such as water and electricity, rent, etc., while commercial service mainly includes costs such as property maintenance and cleaning.

The Company needs to comply with the disclosure requirements of the decoration and decoration industry in the *Guidelines for the Self-discipline and Supervision of Listed Companies of Shenzhen Stock Exchange No. 3 - Industry Information Disclosure.*

Main business cost

In RMB

Cost composition	Business type	2024		2023		YOY change (%)
		Amount	Proportion in operating costs (%)	Amount	Proportion in operating costs (%)	
Raw materials	Curtain wall system and materials	2,034,486,729.78	65.89%	1,932,192,480.92	65.72%	0.17%
Installation and engineering costs	Curtain wall system and materials	716,075,096.74	23.19%	696,854,007.54	23.70%	-0.51%
Labor cost	Curtain wall system and materials	163,122,222.74	5.28%	167,624,916.35	5.70%	-0.42%

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

☑ Yes □ No

In the current period, five new subsidiaries were added through establishment: Fangda Facade Singapore Pte Ltd, Fangda Facade Philippines Inc., General Rail Technology Philippines, Inc., Fangda Gulf DMCC, and Global MEGA International Holdings Limited. Additionally, one new subsidiary was added through non-business merger: Fangda Architectural Technology Company. Meanwhile, three subsidiaries were deregistered in the current period: Fangda Xunfu Investment, Fangda Lifu Investment, and Fangda Investment Partnership.

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

□ Applicable ☑ Inapplicable

(8) Major sales customers and suppliers

Main customers

Total sales amount to top 5 customers (RMB)	1,219,781,078.17
Proportion of sales to top 5 customers in the annual sales	27.57%
Percentage of sales of related parties in top 5 customers in the annual sales	0.00%

Information of the Company's top 5 customers

No.	Customer	Sales (RMB)	Percentage in the annual sales
1	No.1	287,511,967.05	6.50%
2	Guangdong Oujia Holdings Co., Ltd.	275,843,635.74	6.23%
3	No.3	271,953,188.45	6.15%
4	MTR Corporation Limited	249,379,222.30	5.64%
5	No.5	135,093,064.63	3.05%
Total	--	1,219,781,078.17	27.57%

Other information about major customers

☑ Applicable □ Inapplicable

There is no affiliation between the Company and its top five customers. There are no direct or indirect ownership interests held by the Company's directors, supervisors, senior management personnel, core technical personnel, shareholders with more than 5% stake, actual controllers, or other related parties among its major clients.

Main suppliers

Purchase amount of top 5 suppliers (RMB)	700,317,930.65
Proportion of purchase amount of top 5 suppliers in the total annual purchase amount	18.44%
Percentage of purchasing amount of related parties in top 5 customers in the annual purchasing amount	0.00%

Information of the Company's top 5 suppliers

No.	Supplier	Purchase amount (RMB)	Percentage in the annual purchase amount
1	No.1	207,543,053.89	5.46%
2	No.2	132,115,198.81	3.48%
3	No.3	128,100,967.36	3.37%
4	No.4	118,628,032.57	3.12%
5	No.5	113,930,678.02	3.00%
Total	--	700,317,930.65	18.44%

Other information about major suppliers

☑ Applicable □ Inapplicable

There is no affiliation between the Company and its top five suppliers. There are no direct or indirect ownership interests held by the Company's directors, supervisors, senior management personnel, core technical personnel, shareholders with more than 5% stake, actual controllers, or other related parties among its major suppliers.

3. Expenses

In RMB

	2024	2023	YOY change (%)	Notes
Sales expense	55,140,153.13	51,009,165.29	8.10%	
Administrative expense	191,667,435.20	174,674,755.81	9.73%	
Financial expenses	65,297,933.04	72,826,944.85	-10.34%	
R&D cost	171,031,371.73	180,070,801.25	-5.02%	

4. R&D investment

☑ Applicable □ Inapplicable

R&D project name	Purpose	Progress	Objective	Expected impact on the future development of the Company
Research and development of new	Improve product quality, improve	Some projects have completed research and	By enhancing standardization,	This approach aligns with the national

industrialized curtain wall system	installation efficiency, improve construction safety and reduce energy consumption and construction energy consumption in the construction process.	development, performance testing, and prototype production, and will be deployed in actual projects.	modularization, and low-carbon product design, we aim to elevate the level of prefabricated construction development and building energy efficiency, maintaining a leading position in the industry.	policies on low-carbon, energy efficiency, and environmental protection. By expanding the application scenarios of our products and improving our technological advantages in the industry, we will drive continuous company growth and enhance our market competitiveness.
Research and development of intelligent curtain wall system	Enhance product intelligence, improve product performance, reduce energy consumption, and develop new products.	Some projects have completed research and development, performance testing, and prototype production, and will be deployed in actual projects.	By enhancing the level of system intelligence, we aim to reduce building energy consumption and meet the demands of the market.	This aligns with national policy guidelines and helps to improve the comfort of residential and workspaces while reducing building energy consumption. It holds promising market prospects and can adapt to the future development trends of building curtain walls.
Research and development of an integrated flexible intelligent production system	Improve production efficiency and adapt to customized production.	Completed	Improve the automation and intelligence of production processes, increase production capacity, output and product quality, and reduce production costs.	Enhance the automation, intelligence, and digitalization levels of production equipment, aligning with the concepts of green factories and green production to ensure production capacity and product quality while reducing manufacturing and management costs.
Research and development of a new generation of platform door control system for rail transit	Enhance product safety, reliability and availability to meet the advanced requirements of the core system.	Some projects have been completed	Optimize product system performance and maintain industry leadership.	Improving the design and manufacturing of the Company's platform door system is beneficial for the Company to maintain its technological leadership advantage.
Intelligent platform door system development	Enhance product intelligence, improve product performance and reliability.	Some projects have been completed	Improve product performance and reliability, maintaining industry leadership.	Expand application scenarios for company products, enhance industry-leading technological advantages, and broaden sales channels for the Company.

Research on metal plate forming methods and surface treatment processes	Improve processing efficiency and product quality.	Completed	Improve processing efficiency, product quality, and appearance effects.	Develop products that conform to the concept of green and environmentally friendly buildings, enhance industry technological leading advantages, and enhance competitiveness.

R&D personnel

	2024	2023	Change
R&D staff number	575	678	-15.19%
R&D staff percentage	19.21%	21.50%	-2.29%
Academic structure of R&D personnel			
Bachelor	423	394	7.36%
Master's degree	9	8	12.50%
Age composition of R&D personnel			
Under 30	234	242	-3.31%
30-40	242	273	-11.36%

R&D investment

	2024	2023	Change
R&D investment amount (RMB)	171,031,371.73	180,070,801.25	-5.02%
Investment percentage in operation turnover	3.87%	4.20%	-0.33%
Capitalization of R&D investment amount (RMB)	0.00	0.00	0.00%
Percentage of capitalization of R&D investment in the R&D investment	0.00%	0.00%	0.00%

Reasons and effects of major changes in the composition of R&D personnel of the Company

□ Applicable ☑ Inapplicable

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

□ Applicable ☑ Inapplicable

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

□ Applicable ☑ Inapplicable

5. Cash flow

In RMB

Item	2024	2023	YOY change (%)
Sub-total of cash inflow from business operations	4,615,555,164.42	4,318,247,194.04	6.88%
Sub-total of cash outflow from business operations	4,344,661,070.99	4,018,504,991.96	8.12%
Cash flow generated by business operations, net	270,894,093.43	299,742,202.08	-9.62%

Sub-total of cash inflow generated from investment	10,161,087.41	375,640.16	2,605.01%
Subtotal of cash outflows	258,855,539.89	118,940,749.97	117.63%
Cash flow generated by investment activities, net	-248,694,452.48	-118,565,109.81	-109.75%
Subtotal of cash inflow from financing activities	3,967,291,354.43	2,876,228,738.64	37.93%
Subtotal of cash outflow from financing activities	3,738,674,210.69	3,063,841,135.33	22.03%
Net cash flow generated by financing activities	228,617,143.74	-187,612,396.69	221.86%
Net increase in cash and cash equivalents	252,064,097.92	-4,016,810.64	6,375.23%

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

☑ Applicable □ Inapplicable

The Company's net cash flow from investing activities decreased by 109.75% compared to last year, primarily due to payments for the construction and equipment of the Fangda (Ganzhou) Low-Carbon Intelligent Manufacturing Base during the current period. The net cash flow from financing activities increased by 221.86% compared to last year, mainly due to an increase in the net amount of bank loans received during the current period.

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

☑ Applicable □ Inapplicable

The main reason for the difference between the net cash flow from operating activities and the net profit for the year during the reporting period is the provision for various asset impairment losses amounting to RMB145,947,400 in the current period.

V. Non-core Business Analysis

☑ Applicable □ Inapplicable

In RMB

	Amount	Profit percentage	Reason	Whether continuous
Investment income	-4,547,362.60	-2.85%		No
Gain/loss caused by changes in fair value	-18,394,198.42	-11.54%	Mainly due to adjustment of fair value of investment real estate	No
Assets impairment	-35,260,579.49	-22.13%	Mainly the provision for impairment of contract assets	No
Non-operating revenue	1,712,412.29	1.07%		No
Non-business expenses	2,226,292.50	1.40%		No
Credit impairment loss	-110,686,852.25	-69.46%	Mainly bad debt provision corresponding to accounts receivable	No

VI. Assets and Liabilities

1. Major changes in assets composition

In RMB

	End of 2024		Beginning of 2024		Change (%)	Notes
	Amount	Proportion in total assets	Amount	Proportion in total assets		
Monetary capital	1,491,777,341.84	11.01%	1,425,151,116.24	10.65%	0.36%	
Account receivable	1,123,506,196.98	8.29%	911,486,914.19	6.81%	1.48%	
Contract assets	2,247,698,479.96	16.58%	2,488,429,802.41	18.60%	-2.02%	
Inventory	705,666,408.74	5.21%	755,624,486.51	5.65%	-0.44%	
Investment real estate	5,835,036,098.20	43.05%	5,756,809,168.26	43.04%	0.01%	
Long-term share equity investment	56,690,973.97	0.42%	54,757,017.40	0.41%	0.01%	
in fixed assets	940,894,344.39	6.94%	620,828,178.38	4.64%	2.30%	
Construction in process	7,265,104.44	0.05%	109,414,347.33	0.82%	-0.77%	
Use right assets	15,683,121.04	0.12%	20,776,829.58	0.16%	-0.04%	
Short-term loans	1,663,696,422.48	12.27%	2,208,055,039.21	16.51%	-4.24%	
Contract liabilities	268,594,041.26	1.98%	198,164,209.47	1.48%	0.50%	
Long-term loans	1,137,000,000.00	8.39%	660,000,000.00	4.93%	3.46%	
Lease liabilities	10,652,607.48	0.08%	6,675,870.04	0.05%	0.03%	
Non-current liabilities due in 1 year	131,374,661.05	0.97%	64,135,136.46	0.48%	0.49%	

The proportion of overseas assets is relatively high

□ Applicable ☑ Inapplicable

2. Assets and liabilities measured at fair value

☑ Applicable □ Inapplicable

In RMB

Item	Opening amount	Gain/loss caused by changes in fair value	Accumulative changes in fair value accounting into the income account	Impairment provided in the period	Amount purchased in the period	Amount sold in the period	Other change	Closing amount
Financial assets								
1. Derivative financial assets	173,737.06							
2. Receivable financing	6,979,428.14							4,568,000.10
3. Other non-current financial assets	7,455,617.17	3,098.25			148,062.00	1,087,037.25		6,519,740.17
Subtotal	14,608,782.	3,098.25			148,062.00	1,087,037.2		11,087,740.

	37					5		27
Investment real estate	5,747,572,171.31	-22,024,705.79	216,410,569.98		5,157,977.68	12,296,393.00	116,627,048.00	5,835,036,098.20
Total	5,762,180,953.68	-22,021,607.54	216,410,569.98		5,306,039.68	13,383,430.25	116,627,048.00	5,846,123,838.47
Financial liabilities	0.00							1,520,625.00

Other changes: The increase in other changes in investment properties is mainly due to the transfer of some properties from self-use to rental during the current period and the adoption of the fair value model for measurement. For details, see Section X. Financial Reports, VII. Notes to Consolidated Financial Statements, 15. Investment Properties.

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

□ Yes ☑ No

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

Item	Book value on December 31, 2024 (RMB)	Reason
Monetary capital	460,052,125.50	Various deposits
Notes receivable	34,490,806.03	Bills endorsed or discounted but not yet due
Account receivable	33,851,277.04	Loan by pledge
in fixed assets	355,978,425.04	Loan by pledge
Intangible assets	23,212,463.67	Loan by pledge
Investment real estate	1,822,483,172.10	Loan by pledge
Equity pledge	200,000,000.00	100% stake in Fangda Property Development held by the Company
Total	2,930,068,269.38	

VII. Investment

1. General situation

☑ Applicable □ Inapplicable

Investment (yuan) in the report period	Investment (yuan) in the previous period	Change
232,441,120.00	69,500,000.00	234.45%

2. Major equity investment in the report period

□ Applicable ☑ Inapplicable

3. Major non-equity investment in the report period

☑ Applicable □ Inapplicable

In RMB

Project	Method of	Whether it is	Industries	Investment	Actual invest	Capital	Progre	Estimate	Accumulated	Reasons for	Disclosure	Disclosure

name	investment	fixed assets investment	involved in investment projects	in the report period	ment by the end of the report period	source	ss	return	income realized by the end of the reporting period	failing to reach the planned progress and expected income	date (if any)	source (if any)
Fangda (Ganzhou) Low-Carbon Intelligent Manufacturing Base	Self-built	Yes	Mainly produce PVDF aluminum veneer, nano aluminum veneer and other new materials, smart curtain wall system, photovoltaic building integration system, aluminum alloy components, and precision steel components.	232,441,120.00	302,441,120.00	Own funds and loans from financial institutions	100.00%	0.00	0.00	--	December 17, 2022	Announcement on Investment and Construction of Fangda (Ganzhou) Low Carbon Intelligent Manufacturing Headquarters Base released on http://www.cninfo.com.cn/
Total	--	--	--	232,441,120.00	302,441,120.00	--	--	0.00	0.00	--	--	--

4. Financial assets investment

(1) Securities investment

□ Applicable ☑ Inapplicable

The Company made no investment in securities in the report period

2. Derivative investment

☑ Applicable □ Inapplicable

1) Derivative investments for hedging purposes during the reporting period

☑ Applicable □ Inapplicable

In RMB10,000

Type	Initial investment amount	Opening amount	Gain/loss caused by changes in fair value	Accumulative changes in fair value accounting into the income account	Amount in this period	Amount sold in this period	Closing amount	Proportion of closing investment amount in the closing net assets in the report period
Shanghai aluminum	0.00	0.00	-152.06	-152.06	4,608.45	0.00	4,608.45	0.75%
Forward foreign exchange	6,210.72	6,210.72	-17.37	0.00	1,932.29	8,143.01	0.00	0.00%
Total	6,210.72	6,210.72	-169.43	-152.06	6,540.74	8,143.01	4,608.45	0.75%
Accounting policies and specific accounting principles of hedging business during the reporting period, as well as whether there are significant changes compared with the previous reporting period	The aluminum futures and forward foreign exchange businesses of the Company meet the applicable conditions of hedge accounting specified in the accounting standards and are applicable to hedge accounting, which are classified as cash flow hedging. The corresponding accounting policies and accounting principles have not changed from the previous reporting period.							
Description of actual	The actual income of the aluminum futures hedging instrument and the spot value change of the hedged aluminum ingot in the reporting period is RMB-481,100; The gains and losses arising from forward foreign exchange hedging							

profit and loss during the reporting period	instruments offset the value changes of the hedged items due to exchange rate fluctuations.
Description of hedging effect	The profit and loss generated by the Company's hedging instrument can offset the value change of the hedged item, and the hedging effect of the hedging business is good.
Capital source	Self-owned fund
Risk analysis and control measures for the derivative holding in the report period (including without limitation market, liquidity, credit, operation and legal risks)	The aluminum futures hedging and foreign exchange derivatives trading businesses carried out by the Company are derivative investment businesses. The derivative investment business carried out by the Company follows the basic principle of locking the price and exchange rate of raw materials, does not carry out speculative trading operations, and carries out strict risk control when signing hedging contracts and closing positions. The Company has established and implemented the "Derivatives Investment Business Management Measures" and "Commodity Futures Hedging Business Internal Control and Risk Management System". It has made clear regulations on the approval authority, business management, risk management, information disclosure and file management of derivatives trading business, which can effectively control the risk of the Company's derivatives holding positions.
Changes in the market price or fair value of the derivative in the report period, the analysis of the derivative's fair value should disclose the method used and related assumptions and parameters.	Fair value of derivatives are measured at open prices in the open market
Lawsuit involved	No
Disclosure date of derivative investment approval by the Board	October 29, 2024

of Directors	

2) Derivative investment for the purpose of speculation during the reporting period

□ Applicable ☑ Inapplicable

During the reporting period, there was no derivative investment for the purpose of speculation.

5. Use of raised capital

□ Applicable ☑ Inapplicable

The Company used no raised capital in the report period.

VIII. Major assets and equity sales

1. Major assets sales

□ Applicable ☑ Inapplicable

The Company sold no assets in the report period.

2. Major equity sales

□ Applicable ☑ Inapplicable

IX. Analysis of major joint stock companies

☑ Applicable □ Inapplicable

Major subsidiaries and joint stock companies affecting more than 10% of the Company's net profit

In RMB

Company	Type	Main business	Registered capital	Total assets	Net assets	Turnover	Operation profit	Net profit
Fangda Jianke	Subsidiaries	Curtain wall system and materials	600,000,000.00	5,650,208,397.22	1,827,169,125.94	3,257,470,473.40	42,522,450.32	58,291,151.69
Fangda Shanghai Zhijian	Subsidiaries	Curtain wall system and materials	100,000,000.00	306,112,836.09	116,718,706.99	290,976,527.54	21,631,166.08	19,878,380.02
Fangda Zhiyuan	Subsidiaries	Subway screen door and service	105,000,000.00	1,032,310,791.63	394,403,045.96	612,820,581.01	95,460,100.43	82,433,670.84
Fangda Property	Subsidiaries	Real estate sales	200,000,000.00	5,667,461,354.07	2,627,553,948.41	130,744,702.16	32,796,214.56	24,278,156.52
Fangda Property Management	Subsidiaries	Property management service	10,000,000.00	79,448,255.36	57,674,633.49	77,822,477.00	24,945,633.40	18,727,641.22

Acquisition and disposal of subsidiaries in the report period

☑ Applicable □ Inapplicable

Company	Acquisition and disposal of subsidiaries in the report period	Impacts on overall production, operation and performance
Fangda Facade Singapore Pte Ltd	Newly set	None
Fangda Facade Philippines Inc.	Newly set	None
General Rail Technology Philippines,Inc.	Newly set	None
Fangda Gulf DMCC	Newly set	None
Global MEGA International Holdings Limited	Newly set	None
Shenzhen Fangda Construction Technology Co., Ltd.	Acquired through non-business merger	None
Shenzhen Xunfu Investment Co., Ltd	Cancel	None
Shenzhen Lifu Investment Co., Ltd	Cancel	None
Shenzhen Fangda Investment Partnership (Limited Partnership)	Cancel	None

X. Structural entities controlled by the Company

□ Applicable ☑ Inapplicable

XI. Future Prospect

(1) Competition map and development trend

1. Smart curtain wall and material system industry

In recent years, as the concentration of the curtain wall market has further increased, international competition has intensified, and trends toward greening and intelligence have developed, industry competition has intensified, and the degree of industry concentration and scale will continue to deepen. Leading enterprises in the industry, which possess advantages in talent, technology, brand, and capital, and have the capability to undertake complex, innovative, and comprehensive projects, are increasingly highlighting their competitive edge in the market. In the future, technological innovations dominated by artificial intelligence (AI), modular assembly, and Building Information Modeling (BIM) will become important driving forces for the industry's development. The accelerated construction of the national unified market has provided more market opportunities for the industry's leading enterprises. The high-quality construction of "One Belt, One Road" is going deeper and deeper, creating a favorable market environment for enterprises to expand overseas markets.

2. Rail transit platform screen door equipment and system industry

As an important component of the modern transportation system and a major livelihood project, rail transit is increasingly recognized for its many advantages, such as being fast, efficient, low-carbon, and environmentally friendly, and it receives support from national industrial policies. In recent years, the national urbanization development strategy has continuously injected momentum into the urban rail transit industry. The regional coordinated development strategy has been further implemented, with major national strategies such as the deployment of "new infrastructure," accelerating the networking of rail transit in city clusters and metropolitan areas, and promoting the accelerated development of metropolitan area (suburban) railways. The development of intercity and metropolitan area (suburban) rail transit is expected to experience growth. As the number of rail transit lines in operation continues to increase, equipment is continuously entering maintenance periods, and the overhaul and maintenance market is expected to further grow.

3. New energy industry

Currently, carbon neutrality has become a global consensus for sustainable development. Guided by the "dual carbon" strategy and supported by national policies in China, the photovoltaic power generation industry has entered a new stage of high-quality development. As a green and environmentally friendly power generation method, the Company's distributed photovoltaic power stations will leverage its industrial advantages to undertake the construction of photovoltaic power stations and promote the business of building-integrated photovoltaics (BIPV) based on market conditions. This will drive the high-quality development of the new energy industry.

4. Commercial management and services

In 2025, with continued policy support, confidence in the real estate market is gradually strengthening, and the socio-economic environment continues to improve. Regional differentiation will bring new development opportunities to the Guangdong-Hong Kong-Macao Greater Bay Area, where industrial development is mature, population attraction is strong, and enterprise occupancy rates are high. The integration of Shenzhen and Hong Kong is continuously advancing, and the Shenzhen market still holds significant potential for the future.

(2) Company development strategy and business plan

In 2025, the Company will focus on the theme of "Digital Intelligence Empowerment and Scientific Management", uphold a high sense of responsibility, continue to consolidate its core business, actively explore new businesses and markets, and effectively control operational risks. Through technological innovation, process upgrades, and digital empowerment, the Company will seize opportunities in new-quality productivity, actively aiming to capture the high ground in the future curtain wall and rail transit platform screen door industries. In line with the annual business objectives, the Company will comprehensively undertake the following key tasks:

(1) Focus on innovation and R&D to enhance core competitiveness

Innovation is the core driving force for the Company's development. The Company will optimize the innovation environment from systems and mechanisms, closely focus on market demand, and enhance industry-university-research collaboration with universities and research institutions. By leveraging external intellectual resources, the Company will actively explore new technologies, products, industries, and markets suitable for its development, cultivate new-quality productivity, promote digital tools, explore AI applications in business practices, empower company management, and high-quality industrial development, establish a data-driven decision-making mechanism, and enhance the Company's core competitiveness.

(2) Strengthen market research and precisely position the layout

To achieve precise market positioning and scientific strategic layout, in-depth market research is required, with a particular focus on detailed analysis of industry development trends. While consolidating the foundation of the domestic market, the Company will deeply cultivate overseas markets, actively explore regions with broad prospects and great potential, and further expand market share and brand influence.

(3) Enhance project management and improve performance quality

The Company will emphasize management during project execution, continue to strengthen the collection of project acceptance payments, settlement payments, and quality assurance deposits, shorten the settlement cycle, reduce settlement risks, and safeguard company rights. The Company will reshape the quality and safety management chain, establish a mechanism for identifying quality and safety incidents, clarify the reward and punishment system, strengthen employees' sense of responsibility, and ensure that quality and responsibility are clearly implemented to each responsible person.

(4) Strengthen talent pipeline development

The Company will enhance talent identification, cultivation, management, and utilization, build a mechanism for key positions' functions and responsibilities, qualifications, rotational training, and selection and appointment, and further standardize talent management and development. A talent reserve system will be established, optimizing the talent structure from aspects such as age, professional knowledge, and ability level, strengthening talent cultivation and team building, and ensuring the supply of talent for key positions, especially for overseas business expansion.

(3) Potential risks

1. Risks of macro environment and policy changes

The Company's main business segments are closely related to macroeconomic and industrial policies and are greatly affected by the overall macro environment. The year 2025 is a year in which the Company takes significant strides towards the global market. If there are adverse changes in the international and domestic macroeconomic environment, slow economic development and reduced investment in fixed assets in the future, which will affect the demand of public building curtain wall industry and rail transit equipment industry, or face industry depression or excessive competition, which will have an adverse impact on the Company's future profitability, even project delay or suspension, deferred payment of projects under construction, etc, thus affecting the Company's operating performance.

To better respond to the opportunities and challenges brought about by changes in the economic environment and policy shifts, the Company will closely monitor changes in domestic and international macroeconomic and policy situations, and promptly adjust its business strategies. At the same time, the Company will actively explore the application of artificial intelligence (AI) in company management and business operations, empowering management and high-quality industrial development, increasing market share, and addressing risks brought about by macroeconomic and policy changes.

2. Market competition risks

In the rail transit PSD market, the technology of other domestic manufacturers is becoming more and more mature, and the Company may face the risk of intensified market competition. If the Company cannot maintain a leading position in the market, it will have a certain adverse impact on the development and benefits of the Company's rail transit PSD business. In this regard, the Company will continue to adopt a stable business policy, improve the competitive advantage of products through technological innovation and fine management, accelerate the return of funds, and improve the operation efficiency and market competitiveness of the Company.

The Company will closely track industry development trends and technological updates, enhancing product competitive advantages through technological innovation and refined management, and accelerating the recovery of funds. By relying on industry-university-research collaborations, the Company will jointly conduct research on cutting-edge technologies and product development, accelerating the transformation of scientific and technological achievements, and pursuing high-quality growth with high technology and high efficiency. While consolidating the domestic market, the Company will intensify the expansion of international markets, solidifying the Company's dual-cycle development pattern of domestic and international markets.

3. Production and operation risks

The macro-economy and market demand have added to the fluctuation in prices of main raw materials and labor, affecting the Company's profitability and creating additional production and operation risks for the Company.

The Company will hedge and transfer the price fluctuation risk of some raw materials by using futures product hedging, negotiating with partners to supplement the contract amount, reasonably arranging material procurement plan and other measures; The Company implements a strict supplier management mechanism, actively improves the scientific and technological level of production management, increases technology research and development, is committed to process improvement, improves the automation and intelligence of production equipment, and reduces the loss of raw materials. The Company will continue to promote intelligent and digital construction system, widely apply new technologies and processes, strengthen staff skill training, and improve quality and efficiency on the basis of ensuring safety.

4. Management risks

In recent years, with the expansion of the Company's business scale and the increase of the number of subsidiaries, the daily management of the Company is becoming more and more difficult, which may face the management risk of industrial scale expansion. In addition, in recent years, the regulatory requirements for listed companies have been continuously improved and deepened. The Company needs to further strengthen management, continue to promote management reform, constantly optimize process and organizational structure, improve various rules and regulations, and vigorously introduce high-quality, highly skilled and multidisciplinary technology and management talents, gradually optimize the allocation of human resources, optimize the echelon structure, and effectively reduce the management risks brought by business development.

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

☑ Applicable □ Inapplicable

Time/date	Place	Way	Visitor	Visitor	Main content involved and materials provided	Disclosure of information
January 15, 2024	Meeting room	Onsite investigation	Institution	Northeast Securities: Zhuang Jiajun	Business and future development	Investor Relationship Record Form on www.cninfo.com.cn
January 25, 2024	Meeting room	Onsite investigation	Institution	Great Wall Securities: Hua Jiangyue, Wang Long Zhongtian Guofu Securities: Zhu Yi	Business and future development	Investor Relationship Record Form on www.cninfo.com.cn
February 28, 2024	Meeting room	Onsite investigation	Institution	CITIC Securities: Lai Zhijian, Wu Shaozhen Shenzhen Chenghechang Private Securities Company: Jiang Jin, Dai Jiuhou	Business and future development	Investor Relationship Record Form on www.cninfo.com.cn
April 9, 2024	Network platform	Online communication on online platforms	Others	Investors participating in the Company's 2023 Performance Presentation	Business and future development	Investor Relationship Record Form on www.cninfo.com.cn
July 3, 2024	Meeting room	Onsite investigation	Institution	Shanxi Securities: Ye Zhongzheng, Feng Rui	Business and future development	Investor Relationship Record Form on www.cninfo.com.cn
July 15, 2024	Meeting room	Onsite investigation	Institution	Eastmoney Securities: Wang Pianpian	Business and future development	Investor Relationship Record Form on www.cninfo.com.cn
December 12, 2024	http://rs.p5w.net/	Online communication on online platforms	Others	Investors participating in the collective reception day	Business and future development	Investor Relationship Record Form on www.cninfo.com.cn

XIII. Status of Formulation and Implementation of Market Value Management System and Valuation Enhancement Plan

Has the Company established a market value management system?

□ Yes ☑ No

Has the Company disclosed a valuation enhancement plan?

☑ Yes □ No

On April 22, 2025, the Company disclosed the "China Fangda Group Co., Ltd. Valuation Enhancement Plan" on CNINFO (http://www.cninfo.com.cn). This document specifically explains the triggering circumstances and procedures for the formulation of the valuation enhancement plan and provides a detailed introduction to the specific measures the Company has developed to enhance its valuation. The plan is closely aligned with the Company's actual situation and development strategy, which helps improve the Company's operational quality and investment value, enhance investor returns, and promote the Company's long-term stable development.

XIV. Implementation Status of the "Dual Enhancement of Quality and Returns" Action Plan

Has the Company disclosed the announcement of the "Dual Enhancement of Quality and Returns" action plan?

□ Yes ☑ No

Chapter IV Corporation Governance

I. Overview

During the reporting period, the Company strictly adhered to the requirements of relevant laws, regulations, and normative documents, such as the *Company Law*, *Securities Law*, *Measures for the Administration of Independent Directors of Listed Companies*, and *Guidelines for Corporate Governance of Listed Companies*. We continuously optimized the corporate governance structure, established and improved the internal control system and various internal management systems. We fully utilized the participation of independent directors in decision-making, supervisory checks and balances, and professional consultation roles. We clarified the responsibilities and authority in decision-making, execution, and supervision, forming an effective division of responsibilities and a system of checks and balances. We constantly promoted standardized operation levels and safeguarded the interests of investors and the Company.

Any significant difference between the actual situation of corporate governance and the laws, administrative regulations and the provisions on the governance of listed companies issued by the CSRC

□ Yes ☑ No

There is no significant difference between the actual situation of corporate governance and the laws, administrative regulations and the provisions on the governance of listed companies issued by the CSRC.

II. The independence of the Company relative to the controlling shareholders and actual controllers in ensuring the Company's assets, personnel, finance, institutions, business, etc

The Company is completely independent from its controlling shareholder and actual controller in terms of business, personnel, assets, organization, and finance, possessing independent and complete business and autonomous operational capabilities. Details of the meetings are disclosed as follows:

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

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

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

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

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

III. Competition

□ Applicable ☑ Inapplicable

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

1. Annual shareholder meeting during the report period

Meeting	Type	Participation of investors	Date	Date of disclosure	Meeting resolution
1st Provisional Shareholders' Meeting 2024	Extraordinary shareholders' meeting	23.93%	January 8, 2024	January 9, 2024	For details, please refer to the "China Fangda Group Co., Ltd. 2024 First Extraordinary General Meeting Resolution Announcement" published on CNINFO (http://www.cninfo.com.cn).
2023 Annual Shareholder Meeting	Annual shareholders' meeting	24.21%	April 22, 2024	April 23, 2024	Please refer to the information published on http://www.cninfo.com.cn *Announcement on the Resolution of the 2023 General Meeting of Shareholders of China Fangda Group Co., Ltd.*
2nd Provisional Shareholders' Meeting 2024	Extraordinary shareholders' meeting	24.72%	November 13, 2024	November 14, 2024	For details, please refer to the "China Fangda Group Co., Ltd. 2024 Second Extraordinary General Meeting Resolution Announcement" published on CNINFO (http://www.cninfo.com.cn).

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

□ Applicable ☑ Inapplicable

V. Particulars about the Directors, Supervisors, and Senior Management

1. Profiles

Name	Gender	Age	Position	Job status	Starting date	End date of	Number of	Increased	Decreased	Other increas	Number of	Reasons

					of the term	the term	shares held at beginning of the period	shares in this period (share)	shares in this period (share)	e and decrease (share)	shares held at end of the period	
Xiong Jianming	M	67	Chairman	In office	November 20, 1995	March 19, 2026	5,110,257	0	0	0	5,110,257	Inapplicable
Xiong Xi	M	42	Chairman, President	In office	March 20, 2023	March 19, 2026	0	0	0	0	0	Inapplicable
Xiong Xi	M	42	Vice Chairman	In office	March 29, 2024	March 19, 2026	0	0	0	0	0	Inapplicable
Xiong Jianwei	M	56	Director	In office	April 16, 1999	March 19, 2026	0	0	0	0	0	Inapplicable
Lin Kebin	M	47	Director	In office	April 11, 2017	March 19, 2026	0	0	0	0	0	Inapplicable
Lin Kebin	M	47	Vice president	In office	June 6, 2008	March 19, 2026	0	0	0	0	0	Inapplicable
Cao Zhongxiong	M	46	Independent director	In office	May 8, 2020	March 19, 2026	0	0	0	0	0	Inapplicable
Zhan Weizai	M	60	Independent director	In office	March 20, 2023	March 19, 2026	0	0	0	0	0	Inapplicable
Song Ming	F	46	Independent director	In office	January 8, 2024	March 19, 2026	0	0	0	0	0	Inapplicable
Cao Naisi	F	46	Supervisory Committee meeting convener	In office	March 20, 2023	March 19, 2026	0	0	0	0	0	Inapplicable
Fan Xiaodong	M	38	Supervisor	In office	May 8, 2020	March 19, 2026	8,800	0	0	0	8,800	Inapplicable
Xi Yingzhe	M	40	Supervisor	In office	November 13, 2024	March 19, 2026	0	0	0	0	0	Inapplicable
Wei Yuexing	M	56	Vice president	In office	July 29, 2011	March 19, 2026	0	0	0	0	0	Inapplicable
Dong	M	46	Vice	In	March	March	0	0	0	0	0	Inappli

Gelin			president	office	20, 2023	19, 2026						cable
Ye Zhiqing	M	50	Secretary of the Board	In office	November 13, 2024	March 19, 2026	29,000	0	0	0	29,000	Inapplicable
Xiao Yangjian	M	41	Secretary of the Board	Resigned	June 23, 2020	September 26, 2024	0	0	0	0	0	Inapplicable
Ye Zhiqing	M	50	Supervisor	Resigned	March 20, 2023	November 13, 2024	29,000	0	0	0	29,000	Inapplicable
Huang Yaying	M	62	Independent director	Resigned	May 8, 2020	January 8, 2024	0	0	0	0	0	Inapplicable
Total	--	--	--	--	--	--	5,177,057	0	0	0	5,177,057	--

During the reporting period, whether there was any resignation of directors and supervisors and dismissal of senior managers during their term of office

☑ Yes □ No

During the reporting period, the Company's independent director Huang Yaying and board secretary Xiao Yangjian resigned for personal reasons, and supervisor Ye Zhiqing resigned due to work adjustments. Please see below for changes in the Company's directors, supervisors, and senior management personnel.

Changes in the Directors, Supervisors and Senior Executives

☑ Applicable □ Inapplicable

Name	Job	Type	Date	Reason
Huang Yaying	Independent director	Resigned	January 8, 2024	Resigned from the position of independent director for personal reasons
Song Ming	Independent director	Elected	January 8, 2024	Elected as an independent director at the 2024 First Extraordinary General Meeting
Xiong Xi	Vice Chairman	Elected	March 29, 2024	Elected as Vice Chairman at the seventh meeting of the tenth Board of Directors
Xiao Yangjian	Secretary of the Board	Dismissed	September 26, 2024	Resigned from the position of board secretary for personal reasons
Ye Zhiqing	Supervisor	Resigned	November 13, 2024	Resigned from the position of supervisor due to work adjustments
Xi Yingzhe	Supervisor	Elected	November 13, 2024	Elected as a supervisor

				at the 2024 Second Extraordinary General Meeting
Ye Zhiqing	Secretary of the Board	Engaged	November 13, 2024	Appointed as the board secretary at the 11th meeting of the 10th Board of Directors

2. Office Description

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

(1) Mr. Xiong Jianming: Ph.D. in Business Administration Philosophy, Senior Engineer, Founder of the Company, and currently Chairman of the Company. He is a deputy to the 13th and 14th National People's Congress, a member of the sixth session of the China Society for Promotion of the Guangcai Program, the president of the Gan Merchants Association, and the chairman of the Federation of Industry and Commerce of Nanshan District, Shenzhen. Previously worked at Jiangxi Machinery Industry Design and Research Institute, Shenzhen Municipal People's Government Shekou District Management Bureau, and other units. Served as a representative of the 10th Guangdong Provincial People's Congress, a member of the 11th Jiangxi Provincial Political Consultative Conference, a representative of the 4th Party Congress of the Communist Party of China in Shenzhen, a representative of the 2nd, 3rd, and 6th Shenzhen Municipal People's Congress, a member of the 5th Shenzhen Municipal Political Consultative Conference, and the founding president of the Shenzhen Semiconductor Lighting Promotion Association.

(2) Mr. Xiong Xi: Master's degree, currently serves as the vice chairman and president of the Company, chairman of Fangda Zhiyuan Technology, and a member of the seventh Shenzhen CPPCC (Chinese People's Political Consultative Conference). Previously served as a database engineer at China Merchants Bank Co., Ltd., deputy director of the Technology Information Department, deputy director of the Human Resources Department, assistant to the president, and deputy general manager of Fangda Construction Technology Company.

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

(4) Mr. Lin Kebin: Bachelor's degree, currently serves as a director and vice president of the Company, and general manager of Fangda Zhiyuan Technology Company. Previously served as the Company's financial director.

(5) Dr. Cao Zhongxiong: Ph.D., currently serves as an independent director of the Company, assistant director of the China Development Institute (Shenzhen), and director of the Institute of Digital Strategy and Economics. He is engaged in research and consulting work in new economy and corporate strategy. He used to be a technician of China Chemical Group Bluestar Detergent Co., Ltd. and the executive director of the New Economy Research Institute of the Comprehensive Development Research Institute (Shenzhen, China).

(6) Zhan Weizai: doctor, senior accountant. Currently serving as an independent director of the Company, chairman of Shenzhen Jiangcairen Education Management Co., Ltd., supervisor of Shenzhen Dewo Investment Development Co., Ltd. and Shenzhen Dewo Industrial Co., Ltd., director of China Telling Co., Ltd., independent director of Shenzhen Everwin Precision Technology Co., Ltd. and JWIPC Technology Co., Ltd., visiting professor at the School of Economics and Management of Wuhan University and the School of Mathematics and Statistics of Central China Normal University, and part-time mentor at Jiangxi University of Finance and Economics. He used to be Secretary of the General Branch of the League of Economic Management Department of Xizang University, Deputy Manager of the Finance Department of Shenzhen Donghui Industrial Co., Ltd., Director and Chief Financial Officer of Shenzhen Qiaoshe Industrial Co., Ltd., Chief Financial Officer of Shenzhen Tourism (Group) Co., Ltd., Deputy General Manager of Hua'an Property Insurance Co., Ltd., Deputy General Manager of Hua'an Insurance Asset

Management Center, Independent Director of Chongqing Zijian Electronics Co., Ltd., and Independent Director of Weiye Construction Group Co., Ltd.

(7) Ms. Song Ming: Doctor of Laws, currently an independent director of the Company, Executive Director of the Research Center for SAR Legislation of Shenzhen University, Director of the Department of Constitutional and Administrative Law of the School of Law of Shenzhen University, Director of the Research Center for the Administrative Rule of Law of Shenzhen University, and Executive Director of the Shenzhen Law Society, doctoral supervisor, Chairman of the Research Society for the Study of Administrative Law of the Shenzhen Law Society, Invited Supervisor of the Shenzhen Municipal Party Committee of Political and Legal Affairs, and Expert Juror of the Shenzhen Administrative Trial Center. She also serves as an invited supervisor of the Shenzhen Municipal Committee of Political and Legal Affairs, and an expert juror of the Shenzhen Administrative Trial Center.

(8) Ms. Cao Naisi: Bachelor's degree, intermediate economist, currently the convenor of the Supervisory Committee of the Company and the deputy general manager of Fangda Jianke. She once served as the securities affairs representative of the Company, the director of the audit and supervision department, the deputy director of the human resources department, the general manager of Fangda Jianke Beijing Branch, the general manager of Fangda Jianke South China Branch and so on.

(9) Mr. Fan Xiaodong: Bachelor's degree in Law, currently serving as the Supervisor of the Company and Deputy Director of the Legal Department.

(10) Mr. Xi Yingzhe: Bachelor's degree, Certified Internal Auditor (CIA), currently serving as the Supervisor of the Company and Director of the Audit and Supervision Department. He previously held the position of Director of the Audit Department at CGN Energy Conservation Industry Development Co., Ltd.

(11) Mr. Wei Yuexing: Undergraduate, Senior Engineer, currently Vice President of the Company and General Manager of Fangda Jianke.

(12) Mr. Dong Green: Bachelor's degree, Senior Engineer, currently Vice President of the Company, Deputy to the Eighth National People's Congress of Nanshan District, Shenzhen. He has served as a supervisor of the Company, a designer of Fangda Construction Engineering Company, a chief engineer of a design institute, a general manager of Fangda Construction Engineering Beijing Branch, and a deputy general manager of Fangda Construction Engineering.

(13) Mr. Ye Zhiqing: Bachelor's degree, Senior Engineer, currently serving as the Secretary of the Board of Directors of the Company and Chairman of the Supervisory Board of Fangda Zhiyuan Technology. He previously served as Supervisor of the Company, General Manager of Fangda Real Estate Company, Deputy Director of Fangda Jianke Design Institute, Assistant General Manager of Fangda Jianke, and General Manager of the Shanghai Branch of Fangda Jianke.

Offices held at shareholder entities

☑ Applicable □ Inapplicable

Name	Shareholder entity	Office	Starting date of the term	End date of the term	Whether any remuneration is paid at the shareholder entity
Xiong Jianming	Shengjiu Investment Ltd.	Director	October 6, 2011		No
Office description	No				

Offices held at other entities

☑ Applicable □ Inapplicable

Name	Entity name	Position held in another entity	Starting date of the term	End date of the term	Whether any remuneration is paid at the shareholder entity
Xiong Jianming	Jiangxi Business Innovative	Director	January 10, 2018		No

	Property Joint Stock Co., Ltd.				
Xiong Jianming	Gongqing City Shengtai Investment Partnership (Limited Partnership)	Executive partner	December 1, 2022		No
Cao Zhongxiong	General Development Research Institute (Shenzhen, China)	Assistant to the Dean and Director of the Institute of Digital Strategy and Economics.	January 1, 2022		Yes
Zhan Weizai	Shenzhen Dewo Industrial Development Co., Ltd.	Supervisor	June 1, 2010	January 23, 2025	Yes
Zhan Weizai	Shenzhen Jiangcai Education Management Co., Ltd.	Chairman	July 1, 2017		No
Zhan Weizai	Shenzhen Dewo Investment Development Co., Ltd.	Supervisor	June 1, 2012		No
Zhan Weizai	Shenzhen Everwin Precision Technology Co, Ltd.	Independent director	May 15, 2020		Yes
Zhan Weizai	JWIPC Technology Co., Ltd.	Independent director	November 1, 2024		Yes
Zhan Weizai	Telling Telecommunication Holding Co., Ltd.	Director	November 26, 2021		Yes
Zhan Weizai	Guangdong Huilai Rural Commercial Bank Co., Ltd.	Supervisor	July 29, 2020		Yes
Zhan Weizai	Shenzhen Huazhang Financing Guarantee Co., Ltd.	Supervisor	December 1, 2012		No
Song Ming	Law School of Shenzhen University	Director of the Center for Administrative Rule of Law Research	April 3, 2017		Yes
Office description	No				

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

□ Applicable ☑ Inapplicable

III. Remunerations of the Directors, Supervisors and Senior Executives

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

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

The remuneration scheme for directors and supervisors of the Company shall be determined by the shareholders' general meeting, while the compensation scheme for senior executives shall be determined by the Board of Directors. Additionally, the remuneration and assessment committee of the Board of Directors shall review the actual payment of remuneration on an annual basis.

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

In RMB10,000

Name	Gender	Age	Position	Job status	Total remuneration	Remuneration from related parties
Xiong Jianming	M	67	Chairman	In office	224.77	No
Xiong Xi	M	42	Vice Chairman and President	In office	217.55	No
Xiong Jianwei	M	56	Director	In office	104.08	No
Lin Kebin	M	47	Director, vice president	In office	118.98	No
Cao Zhongxiong	M	46	Independent director	In office	8.00	No
Zhan Weizai	M	60	Independent director	In office	8.00	No
Song Ming	F	46	Independent director	In office	7.86	No
Cao Naisi	F	46	Supervisory Committee meeting convener	In office	56.36	No
Fan Xiaodong	M	38	Supervisor	In office	49.36	No
Xi Yingzhe	M	40	Supervisor	In office	16.02	No
Wei Yuexing	M	56	Vice president	In office	100.3	No
Dong Gelin	M	46	Vice president	In office	76.96	No
Ye Zhiqing	M	50	Secretary of the Board	In office	80.41	No
Xiao Yangjian	M	40	Secretary of the Board	Resigned	49.20	No
Huang Yaying	M	61	Independent director	Resigned	0.14	No
Total	--	--	--	--	1,117.99	--

Other matters

□ Applicable ☑ Inapplicable

VI. Performance of directors during the report period

1. Board of Directors in the reporting period

Meeting	Date	Date of disclosure	Meeting resolution

The seventh meeting of the tenth Board of Directors	March 29, 2024	April 2, 2024	Proposal approved: 1. Chairman's Work Report for 2023; 2. The Board of Directors' Work Report 2023; 3. Annual Report 2023 and the Summary; 4. Financial Settlement Report 2023; 5. Proposal on the Company's profit distribution plan for 2023; 6. The Company's Internal Control Self-Evaluation Report 2023; 7. Proposal on applying for credit guarantee from banks and other financial institutions; 8. The Company's proposal on engaging of the CPA for year 2024; 9. Proposal on the Company's 2023 social responsibility report; 10. Proposal regarding the election of Vice Chairman of the Board of Directors; 11. Proposal on changing the use of partial premises; 12. The proposal of convening the 2023 Shareholders' Meeting.
The eighth meeting of the Tenth Board of Directors	April 26, 2024		Reviewed and approved: The Company's 2024 First Quarter Report.
The ninth meeting of the tenth Board of Directors	August 26, 2024		Reviewing and approving the Interim Report 2024 and the Summary of the Report
The tenth meeting of the tenth Board of Directors	October 25, 2024	October 29, 2024	Proposal approved: 1. Proposal on the Company's 2024 Third Quarter Report; 2. Resolution on continuing to engage in futures hedging and foreign exchange derivative trading business in the Company; 3. Proposal on convening the Company's second extraordinary shareholders' meeting in 2024.
The eleventh meeting of the tenth Board of Directors	November 13, 2024	November 14, 2024	Reviewed and approved: Proposal on appointing the company secretary of the Board of Directors.
The twelfth meeting of the tenth Board of Directors	December 19, 2024		Reviewed and approved: Proposal on changing the use of certain real estate

			properties.

2. Directors' presenting of board meetings and shareholders' meetings in the report period

Directors' presenting of board meetings and shareholders' meetings in the report period							
Name of director	Time of board meetings should have attended	Number of board meetings attended	Presented by telecom	Number of board meetings attended by proxy	Number of board meetings not attended	Absent for two consecutive meetings	Number of shareholders' meetings attended
Xiong Jianming	6	5	1	0	0	No	3
Xiong Xi	6	5	1	0	0	No	3
Xiong Jianwei	6	5	1	0	0	No	3
Lin Kebin	6	5	1	0	0	No	3
Cao Zhongxiong	6	3	3	0	0	No	3
Zhan Weizai	6	3	3	0	0	No	3
Song Ming	6	3	3	0	0	No	2
Huang Yaying	0	0	0	0	0	No	1

Statement for absence for two consecutive board meetings

Inapplicable

3. Objection raised by directors

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

□ Yes ☑ No

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

4. Other statement for performance of directors

Adoption of suggestion proposed by directors

☑ Yes □ No

Statement for suggestion adopted or not by the Company

The directors of the Company strictly comply with the provisions of laws and regulations such as the *Company Law*, *Securities Law*, *Measures for the Administration of Independent Directors of Listed Companies*, *Guidelines for Corporate Governance of Listed Companies*, *Shenzhen Stock Exchange Listing Rules*, *Articles of Association*, and other relevant company systems. They fulfill their responsibilities in accordance with the law. During the reporting period, the directors of the Company attended the meetings of the Board of Directors, and expressed their views and in-depth discussions on various proposals submitted to the board of directors for consideration, made suggestions for the healthy development of the Company, fully considered the interests and demands of minority shareholders when making decisions, and effectively strengthened the scientificity and feasibility of the decision-making of the board of directors. At the same time, the directors of the Company actively participate in relevant training, improve their ability to perform their duties, actively pay attention to the Company's operation and management information, financial status and major events, and promote the sustainable, stable and healthy development of the Company's production and operation. The independent directors have diligently performed their duties and carefully reviewed various resolutions of the Board of Directors, playing an active role in safeguarding the interests of the Company and minority shareholders.

VII. Special committees under the board of directors during the reporting period

Committee name	Membership	Number of meetings held	Date	Meeting content	Important opinions and suggestions put forward	Other performance of duties	Details of objections (if any)
Development Strategy Committee	Xiong Jianming, Xiong Xi, Cao Zhongxiong, Xiong Jianwei	2	March 29, 2024	Heard and considered: 1. Review of the Company's production and operation in 2023; 2. The Company's 2024 annual production and operation work plan.	After full communication and discussion, all proposals were unanimously passed.		
			August 26, 2024	Listened to and reviewed the review of the Company's production and operation in the first half of 2024 and the main work in the second half of 2024.	After full communication and discussion, all proposals were unanimously passed.		
Audit Committee	Zhan Weizai, Song Ming, Xiong Jianwei	5	March 21, 2024	Listened to and reviewed the financial statements of the Company in 2023 after the preliminary opinions issued by the annual audit accountant.	The financial and accounting report of the Company for 2023 has been prepared in accordance with the new accounting standards for business enterprises and relevant financial regulations of the Company, which truly reflects the financial status of the Company as of December 31, 2023 and the operating results and cash flow in 2023. It is agreed to determine the final financial report for 2023 on this basis.		
			March 29, 2024	The meeting listened to the report from Yongcheng Accounting Firm on the Company's audit situation for 2023 and the Company's 2023 financial work report, and reviewed and approved the following proposals: 1. The Company's audited financial accounting report for 2023; 2. Proposal on appointing the audit institution for 2024; 3. The Company's internal audit work report for 2023; 4. The Company's internal	After thorough communication and discussion, it was unanimously agreed to submit proposals 1, 2, and 4 to the Company's Board of Directors for review.		

				control self-assessment report for 2023; 5. The Company's internal audit work plan for 2024.			
			April 26, 2024	The financial statements of the Company for the first quarter of 2024 were reviewed and approved.	After full communication and discussion, the proposal was unanimously adopted and agreed to be submitted to the board of directors of the Company for deliberation.		
			August 26, 2024	Reviewed the financial work report and internal audit work report for the first half of 2024, and approved the Company's unaudited semi-annual financial statements for 2024.	After full communication and discussion, the proposal was unanimously adopted and agreed to be submitted to the board of directors of the Company for deliberation.		
			October 25, 2024	Reviewed and approved: 1. The Company's financial and accounting statements for the third quarter of 2024; 2. Proposal on continuing to carry out futures hedging and foreign exchange derivatives trading business.	After full communication and discussion, it was unanimously approved and agreed to submit all proposals to the board of directors of the Company for deliberation.		
Remuneration and Assessment Committee	Song Ming, Xiong Xi, Cao Zhongxiong	1	March 29, 2024	The proposal on the remuneration of directors and senior managers in 2023 was considered and adopted.	In 2023, the Company's directors and senior management diligently and responsibly completed the annual business objectives and other work tasks. The remuneration received by the Company's directors and senior management in 2023 was in accordance with the Company's remuneration management plan for directors and senior management.		

VIII. Performance of Supervisory Committee

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

□ Yes ☑ No

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

(2) The Supervisory Committee' Work Report 2024

In 2024, the Supervisory Committee performed its duties and obligations in supervision and protect all shareholders' and the Company's interests in accordance with the Company Law, Share Listing Rules, Articles of Association and Rules of the Procedure of the Supervisory Committee. The 2024 supervisory committee's work plan is as follows:

I. Opinions of the Supervisory Board on relevant matters of the Company during the reporting period

1. Legal compliance

In 2024, the Board of Supervisors of the Company supervised the operation of the Company in accordance with the law. In the report period, the Company has been operated in accordance with law. The convening of meeting of the Board and the decision-making process are compliant with law, regulations and Articles of Association; the internal control system is solid. Directors and senior management have performed their obligations. No violation against law, regulations, Articles of Association and interests of the Company and shareholders was discovered.

(2) Financial condition

In 2024, the Board of Supervisors supervised the financial affairs of the Company. The accounting management has been compliant with the Accounting Law, Enterprise Accounting Standard. No false, misleading statement or significant omission was found in financial statements. The financial reports of the Company reflect the Company's financial position, operation performance, cash flows and major risks truthfully, accurately and completely. The CPA has issued the standard auditor's report in 2024, which is objective, fair and truthful. It reflects the Company's financial position and operation performance.

(3) Implementation of internal control

According to the board of supervisors, the design and operation of the internal control is effective and meets the Company's management and development requirements. It can ensure the truthfulness, lawfulness, completeness of the financial materials and ensure the safety and completeness of the Company's property. In 2024, the Company did not violate the securities law, the standards for the governance of listed companies, the self regulatory guidelines for listed companies of Shenzhen Stock Exchange No. 1 - standardized operation of listed companies on the main board and the Company's internal control system. The 2024 Internal Control Self-evaluation Report truthfully and objectively reflects the establishment, implementation and improvement of the Company's internal control system. There are no significant or important problems in the financial and non-financial reports in the report period.

(4) Fulfillment of social responsibilities

In 2024, the Company has made due contributions to economic development and environmental protection, actively participated in public welfare and charity, conscientiously fulfilled its due social responsibility, and safeguarded the interests of shareholders, customers and employees.

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

Four meetings were held in 2024, all of which are on-site meetings. All proposal were approved and disclosed as required:

No.	Meeting	Date	Convening method	Topic
1	The seventh meeting of the tenth Supervisory Board	March 29, 2024	On-site	1. Review the Company's 2023 Supervisory Board Work Report"; 2. Review the Company's 2023 Annual Report Full Text and Summary"; 3. Review the Company's 2023 Financial Settlement Report"; 4. Review the Company's 2023 Profit Distribution Plan; 5. Review the proposal for appointing the audit institution for 2024; 6. Review the Company's 2023 Internal Control Self-Assessment Report.
2	The eighth meeting of the	April 26, 2024	On-site	Review the proposal for the Company's 2024 First Quarter Report.

	tenth Supervisory Board			
3	The ninth meeting of the tenth Supervisory Board	August 26, 2024	On-site	Proposal regarding the Interim Report 2024 and the Summary of the Report
4	The tenth meeting of the tenth Supervisory Board	October 25, 2024	On-site	1. Review the proposal for the Company's 2024 Third Quarter Report; 2. Review the proposal on the by-election of non-employee representative supervisors for the tenth Supervisory Board; 3. Review the proposal to request the Company's Board of Directors to convene an extraordinary shareholders' meeting.

IX. Employees

1. Staff number, professional composition and education

Staff number of the parent at the end of the reporting period	59
Number of on-the-job employees of major subsidiaries at the end of the reporting period (person)	2,935
Total number of active employees at the end of the reporting period (person)	2,994
Number of employees receiving remuneration in the period	2,994
Resigned and retired staff number to whom the parent and major subsidiaries need to pay remuneration	0
Professional composition	
Categories of professions	Number of people
Production	1,379
Sales & Marketing	136
Technicians	1,243
Finance & Accounting	63
Administration	173
Total	2,994
Education	
Categories of education	Number of people
High school or below	1,251
College diploma	593
Bachelor	1,102
Master's degree	46

Doctor's degree	2
Total	2,994

2. Remuneration policy

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

Since 2008, the Company has been implementing the *Regulations on Paid Annual Leave for Employees* (State Council Order No. 514) issued by the State Council. All employees of the Company are entitled to paid annual leave in accordance with these regulations.

3. Training program

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

4. Labor outsourcing

☑ Applicable □ Inapplicable

Total number of hours of labor outsourcing	17,659,126.79
Total remuneration paid for labor outsourcing (RMB)	667,515,354.51

X. Profit distribution of the Company and conversion of capital reserve into share capital

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

☑ Applicable □ Inapplicable

During the report period, the Company implemented the profit distribution plan for 2023. According to the deliberation and approval of the 2023 annual general meeting held on April 22, 2024, the Company's 2023 profit distribution plan is as follows: the Company will distribute cash dividends of RMB0.80 (including tax) per 10 shares to all shareholders based on the total share capital of 1,073,874,227 shares after the closing of the stock market on the equity registration date when the profit distribution plan is implemented, with a total of RMB85,909,938.16 in cash, and will not distribute bonus shares nor transfer capital reserves to share capital.

The Company attaches importance to the reasonable return to investors, implements a continuous and stable profit distribution policy, the formulation and implementation of the profit distribution policy comply with the relevant provisions of the Articles of Association and the requirements of the resolutions of the General Meeting of Shareholders, the dividend standard and proportion are clear and clear, the relevant decision-making procedures and mechanisms are complete, the independent directors perform their duties and play their due role, and the Company's profit distribution plans are submitted to the General Meeting of Shareholders for consideration, The profit distribution policy is compliant and transparent. Small and medium-sized shareholders have the opportunity to fully express their opinions and appeals, and their legitimate rights and interests have been fully protected.

Explanation of Cash Dividend Distribution Policies	
Comply with the Articles of Association or resolution made at the General Shareholders' Meeting	Yes
Clear and definite distribution standard and proportion	Yes
Decision-making procedure and mechanism	Yes
Independent directors fulfill their duties	Yes
If the Company does not distribute cash dividends, specific reasons should be disclosed, as well as the measures to be taken next to enhance investor returns:	Inapplicable
Middle and small shareholders express their opinions and claims. There rights are well protected.	Yes
Cash dividend distribution policies are adjusted or revised according to law	Inapplicable

The company made profits during the reporting period and the profit available to shareholders of the parent company was positive, but no cash dividend distribution plan was proposed

□ Applicable ☑ Inapplicable

Profit Distribution and Reserve Capitalization in the Report Period

☑ Applicable □ Inapplicable

Bonus shares for every ten shares	0
Cash dividend for every ten shares (yuan, tax-included)	0.50
A total number of shares as the distribution basis	1,073,874,227
Cash dividend (including tax)	53,693,711.35
Cash dividend paid in other manners (such as repurchase of shares)	0.00
Total cash dividend (including other manners)	53,693,711.35
Distributable profit (yuan)	1,105,291,052.65
Proportion of cash dividend in the distributable profit (including other manners)	100%
Cash dividend	
The Company is in a fast growth stage. Therefore, the cash dividend will reach 20% of the profit distribution at least.	
Details of profit distribution or reserve capitalization plan	
The profit distribution plan for 2024 approved by the board of directors of the Company is: the Company plans to distribute cash dividends of RMB0.50 (tax included) for every 10 shares to all shareholders based on the total share capital of 1,073,874,227 shares on December 31, 2024, with a total cash distribution of RMB53,693,711.35. No dividend share or capitalization share was issued in the year. After the announcement of the Company's profit distribution plan to the time of implementation, if the total share capital changes, in accordance with the principle of "distributing cash dividends of RMB 0.50 (tax included) for every 10 shares", the total share capital after the market closes on the equity registration date when the profit distribution plan is implemented shall be used. The total amount of cash dividends will be disclosed in the Company's profit distribution implementation announcement.	

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

□ Applicable ☑ Inapplicable

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

XII. Construction and implementation of internal control system during the reporting period

1. Construction and implementation of internal control

The Company has established and improved its internal control system in accordance with the *Basic Norms for Enterprise Internal Control* and its supporting guidelines, as well as other internal control supervision requirements, combined with the actual situation of the Company. The risk internal control management organizational system of the Company is jointly composed of the Audit Committee and the Internal Audit Department, which supervises and evaluates the Company's internal control management, improves the Company's standardized operation level, and promotes the healthy and sustainable development of the Company. The 2024 Internal Control Self Evaluation Report disclosed by the Company on http://www.cninfo.com.cn, truthfully, and accurately reflects the actual situation of the Company's internal control. During the reporting period, the Company did not have any significant deficiencies in internal control.

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

□ Yes ☑ No

XIII. Management and control of subsidiaries during the reporting period

Company	Integration plan	Integration progress	Problems encountered in integration	Solutions taken	Solution progress	Follow up solution plan
Inapplicable	No	No	No	No	No	No

XIV. Internal control evaluation report or internal control audit report

1. Internal control report

Date of disclosure of the internal control evaluation report	April 22, 2025	
Disclosure of the internal control evaluation report	www.cninfo.com.cn	
Percentage of assets in the evaluation scope in the total assets in the consolidated financial statements	98.54%	
Percentage of operation income in the evaluation scope in the total operation income in the consolidated financial statements	99.07%	
Standard		
Type	Financial report	Non-financial report
Standard	I. Deficiencies with the following characteristics are identified as significant deficiencies:	I. The following condition indicates significant problems in the internal control of non-financial reports: 1. Serious violation against national laws,

	1. Ineffective control environment; 2. Fraudulent behavior by company directors, supervisors, and senior management resulting in significant loss and adverse impact on the Company; 3. Significant misstatement found in the current financial statements by the certified public accountant, which was not detected by internal control during its operation. 4. Ineffective supervision by the Company's audit department over internal controls. 2. The following problems are considered significant problems: 1 accounting policies are selected and used without complying to widely accepted accounting standards; 2. No anti-corrupt and important balance system and control measures are taken; 3. Separate or multiple problems in the preparation of financial reports, which are serious enough to affecting the truthfulness and accuracy of the reports; no control system is established and no related compensation system is implemented for accounts of irregular or special transactions 3. Other problems are considered normal problems.	regulations or specifications; 2. Serious business system problems and system ineffectiveness; 3. Major or important problems cannot be corrected; 4. Lack of internal control and poor management; 5. Loss of management personnel or key employees; 6. Safety and environmental accidents that cause major adverse impacts; 7. Other situations that cause major adverse impacts on the Company. II. The following situations indicate that there may be significant problems with the internal control: 1. business system problems and system ineffectiveness; 2. Major or important problems cannot be corrected; 3. Other situations that cause major adverse impacts on the Company III. The following situation indicate likely normal problems in the internal control: 1. Problems in the general business system; 2. Normal problems in the internal control supervision cannot be correctly promptly.
Standard	1. Significant problem: 1 mistakes affecting 5% and more of the pre-tax profit and more than RMB5 million in the consolidated statements; 2. Mistakes affecting 5% and more of the consolidated assets and more than RMB5 million 2. Important problem: 1. Mistakes affecting 1%-5% of the pre-tax profit in the consolidated statements; 2. Mistakes affecting 1%-5% the consolidated assets. III. Normal problem: 1. Mistakes affecting less than 1% of the pre-tax profit and total assets of the consolidate statements.	See the recognition standard of the internal control problems for financial statements
Significant problems in financial statements	0	
Significant problems in non-financial statements	0	
Important problems in financial statements	0	
Important problems in non-financial statements	0	

2. Internal control audit report

☑ Applicable □ Inapplicable

Comments in the internal control audit report	
We believe that China Fangda Group has maintained effective internal control on financial reports according to Basic Regulations on Enterprise Internal Control and related regulations on December 31, 2024.	
Disclosure of internal auditor's report	Disclosed
Date of disclosure of the internal control audit report	April 22, 2025
Source of disclosure of the internal control audit report	www.cninfo.com.cn
Opinion type	Standard opinion auditor's report
Problems in non-financial statements	No

Non-standard internal control audit report by the CFA

□ Yes ☑ No

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

☑ Yes □ No

XV. Rectification of problems in self inspection of special actions for governance of listed companies

Inapplicable

Chapter V. Environmental and social responsibility

I. Major environmental problem

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

□ Yes ☑ No

Administrative penalties for environmental problems during the reporting period

Company or subsidiary	Reason	Violations	Punishment result	Impact on the production and operation of listed companies	Rectification measures of the Company
No	No	No	No	No	No

Refer to other environmental information disclosed by key pollutant discharge units

During the reporting period, the listed company and its subsidiaries were not key pollutant discharge units announced by the environmental protection department, and there were no administrative penalties for environmental problems.

Measures and effects taken to reduce carbon emissions during the reporting period

☑ Applicable □ Inapplicable

The Company is committed to promoting green manufacturing and integrating the concepts of environmental, social, and corporate governance (ESG) into its corporate culture and operations. Since its inception, the Company has adhered to the mission of green and environmental protection, actively exploring the path of environmental friendliness and complementary development of the enterprise. The Company's smart curtain wall, photovoltaic building integration (BIPV) project, rail transit PSD system, solar photovoltaic power station and other industries have environmental protection genes. Combined with the characteristics of the industry, the Company integrates the concept of environmental protection into technological innovation, successively develops national and provincial key environmental protection new products such as ventilated and photovoltaic curtain walls, nano self-cleaning and fireproof honeycomb aluminum composite plates, and takes the lead in developing the subway PSD system with independent intellectual property rights in China. The Company's "full height open platform screen door of rail transit" technology has reduced the energy consumption of air conditioning and ventilation system by more than 20%, and the products of double-layer breathing curtain wall system save energy by more than 30% compared with the traditional curtain wall. In 2024, the subsidiary, Fangda Zhiyuan, received the "Silver" certification medal in the EcoVadis sustainability rating, ranking among the top 15% of rated companies globally. This recognition fully affirms the Company's ongoing efforts in environmental protection, labor and human rights, business ethics, and sustainable procurement.

In response to the national "14th Five-Year Plan" for ecological and environmental protection, and to vigorously promote the high-end, intelligent, and green development of the manufacturing industry, the newly constructed Fangda (Ganzhou) Low-Carbon Intelligent Manufacturing Base Project has built leading environmental protection equipment and intelligent equipment. This project, centered on "intensive construction and shared pollution control", is an environmental public infrastructure project and has been recognized as a "Green Island" project by the Ministry of Ecology and Environment. The project aims to reduce the pollution control costs for surrounding small and medium-sized enterprises by centralizing pollutant treatment, while also improving regional environmental management efficiency. This demonstrates the Company's high sense of responsibility and foresight in environmental protection.

During the reporting period, the Company was awarded the National (Shenzhen) Excellent Foreign-Invested Enterprise—Green and Carbon Reduction Promotion Award. The new energy industry photovoltaic power generation amounted to approximately 18.64 million kilowatt-hours, equivalent to saving 6,710 tons of standard coal, reducing carbon dioxide emissions by nearly 18,583 tons, reducing sulfur dioxide emissions by 211.9 tons, and reducing water usage by 74,560 tons. The China Electronics Building project, undertaken by the subsidiary Fangda Construction Technology, was evaluated as a two-star level according to the *Green Building Evaluation Standard* (GB/T50378-2014), with a green building area of 208,500 square meters.

Reasons for non-disclosure of other environmental information

The Company and its subsidiaries are not among the key pollutant discharge units published by the environmental protection department, and there is no other environmental information that needs to be disclosed.

II. Social responsibilities

While creating enterprise value, the Company adheres to its original mission, attaches great importance to the sustainable development of the environment and society, and actively performs its social responsibilities. In 2024, the Company effectively fulfilled its social responsibilities in areas such as standardized governance and operations, protection of shareholders' and creditors' rights, safety production, environmental protection and energy conservation, protection of employees' rights, protection of the rights of suppliers, customers, and consumers, public relations, and social welfare undertakings. For specific details, please refer to the *2024 Corporate Social Responsibility Report of China Fangda Group Co., Ltd.* published on http://www.cninfo.com.cn.

III. Consolidate and expand the achievements of poverty alleviation and rural revitalization

While creating economic value, the Company actively practices corporate social responsibility to promote sustainable social development. By making positive examples in the fields of ecological environmental protection and promoting social development, the Company has demonstrated the responsibility of an industry leader. The Company has carried out industrial support in Guangdong, Shaanxi, Guizhou, Jiangxi and Tibet, helping rural areas to plant cash crops such as tea mushrooms and lilies according to local conditions, supporting rural collective breeding industry projects, constructing greenhouse photovoltaic power stations, distributed photovoltaic power stations and other rural industrial "blood-creation" projects, and fostering new impetus to the development of rural economy, helping to build a thriving industry and ecological development. Helping to build a beautiful countryside in the new era of prosperous industry, ecological livability, civilized countryside, effective governance, and affluent life, which has achieved good social effects and gained high praise from all walks of life.

In addition, the Company has been actively involved in various public welfare activities, including public education, public health, rural medical care, disaster relief, environmental protection, rural revitalization and many other aspects. The Company has been consecutively awarded honors such as "Outstanding Enterprise in Fulfilling Social Responsibility".

Chapter VI Significant Events

I. Performance of promises

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

□ Applicable ☑ Inapplicable

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

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

□ Applicable ☑ Inapplicable

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

□ Applicable ☑ Inapplicable

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

III. Incompliant external guarantee

□ Applicable ☑ Inapplicable

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

IV. Description of the board of directors on the latest "non-standard audit report"

□ Applicable ☑ Inapplicable

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

□ Applicable ☑ Inapplicable

VI. Description of changes in accounting policies, accounting estimates or correction of major accounting errors compared with the financial report of the previous year

☑ Applicable □ Inapplicable

(1) Changes in accounting policies

① Implement the interpretation of accounting standards for Business Enterprises No. 17

On October 25, 2023, the *Ministry of Finance issued the Interpretation No. 17 of the Accounting Standards for Business Enterprises* (CK [2023] No. 21, hereinafter referred to as Interpretation No. 17), which will be implemented from January 1, 2024. Starting from January 1, 2024, the Company implements the provisions of Interpretation No. 17.

A. On the classification of current liabilities and non-current liabilities

This provision has no significant impact on the Company's financial statements for the reporting period.

B. On the disclosure of supplier financing arrangements

In accordance with the requirements of Interpretation No. 17, the Company's financial report under section VII, "Notes to the Consolidated Financial Statements," item 62 "(4) Supplier Financing Arrangements," has disclosed relevant information on supplier financing arrangements for the year 2024.

C. On the accounting treatment of sale and leaseback transactions

This provision has no significant impact on the Company's financial statements for the reporting period.

② Reclassification of warranty expenses

In March 2024, the Ministry of Finance issued the *Compilation of Application Guidelines for Enterprise Accounting Standards 2024* and on December 6, 2024, released *Interpretation No. 18 of the Accounting Standards for Business Enterprises*, which stipulates that warranty expenses should be included in the operating costs.

Starting from the fiscal year 2024, the Company will implement this provision by including warranty expenses in the operating costs. The implementation of this accounting treatment provision has a cumulative impact of RMB0 on the retained earnings as reported in the earliest period of the financial statements. The adjustments to the relevant items in the comparative financial statements for the year 2023 for both the consolidated and the parent company are as follows:

In RMB

Affected item	For 2023 (consolidated)		For 2023 (parent company)	
	Before adjustment	After adjustment	Before adjustment	After adjustment
Sales expense	58,488,714.76	51,009,165.29	There is no impact on the data of the parent company.	
Operating cost	3,404,642,473.33	3,412,122,022.80		

(2) Changes in major accounting estimates

During the reporting period, the Company had no significant changes in accounting estimates.

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

☑ Applicable □ Inapplicable

In the current period, five new subsidiaries were added through establishment: Fangda Facade Singapore Pte Ltd, Fangda Facade Philippines Inc., General Rail Technology Philippines, Inc., Fangda Gulf DMCC, and Global MEGA International Holdings Limited. Additionally, one new subsidiary was added through non-business merger: Fangda Architectural Technology Company. Meanwhile, three subsidiaries were deregistered in the current period: Fangda Xunfu Investment, Fangda Lifu Investment, and Fangda Investment Partnership.

VIII. Engaging and dismissing of CPA

CPA engaged currently

Domestic public accountants name	RSM Thornton (limited liability partnership)
Remuneration for the domestic public accountants (in RMB10,000)	150
Consecutive years of service by the domestic public accountants	6
Name of certified accountants of the domestic public accountants	Zhou Junchao, Liu Gen, Hu Gaosheng
Consecutive years of service by the domestic public accountants	Zhou Junchao has provided audit services for 2 consecutive years, Liu Gen for 1 year, and Hu Gaosheng for 5 consecutive years.
Overseas public accountants name (if any)	No
Remuneration for the overseas public accountants (in RMB10,000)	0
Consecutive years of service by the overseas public accountants (if any)	No
Name of certified accountants of the overseas public accountants (if any)	No

Whether the CPA is replaced

□ Yes ☑ No

Engaging of internal control audit CPA, financial advisor and sponsor

☑ Applicable □ Inapplicable

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

IX. Delisting after disclosure of annual report

□ Applicable ☑ Inapplicable

X. Bankruptcy and capital reorganizing

□ Applicable ☑ Inapplicable

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

XI. Significant lawsuit and arbitration

□ Applicable ☑ Inapplicable

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

As of the end of the reporting period, the total amount involved in other lawsuits not meeting the criteria for major litigation disclosure is approximately RMB460,000,000, of which the amount involved as the defendant totals approximately RMB35,000,000. These lawsuits are multiple independent cases and will not have a significant adverse impact on the Company's financial condition and ability to continue operations.

XII. Punishment and rectification

□ Applicable ☑ Inapplicable

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

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

☑ Applicable □ Inapplicable

The Company and its controlling shareholders and actual controllers do not fail to perform the effective judgment of the court, and the debts with a large amount are not paid off when due.

XIV. Material related transactions

1. Related transactions related to routine operation

□ Applicable ☑ Inapplicable

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

2. Related transactions related to assets transactions

□ Applicable ☑ Inapplicable

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

3. Related transactions related to joint external investment

□ Applicable ☑ Inapplicable

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

4. Related credits and debts

□ Applicable ☑ Inapplicable

The Company had no related debt in the report period.

5. Transactions with related financial companies

□ Applicable ☑ Inapplicable

There is no deposit, loan, credit or other financial business between the Company and the related financial company.

6. Transactions between financial companies controlled by the Company and related parties

□ Applicable ☑ Inapplicable

There is no deposit, loan, credit or other financial business between the financial company controlled by the Company and its related parties.

7. Other major related transactions

□ Applicable ☑ Inapplicable

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

XV. Significant contracts and performance

1. Asset entrusting, leasing, contracting

(1) Asset entrusting

□ Applicable ☑ Inapplicable

The Company made no custody in the report period.

(2) Contracting

□ Applicable ☑ Inapplicable

The Company made no contract in the report period

(3) Leasing

□ Applicable ☑ Inapplicable

The Company does not have any significant leasing activities during the reporting period.

2. Significant guarantee

☑ Applicable □ Inapplicable

In RMB10,000

External guarantees made by the Company and subsidiaries (exclude those made for subsidiaries)										
Guarantee provided to	Date of disclosure	Guarantee amount	Actual date	Actual amount of guarantee	Type of guarantee	Collateral (if any)	Counter guarantee (if any)	Term	Completed or not	Related party
No										
Guarantee provided to subsidiaries										

Guarantee provided to	Date of disclosure	Guarantee amount	Actual date	Actual amount of guarantee	Type of guarantee	Collateral (if any)	Counter guarantee (if any)	Term	Completed or not	Related party
Fangda Jianke	February 28, 2023	93,000	December 28, 2023	65,431.48	Joint liability	No	No	since engage of contract to 3 years upon due of debt	No	Yes
Fangda Jianke	April 2, 2024	24,000	May 27, 2024	18,715.69	Joint liability	No	No	since engage of contract to 3 years upon due of debt	No	Yes
Fangda Jianke	April 2, 2024	30,000	November 11, 2024	17,933.07	Joint liability	No	No	since engage of contract to 3 years upon due of debt	No	Yes
Fangda Jianke	April 2, 2024	50,000	September 4, 2024	30,880.51	Joint liability	No	No	since engage of contract to 3 years upon due of debt	No	Yes
Fangda Jianke	February 28, 2023	30,000	October 20, 2023	15,400	Joint liability	No	No	since engage of contract to 3 years upon due of debt	No	Yes
Fangda Jianke	February 28, 2023	39,000	January 24, 2024	15,436.8	Joint liability	No	No	since engage of contract to 3 years upon	No	Yes

								due of debt		
Fangda Jianke	April 2, 2024	15,000	May 11, 2024	15,000	Joint liability	No	No	since engage of contract to 3 years upon due of debt	No	Yes
Fangda Jianke	April 2, 2024	48,000	December 15, 2024	33,926.95	Joint liability	No	No	since engage of contract to 3 years upon due of debt	No	Yes
Fangda Jianke	April 2, 2024	60,000	December 19, 2024	59,900	Joint liability	No	No	since engage of contract to 3 years upon due of debt	No	Yes
Fangda Jianke	February 28, 2023	11,400	August 16, 2023	1,016.43	Joint liability	No	No	since engage of contract to 3 years upon due of debt	No	Yes
Fangda Jianke	April 2, 2024	20,000	November 4, 2024	15,827.15	Joint liability	No	No	since engage of contract to 3 years upon due of debt	No	Yes
Fangda Jianke	April 2, 2024	4,000	June 20, 2024	4,000	Joint liability	No	No	since engage of contract to 3 years upon due of debt	No	Yes
Fangda	April 2,	60,000	June 27,	22,000	Joint	No	No	since	No	Yes

Jianke	2024		2024		liability			engage of contract to 3 years upon due of debt		
Fangda Jianke	February 28, 2023	30,000	December 21, 2023	5,000	Joint liability	No	No	since engage of contract to 3 years upon due of debt	No	Yes
Fangda Jianke	April 2, 2024	20,000	December 27, 2024	11,000	Joint liability	No	No	since engage of contract to 3 years upon due of debt	No	Yes
Fangda Zhiyuan	April 2, 2024	36,000	June 27, 2024	16,438.3	Joint liability	No	No	since engage of contract to 3 years upon due of debt	No	Yes
Fangda Zhiyuan	April 2, 2024	15,000	May 30, 2024	2,991.69	Joint liability	No	No	since engage of contract to 3 years upon due of debt	No	Yes
Fangda Zhiyuan	April 2, 2024	20,000	November 11, 2024	2,485.95	Joint liability	No	No	since engage of contract to 3 years upon due of debt	No	Yes
Fangda Zhiyuan	April 2, 2024	15,000	September 4, 2024	7,824.13	Joint liability	No	No	since engage of contract to 3	No	Yes

								years upon due of debt		
Fangda Zhiyuan	April 2, 2024	10,000	May 11, 2024	924.76	Joint liability	No	No	since engage of contract to 3 years upon due of debt	No	Yes
Fangda Zhiyuan	April 2, 2024	18,000	December 15, 2024	5,728.31	Joint liability	No	No	since engage of contract to 3 years upon due of debt	No	Yes
Fangda Zhiyuan	February 28, 2023	15,550	November 21, 2023	8,574.38	Joint liability	No	No	since engage of contract to 3 years upon due of debt	No	Yes
Fangda Zhiyuan	February 28, 2023	10,000	September 25, 2023	70.41	Joint liability	No	No	since engage of contract to 3 years upon due of debt	No	Yes
Fangda Zhiyuan	February 28, 2023	10,000	December 21, 2023		Joint liability	No	No	since engage of contract to 3 years upon due of debt	No	Yes
Fangda Yunzhu	April 2, 2024	600	June 3, 2024	24.78	Joint liability	No	No	since engage of contract to 3 years upon due of debt	No	Yes

Fangda Yunzhu	April 2, 2024	1,000	May 7, 2024		Joint liability	No	No	since engage of contract to 3 years upon due of debt	No	Yes
Fangda Yunzhu	April 2, 2024	1,000	June 28, 2024	1,000	Joint liability	No	No	since engage of contract to 3 years upon due of debt	No	Yes
Fangda New Material	February 28, 2023	8,500	November 2, 2023	1,844.24	Joint liability	No	No	since engage of contract to 3 years upon due of debt	No	Yes
Fangda New Material	April 2, 2024	10,000	July 8, 2024	599.23	Joint liability	No	No	since engage of contract to 3 years upon due of debt	No	Yes
Fangda Property	December 4, 2019	135,000	February 25, 2020	66,000	Joint liability	No	No	since engage of contract to 3 years upon due of debt	No	Yes
Fangda Zhijian	April 2, 2024	7,000	May 17, 2024	4,559.39	Joint liability	No	No	since engage of contract to 3 years upon due of debt	No	Yes
Fangda Intelligent Manufac	December 23, 2023	30,000	February 22, 2024	30,000	Joint liability	No	No	since engage of contract	No	Yes

turing								to 3 years upon due of debt		
Fangda Dongguan New Material	April 2, 2024	5,000	August 26, 2024	2,865.45	Joint liability	No	No	since engage of contract to 3 years upon due of debt	No	Yes
Fangda Zhiyuan	December 23, 2023	31,896.02	February 17, 2024	31,896.02	Joint liability	No	No	From the date of issuance of the guarantee letter until the completion of the project contract	No	Yes
Fangda Zhiyuan	December 23, 2023	24,885.16	February 17, 2024	24,885.16	Joint liability	No	No	From the date of issuance of the guarantee letter until the completion of the project contract	No	Yes
Total of guarantee to subsidiaries approved in the report term (B1)		469,600.00		Total of guarantee to subsidiaries actually occurred in the report term (B2)		586,533.44				
Total of guarantee to subsidiaries approved as of the report term (B3)		938,831.18		Total of balance of guarantee actually provided to the subsidiaries as of end of report term (B4)		540,180.29				
Guarantee provided to subsidiaries										
Guarantee provided to	Date of disclosure	Guarantee amount	Actual date	Actual amount of guarantee	Type of guarantee	Collateral (if any)	Counter guarantee (if any)	Term	Completed or not	Related party
No										
Total of guarantee provided by the Company (total of the above three)										
Total of guarantee approved in the		469,600.00		Total of guarantee occurred in the		586,533.44				

report term (A1+B1+C1)		report term (A2+B2+C2)	
Total of guarantee approved as of end of report term (A3+B3+C3)	938,831.18	Total of guarantee occurred as of the end of report term (A4+B4+C4)	540,180.29
Percentage of the total guarantee occurred (A4+B4+C4) on net asset of the Company		88.18%	
Including:			
Guarantee provided directly or indirectly to objects with over 70% of liability on asset ratio (E)		2,865.45	
Amount of guarantee over 50% of the net asset (F)		233,890.09	
Total of the above 3 (D+E+F)		233,890.09	

Note of compound guarantee

None

3. Entrusted cash capital management

(1) Wealth management

□ Applicable ☑ Inapplicable

The Company made no trust investment in the report period

(2) Trusted loans

□ Applicable ☑ Inapplicable

The Company borrowed no trust loan in the report period.

4. Other significant contract

□ Applicable ☑ Inapplicable

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

XVI. Other material events

□ Applicable ☑ Inapplicable

The Company had no other significant event to be explained in the report period.

XVII. Material events of subsidiaries

□ Applicable ☑ Inapplicable

Chapter VII Changes in Share Capital and Shareholders

I. Changes in shares

1. Changes in shares

In share

	Before the change		Change (+,-)					After the change	
	Quantity	Proportion	Issued new shares	Bonus shares	Transferred from reserves	Others	Subtotal	Quantity	Proportion
I. Shares with trade restriction conditions	3,861,043	0.36%	0	0	0	0	0	3,861,043	0.36%
1. State-owned shares									
2. State-owned legal person shares									
3. Other domestic shares	3,861,043	0.36%	0	0	0	0	0	3,861,043	0.36%
Including: Shares held by domestic legal persons									
Domestic natural person shares	3,861,043	0.36%	0	0	0	0	0	3,861,043	0.36%
4. Shares held by foreign investors									
Including: Shares held by									

foreign legal persons									
Domestic natural person shares									
II. Unrestricted shares	1,070,013,184	99.64%	0	0	0	0	0	1,070,013,184	99.64%
1. Common shares in RMB	675,854,429	62.94%	0	0	0	0	0	675,854,429	62.94%
2. Foreign shares in domestic market	394,158,755	36.70%	0	0	0	0	0	394,158,755	36.70%
3. Foreign shares in overseas market									
4. Others									
III. Total of capital shares	1,073,874,227	100.00%	0	0	0	0	0	1,073,874,227	100.00%

Reasons

□ Applicable ☑ Inapplicable

Approval of the change

□ Applicable ☑ Inapplicable

Share transfer

□ Applicable ☑ Inapplicable

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

□ Applicable ☑ Inapplicable

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

□ Applicable ☑ Inapplicable

2. Changes in conditional shares

□ Applicable ☑ Inapplicable

II. Share placing and listing

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

□ Applicable ☑ Inapplicable

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

□ Applicable ☑ Inapplicable

3. Current employees' shares

□ Applicable ☑ Inapplicable

III. Shareholders and the substantial controller of the Company

1. Shareholders and shareholding

In share

Number of shareholders of common shares at the end of the report period	46,403	Total number of ordinary share shareholders at the end of the month before the disclosure date of the annual report	45,957	Number of shareholders of preferred stocks of which voting rights recovered in the report period (if any) (note 8)	0	Total number of shareholders of preference shares of which voting rights resumed at the end of the month before the disclosure date of the annual report (if any) (see note 8)		0
Shareholdings of shareholders holding more than 5% or the top 10 shareholders (excluding shares lent through refinancing)								
Name of shareholder	Nature of shareholder	Shareholding percentage	Number of shares held at the end of the reporting period	Change in the reporting period	Conditional shares	Amount of shares without sales restriction	Pledge, marking or freezing	
							Share status	Quantity
Shenzhen Banglin Technologies Development Co., Ltd.	Domestic non-state legal person	11.11%	119,332,846	-	0	119,332,846	Inapplicable	0
Shengjiu Investment Ltd.	Foreign legal person	10.25%	110,116,276	-	0	110,116,276	Inapplicable	0
Fang Wei	Domestic natural person	4.72%	50,665,439	6,336,900	0	50,665,439	Inapplicable	0

Zhou Youming	Domestic natural person	0.92%	9,924,210	-837,000	0	9,924,210	Inapplicable	0
Xu Zhe	Domestic natural person	0.63%	6,760,000	6,110,000	0	6,760,000	Inapplicable	0
Xu Lei	Domestic natural person	0.59%	6,320,000	5,820,000	0	6,320,000	Inapplicable	0
Shenwan Hongyuan Securities (Hong Kong) Co., Ltd.	Foreign legal person	0.51%	5,470,550	-	0	5,470,550	Inapplicable	0
Wu Xuandong	Domestic natural person	0.49%	5,233,136	-152,614	0	5,233,136	Inapplicable	0
Xiong Jianming	Domestic natural person	0.48%	5,110,257	-	3,832,693	1,277,564	Inapplicable	0
Zhuang Liangjin	Domestic natural person	0.47%	5,005,000	736,000	0	5,005,000	Inapplicable	0
A strategic investor or ordinary legal person becomes the Top10 shareholder due a stock issue.		No						
Notes to top ten shareholder relationship or "action in concert"		Among the above shareholders, Shenzhen Banglin Technology Development Co., Ltd., Shengjiu Investment Co., Ltd., and Xiong Jianming are persons acting in concert. The Company is not notified of other action-in-concert or related parties among the other holders.						
Description of the above shareholders involved in entrusted / entrusted voting right and waiver of voting right		No						
Special instructions on the existence of special repurchase account among the top 10 shareholders (if any)		No						

Shareholding status of the top 10 shareholders with unrestricted shares (excluding shares lent through margin financing and securities lending, and shares locked by senior management)			
Name of shareholder	Amount of shares without sales restriction	Category of shares	
		Category of shares	Quantity
Shenzhen Banglin Technologies Development Co., Ltd.	119,332,846	RMB common shares	119,332,846
Shengjiu Investment Ltd.	110,116,276	Domestically listed foreign shares	110,116,276
Fang Wei	50,665,439	RMB common shares	50,665,439
Zhou Youming	9,924,210	RMB common shares	9,924,210
Xu Zhe	6,760,000	RMB common shares	6,760,000
Xu Lei	6,320,000	RMB common shares	6,320,000

Shenwan Hongyuan Securities (Hong Kong) Co., Ltd.	5,470,550	Domestically listed foreign shares	5,470,550
Wu Xuandong	5,233,136	RMB common shares	5,233,136
Zhuang Liangjin	5,005,000	RMB common shares	5,005,000
Qu Chunlin	4,444,000	RMB common shares	4,444,000
No action-in-concert or related parties among the top10 unconditional shareholders and between the top10 unconditional shareholders and the top10 shareholders	Among the above shareholders, Shenzhen Banglin Technology Development Co., Ltd., Shengjiu Investment Co., Ltd., and Xiong Jianming are persons acting in concert. The Company is not notified of other action-in-concert or related parties among the other holders.		
Top-10 common share shareholders participating in margin trade	Xu Lei holds 3,660,000 shares of the Company through a customer credit transaction guarantee securities account with Guolian Securities Co., Ltd. Xu Lei holds 3,300,000 shares of the Company through a customer credit transaction guarantee securities account with Guolian Securities Co., Ltd. Wu Xuandong holds 5,205,136 stocks of the Company through the Huaxi Securities customer credit transaction guarantee securities account; Zhuang Liangjin holds 5,005,000 shares of the Company through a customer credit transaction guarantee securities account with Great Wall Securities Co., Ltd.		

The situation regarding the lending of shares by shareholders holding more than 5%, the top 10 shareholders, and the top 10 shareholders of unrestricted circulating shares participating in the margin financing and securities lending business.

□ Applicable ☑ Inapplicable

Changes occurred compared to the previous period due to the lending/returning of shares by the top 10 shareholders and the top 10 shareholders of unrestricted circulating shares for margin financing and securities lending reasons.

□ Applicable ☑ Inapplicable

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

□ Yes ☑ No

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

2. Profile of the controlling shareholders

Shareholder nature: natural person holding

Type of shareholder: legal person

Name of controlling shareholder	Legal representative/ responsible person	Date of Establishment	Organization code	Main business
Shenzhen Banglin Technologies Development Co., Ltd.	Chen Jinwu	June 7, 2001	914403007298400552	Industrial investment, developing of electronic products, technical consulting, domestic commerce, material trading
Stock ownership of other domestic and overseas listed company controlled or whose shares are held by controlling	No			

shareholders	

Changes in the controlling shareholder in the reporting period

□ Applicable ☑ Inapplicable

No change in the controlling shareholder in the report period

3. Actual controller and persons acting in concert

Nature of actual controller: domestic natural person

Type of actual controller: natural person

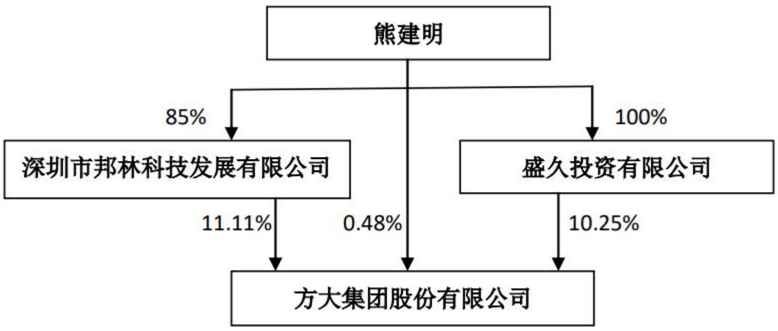
Name of substantial controller	Relationship with the actual controller	Nationality	Right of residence in another country or region
Xiong Jianming	Himself	Chinese	Yes
Job and position	Served as Chairman of the Company.		
Profiles of domestic and overseas listed companies in which the controller held shares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

Change in the actual controller in the report period

□ Applicable ☑ Inapplicable

No change in the actual shareholder in the report period

7. Chart of the controlling relationship



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

□ Applicable ☑ Inapplicable

4. The cumulative number of Pledged Shares of the Company's controlling shareholder or the largest shareholder and its concerted actors accounts for 80% of the Company's shares

□ Applicable ☑ Inapplicable

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

□ Applicable ☑ Inapplicable

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

□ Applicable ☑ Inapplicable

IV. Specific implementation of share repurchase in the reporting period

Progress in the implementation of share repurchase

□ Applicable ☑ Inapplicable

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

□ Applicable ☑ Inapplicable

Chapter VIII Preferred Shares

□ Applicable ☑ Inapplicable

The Company had no preferred share in the report period.

Chapter IX Information about the Company's Securities

□ Applicable ☑ Inapplicable

Chapter X Financial Statements

I. Auditor's report

Type	Standard opinion auditor's report
Issued on	April 18, 2025
Auditor	RSM Thornton (limited liability partnership)
Report No.	RSM [2025] No.510Z0004
CPA names	Zhou Junchao, Liu Gen, Hu Gaosheng

Auditors' Report

RSM [2025] No.510Z0004

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

1. Auditors' Opinions

We have audited the financial statements of Fangda Group Co., Ltd. (hereinafter referred to as Fangda group company), including the consolidated and parent company's balance sheet as of December 31, 2024, the consolidated and parent company's income statement, consolidated and parent company's cash flow statement, consolidated and parent company's statement of changes in owner's equity and notes to relevant financial statements in 2024.

We believe that Fangda Group has been following with the Enterprise Accounting Standard in preparing of the Financial Statements. The Financial Statements is reflecting, in all important aspects, the financial situation of Fangda Group as of December 31, 2024, and the business performance and cash flow of year 2024.

2. Basis of the Opinions

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

3. Key Audit Matters

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

(1) Income recognition

For related information disclosure, please refer to Note III, 25, Note V, 45 and Note XV, 2 of the financial statements.

1. Description

In 2024, the operating revenue of Fangda Group is RMB4.424 billion, of which the revenue of curtain wall and metro platform screen door accounts for 94.23% of the total revenue of the Group.

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

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

2. Audit response

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

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

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

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

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

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

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

(2) Measurement of fair value of investment real estate

For related information disclosure, please refer to Note III, 16, Note V, 15 (2), Note V 53 and Note XI of the financial statements.

1. Description

As of Tuesday, December 31, 2024, the book balance of the investment real estate of Fangda group which adopts the fair value model for subsequent measurement is RMB5.835 billion, accounting for 43.05% of the total assets. The income from changes in fair value realized in the current period is RMB-18,000,000 which has a great impact on the financial indicators of the Group's consolidated statements.

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

2. Audit response

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

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

(2) Obtain the assessment report, selected major or typical samples, and use our real estate appraisal experts to review and review the assessment methods and assumptions used in the assessment report and the rationality of the selected key assessment parameters. Check the accuracy and relevance of the data used by the management in valuation.

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

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

For related information disclosure, please refer to Note III, 10, Note V, 4, Note V, 9 and Note V, 22 of the financial statements.

1. Description

As of December 31, 2024, the total amount of accounts receivable of the Company was RMB1.498 billion, the provision for bad debts accrued was RMB374 million, the total amount of contract assets of the Company was RMB2.619 billion, the provision for impairment accrued was RMB222 million, and the total book value of accounts receivable and contract assets accounted for 25.97% of the total assets. Due to the large amount of accounts receivable and contract assets of Fangda group, the management needs to use important accounting estimation and judgment when determining the expected recoverable amount of accounts receivable and contract assets, and the expected credit loss of accounts receivable and contract assets is important for financial statements. Therefore, we determine the measurement of expected credit loss of accounts receivable and contract assets as the key audit accounting matters.

2. Audit response

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

(2) Review the relevant considerations and objective evidence of the management's credit risk assessment of accounts receivable and contract assets, and evaluate whether the management has properly identified the credit risk characteristics of various accounts receivable.

(3) Review the accrual process of bad debt provision for accounts receivable and impairment provision for contract assets of the management, including: ① for accounts receivable and contract assets that measure expected credit loss based on portfolio, evaluate the rationality of the management's division of portfolio according to credit risk characteristics; Check the measurement model of expected credit loss and evaluate the rationality of major assumptions and key parameters in the model; Obtain the comparison table between the aging of accounts receivable and the expected credit loss rate for the whole duration prepared by the management, and test the accuracy and integrity of the data used by the management and whether the calculation of bad debt reserves is accurate; ② For accounts receivable and contract assets with individual provision for expected credit loss, review the accuracy and rationality of the information and relevant assumptions used by the management in the test process; Check the accuracy of the provision for impairment of accounts receivable and contract assets with long aging, accounts receivable and

contract assets involving litigation matters.

(4) According to the characteristics and nature of customer transactions, select samples to implement the accounts receivable confirmation procedure and check the collection after the period, and evaluate the rationality of the provision for bad debts of accounts receivable.

4. Other information

The management of Fangda Group (hereinafter referred to as management) is responsible for other information. The other information includes the information covered in Fangda Group's 2024 annual report, but does not include the financial statements and our audit report.

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

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

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

5. Executives' responsibilities on the Financial Statements

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

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

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

6. Auditor's responsibility for auditing financial statements

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

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

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

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

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

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

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

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

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

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

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

(This page has no text. It is the signature and stamp page of audit report No. [2025]510Z0004 of China Fangda Group Co., Ltd.）

RSM China

(limited liability partnership)

CPA:

Zhou Junchao (Project Partner)

CPA:

Liu Gen

Beijing, China CPA:

Hu Gaosheng

April 18, 2025

II. Financial statements

Unit for statements in notes to financial statements: RMB yuan

1. Consolidated Balance Sheet

Prepared by: China Fangda Group Co., Ltd.

December 31, 2024

In RMB

Item	Closing balance	Opening balance
Current asset:		
Monetary capital	1,491,777,341.84	1,425,151,116.24
Settlement provision		
Outgoing call loan		
Transactional financial assets		
Derivative financial assets		173,737.06
Notes receivable	73,887,694.24	47,372,881.27
Account receivable	1,123,506,196.98	911,486,914.19
Receivable financing	4,568,000.10	6,979,428.14
Prepayment	23,355,036.11	33,976,569.36
Insurance receivable		
Reinsurance receivable		
Provisions of Reinsurance contracts receivable		
Other receivables	168,322,524.80	145,113,323.33
Including: interest receivable		
Dividend receivable		
Repurchasing of financial assets		
Inventory	705,666,408.74	755,624,486.51
Including: data resources		
Contract assets	2,247,698,479.96	2,488,429,802.41

Assets held for sales		
Non-current assets due in 1 year		327,120,273.54
Other current assets	307,777,143.14	248,401,322.80
Total current assets	6,146,558,825.91	6,389,829,854.85
Non-current assets:		
Loan and advancement provided		
Debt investment		
Other debt investment		
Long-term receivables		
Long-term share equity investment	56,690,973.97	54,757,017.40
Investment in other equity tools		
Other non-current financial assets	6,519,740.17	7,455,617.17
Investment real estate	5,835,036,098.20	5,756,809,168.26
in fixed assets	940,894,344.39	620,828,178.38
Construction in process	7,265,104.44	109,414,347.33
Productive biological assets		
Gas & petrol		
Use right assets	15,683,121.04	20,776,829.58
Intangible assets	124,052,394.79	140,073,209.88
Including: data resources		
R&D expense		
Including: data resources		
Goodwill		
Long-term amortizable expenses	4,041,025.70	6,749,314.04
Deferred income tax assets	205,986,926.71	182,858,549.07
Other non-current assets	212,658,669.89	86,799,770.90
Total of non-current assets	7,408,828,399.30	6,986,522,002.01
Total of assets	13,555,387,225.21	13,376,351,856.86
Current liabilities		
Short-term loans	1,663,696,422.48	2,208,055,039.21
Loans from Central Bank		
Call loan received		
Transactional financial liabilities		
Derivative financial liabilities	1,520,625.00	
Notes payable	681,188,127.97	868,886,946.79
Account payable	2,146,594,890.57	1,972,293,782.27
Prepayment received	1,513,398.39	1,432,885.03
Contract liabilities	268,594,041.26	198,164,209.47
Selling of repurchased financial assets		
Deposit received and held for others		
Entrusted trading of securities		
Entrusted selling of securities		

Employees' wage payable	76,243,647.97	74,063,112.26
Taxes payable	48,847,117.19	42,375,068.55
Other payables	120,918,002.02	117,581,764.15
Including: interest payable		
Dividend payable		
Fees and commissions payable		
Reinsurance fee payable		
Liabilities held for sales		
Non-current liabilities due in 1 year	131,374,661.05	64,135,136.46
Other current liabilities	50,835,559.67	53,524,655.05
Total current liabilities	5,191,326,493.57	5,600,512,599.24
Non-current liabilities:		
Insurance contract provision		
Long-term loans	1,137,000,000.00	660,000,000.00
Bond payable		
Including: preferred stock		
Perpetual bond		
Lease liabilities	10,652,607.48	6,675,870.04
Long-term payable		48,400,000.00
Long-term employees' wage payable		
Anticipated liabilities	1,286,391.72	4,842,411.47
Deferred earning	10,669,612.13	8,978,678.72
Deferred income tax liabilities	1,030,341,141.92	1,012,146,459.12
Other non-current liabilities		
Total of non-current liabilities	2,189,949,753.25	1,741,043,419.35
Total liabilities	7,381,276,246.82	7,341,556,018.59
Owner's equity:		
Share capital	1,073,874,227.00	1,073,874,227.00
Other equity tools		
Including: preferred stock		
Perpetual bond		
Capital reserves	4,357,948.33	11,459,588.40
Less: Shares in stock		
Other miscellaneous income	158,405,014.52	23,121,870.79
Special reserves		
Surplus reserve	83,974,716.22	79,324,940.43
Common risk provisions		
Retained profit	4,805,192,000.28	4,772,359,940.45
Total of owner's equity belong to the parent company	6,125,803,906.35	5,960,140,567.07
Minor shareholders' equity	48,307,072.04	74,655,271.20
Total of owners' equity	6,174,110,978.39	6,034,795,838.27
Total of liabilities and owner's interest	13,555,387,225.21	13,376,351,856.86

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

2. Balance Sheet of the Parent Company

In RMB

Item	Closing balance	Opening balance
Current asset:		
Monetary capital	45,751,906.05	45,926,194.32
Transactional financial assets		
Derivative financial assets		
Notes receivable		
Account receivable	2,885,125.35	683,592.53
Receivable financing		
Prepayment	145,287.27	324,209.77
Other receivables	1,622,103,166.85	1,684,718,397.92
Including: interest receivable		
Dividend receivable		
Inventory		
Including: data resources		
Contract assets		
Assets held for sales		
Non-current assets due in 1 year		
Other current assets	2,081,838.29	1,849,530.81
Total current assets	1,672,967,323.81	1,733,501,925.35
Non-current assets:		
Debt investment		
Other debt investment		
Long-term receivables		
Long-term share equity investment	1,657,062,530.00	1,526,831,253.00
Investment in other equity tools		
Other non-current financial assets	30,000,001.00	30,000,001.00
Investment real estate	380,644,350.00	333,236,768.00
in fixed assets	46,688,469.68	63,599,689.10
Construction in process		
Productive biological assets		
Gas & petrol		
Use right assets	8,030,919.38	8,346,277.85
Intangible assets	1,200,848.82	852,064.55
Including: data resources		
R&D expense		
Including: data resources		
Goodwill		
Long-term amortizable expenses	285,478.52	472,845.61
Deferred income tax assets		
Other non-current assets		

Total of non-current assets	2,123,912,597.40	1,963,338,899.11
Total of assets	3,796,879,921.21	3,696,840,824.46
Current liabilities		
Short-term loans		300,270,416.67
Transactional financial liabilities		
Derivative financial liabilities		
Notes payable		
Account payable	873,640.82	804,004.81
Prepayment received	749,684.15	736,644.20
Contract liabilities		
Employees' wage payable	2,834,942.51	2,781,026.66
Taxes payable	286,140.09	364,147.97
Other payables	1,437,682,555.06	1,041,696,906.24
Including: interest payable		
Dividend payable		
Liabilities held for sales		
Non-current liabilities due in 1 year	3,531,740.50	3,936,569.69
Other current liabilities	164,239.72	41,741.14
Total current liabilities	1,446,122,942.85	1,350,631,457.38
Non-current liabilities:		
Long-term loans		
Bond payable		
Including: preferred stock		
Perpetual bond		
Lease liabilities	4,614,693.40	5,464,762.02
Long-term payable		
Long-term employees' wage payable		
Anticipated liabilities		
Deferred earning		
Deferred income tax liabilities	42,909,713.11	37,279,049.28
Other non-current liabilities		
Total of non-current liabilities	47,524,406.51	42,743,811.30
Total liabilities	1,493,647,349.36	1,393,375,268.68
Owner's equity:		
Share capital	1,073,874,227.00	1,073,874,227.00
Other equity tools		
Including: preferred stock		
Perpetual bond		
Capital reserves	360,835.52	360,835.52
Less: Shares in stock		
Other miscellaneous income	39,731,740.46	-10,082,945.37
Special reserves		
Surplus reserve	83,974,716.22	79,324,940.43
Retained profit	1,105,291,052.65	1,159,988,498.20
Total of owners' equity	2,303,232,571.85	2,303,465,555.78

Total of liabilities and owner's interest	3,796,879,921.21	3,696,840,824.46

3. Consolidated Income Statement

In RMB

Item	2024	2023
1. Total revenue	4,424,224,197.71	4,292,204,716.01
Incl. Business income	4,424,224,197.71	4,292,204,716.01
Interest income		
Insurance fee earned		
Fee and commission received		
2. Total business cost	4,114,643,580.92	3,931,058,087.22
Incl. Business cost	3,588,142,296.48	3,412,122,022.80
Interest expense		
Fee and commission paid		
Insurance discharge payment		
Net claim amount paid		
Net insurance policy responsibility contract reserves provided		
Insurance policy dividend paid		
Reinsurance expenses		
Taxes and surcharges	43,364,391.34	40,354,397.22
Sales expense	55,140,153.13	51,009,165.29
Administrative expense	191,667,435.20	174,674,755.81
R&D cost	171,031,371.73	180,070,801.25
Financial expenses	65,297,933.04	72,826,944.85
Including: interest cost	60,377,020.35	87,186,232.75
Interest income	19,230,549.61	29,144,115.88
Add: other gains	19,683,263.58	17,113,408.26
Investment gains ("-" for loss)	-4,547,362.60	-4,562,134.58
Incl. Investment gains from affiliates and joint ventures	-70,043.43	-212,024.74
Financial assets derecognized as a result of amortized cost	-2,538,217.26	-4,656,380.30
Exchange gains ("-" for loss)		
Net open hedge gains ("-" for loss)		
Gains from change of fair value ("-" for loss)	-18,394,198.42	-28,534,518.77
Credit impairment ("-" for loss)	-110,686,852.25	-35,051,664.32
Investment impairment loss ("-" for loss)	-35,260,579.49	6,020,287.93
Investment gains ("-" for loss)	-500,192.81	381,572.12
3. Operational profit ("-" for loss)	159,874,694.80	316,513,579.43
Plus: non-operational income	1,712,412.29	2,639,291.21
Less: non-operational expenditure	2,226,292.50	1,376,476.43
4. Gross profit ("-" for loss)	159,360,814.59	317,776,394.21

Less: Income tax expenses	13,192,524.27	40,817,495.88
5. Net profit ("-" for net loss)	146,168,290.32	276,958,898.33
(1) By operating consistency		
1. Net profit from continuous operation ("-" for net loss)	146,168,290.32	276,958,898.33
2. Net profit from discontinuous operation ("-" for net loss)		
(2) By ownership		
1. Net profit attributable to the shareholders of the parent company	144,813,705.53	272,758,249.50
2. Minor shareholders' equity	1,354,584.79	4,200,648.83
6. After-tax net amount of other misc. incomes	113,857,440.93	-8,854,510.96
After-tax net amount of other misc. incomes attributed to parent's owner	113,861,211.98	-8,864,846.00
(1) Other misc. incomes that cannot be re-classified into gain and loss		-8,976,730.40
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		-8,976,730.40
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	113,861,211.98	111,884.40
1. Other comprehensive income that can be transferred to profit or loss under the equity method		
2. Fair value change of other debt investment		
3. Gains and losses from changes in fair value of available-for-sale financial assets		
4. Other credit investment credit impairment provisions		
5. Cash flow hedge reserve	-1,440,207.76	-273,758.04
6. Translation difference of foreign exchange statement	-769,741.24	385,642.44
7. Others	116,071,160.98	
After-tax net of other misc. income attributed to minority shareholders	-3,771.05	10,335.04
7. Total of misc. incomes	260,025,731.25	268,104,387.37
Total of misc. incomes attributable to the owners of the parent company	258,674,917.51	263,893,403.50
Total misc. gains attributable to the minor shareholders	1,350,813.74	4,210,983.87
8. Earnings per share		
(1) Basic earnings per share	0.13	0.25
(2) Diluted earnings per share	0.13	0.25

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

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

4. Income Statement of the Parent Company

In RMB

Item	2024	2023
1. Turnover	22,532,419.32	24,692,199.04
Less: Operation cost	81,137.33	26,289.08
Taxes and surcharges	1,424,024.13	1,317,388.51
Sales expense		
Administrative expense	32,460,638.60	30,558,951.47

R&D cost		
Financial expenses	4,841,621.43	8,388,228.10
Including: interest cost	4,405,563.35	9,288,176.00
Interest income	260,151.97	831,166.04
Add: other gains	108,256.72	117,077.52
Investment gains ("-" for loss)	72,929,550.62	
Incl. Investment gains from affiliates and joint ventures		
Financial assets derecognized as a result of amortized cost ("-" for loss)		
Net open hedge gains ("-" for loss)		
Gains from change of fair value ("-" for loss)	-4,092,950.00	
Credit impairment ("-" for loss)	-238,257.79	360,899.21
Investment impairment loss ("-" for loss)		
Investment gains ("-" for loss)	1,053,415.23	
2. Operational profit ("-" for loss)	53,485,012.61	-15,120,681.39
Plus: non-operational income	5,025.67	44,168.07
Less: non-operational expenditure	24,170.61	121,511.80
3. Gross profit ("-" for loss)	53,465,867.67	-15,198,025.12
Less: Income tax expenses	-3,818,332.48	-3,431,141.95
4. Net profit ("-" for net loss)	57,284,200.15	-11,766,883.17
(1) Net profit from continuous operation ("-" for net loss)	57,284,200.15	-11,766,883.17
(2) Net profit from discontinuous operation ("-" for net loss)		
5. After-tax net amount of other misc. incomes	28,392,754.08	-8,976,730.40
(1) Other misc. incomes that cannot be re-classified into gain and loss		-8,976,730.40
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		-8,976,730.40
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	28,392,754.08	
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	28,392,754.08	
6. Total of misc. incomes	85,676,954.23	-20,743,613.57
7. Earnings per share		
(1) Basic earnings per share		
(2) Diluted earnings per share		

5. Consolidated Cash Flow Statement

In RMB

Item	2024	2023
1. Net cash flow from business operations:		
Cash received from sales of products and providing of services	4,480,307,796.77	4,203,440,613.14
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	20,223,216.89	8,419,916.54
Other cash received from business operation	115,024,150.76	106,386,664.36
Sub-total of cash inflow from business operations	4,615,555,164.42	4,318,247,194.04
Cash paid for purchasing products and services	3,476,800,439.66	3,045,048,069.68
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	500,142,274.75	459,342,426.54
Taxes paid	187,032,846.31	245,852,193.38
Other cash paid for business activities	180,685,510.27	268,262,302.36
Sub-total of cash outflow from business operations	4,344,661,070.99	4,018,504,991.96
Cash flow generated by business operations, net	270,894,093.43	299,742,202.08
2. Cash flow generated by investment:		
Cash received from investment recovery	1,785,649.27	
Cash received as investment profit	214,188.46	
Net cash retrieved from disposal of fixed assets, intangible assets, and other long-term assets	8,161,249.68	375,640.16
Net cash received from disposal of subsidiaries or other operational units		
Other investment-related cash received		
Sub-total of cash inflow generated from investment	10,161,087.41	375,640.16
Cash paid for construction of fixed assets, intangible assets and other long-term assets	229,651,090.29	118,890,749.97
Cash paid as investment	27,416,773.30	0.00
Net increase of loan against pledge		
Net cash paid for acquiring subsidiaries and other operational units		
Other cash paid for investment	1,787,676.30	50,000.00
Subtotal of cash outflows	258,855,539.89	118,940,749.97
Cash flow generated by investment activities, net	-248,694,452.48	-118,565,109.81
3. Cash flow generated by financing activities:		

Cash received from investment	14,873.62	
Incl. Cash received from investment attracted by subsidiaries from minority shareholders	14,873.62	
Cash received from borrowed loans	3,503,675,536.37	2,876,228,738.64
Other cash received from financing activities	463,600,944.44	
Subtotal of cash inflow from financing activities	3,967,291,354.43	2,876,228,738.64
Cash paid to repay debts	3,451,800,000.00	2,647,603,587.53
Cash paid as dividend, profit, or interests	167,473,899.50	141,883,286.28
Incl. Dividend and profit paid by subsidiaries to minority shareholders	6,962,732.02	
Other cash paid for financing activities	119,400,311.19	274,354,261.52
Subtotal of cash outflow from financing activities	3,738,674,210.69	3,063,841,135.33
Net cash flow generated by financing activities	228,617,143.74	-187,612,396.69
4. Influence of exchange rate changes on cash and cash equivalents	1,247,313.23	2,418,493.78
5. Net increase in cash and cash equivalents	252,064,097.92	-4,016,810.64
Plus: Balance of cash and cash equivalents at the beginning of term	779,661,118.42	783,677,929.06
6. Balance of cash and cash equivalents at the end of the period	1,031,725,216.34	779,661,118.42

6. Cash Flow Statement of the Parent Company

In RMB

Item	2024	2023
1. Net cash flow from business operations:		
Cash received from sales of products and providing of services	23,297,859.17	17,959,740.25
Tax refunded		278,140.90
Other cash received from business operation	1,444,921,260.13	5,000,885,248.92
Sub-total of cash inflow from business operations	1,468,219,119.30	5,019,123,130.07
Cash paid for purchasing products and services	3,898,051.28	4,266,205.51
Cash paid to and for the staff	17,406,198.35	18,497,935.21
Taxes paid	2,519,884.87	2,566,398.39
Other cash paid for business activities	991,774,056.35	4,903,847,461.83
Sub-total of cash outflow from business operations	1,015,598,190.85	4,929,178,000.94
Cash flow generated by business operations, net	452,620,928.45	89,945,129.13
2. Cash flow generated by investment:		
Cash received from investment recovery	235,323,000.00	
Cash received as investment profit	72,929,550.62	
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	308,252,550.62	
Cash paid for construction of fixed assets, intangible assets and other long-term assets	508,802.14	285,589.76
Cash paid as investment	365,554,277.00	69,500,000.00
Net cash paid for acquiring subsidiaries and other operational units		
Other cash paid for investment		
Subtotal of cash outflows	366,063,079.14	69,785,589.76
Cash flow generated by investment activities, net	-57,810,528.52	-69,785,589.76
3. Cash flow generated by financing activities:		
Cash received from investment		

Cash received from borrowed loans		300,000,000.00
Other cash received from financing activities		
Subtotal of cash inflow from financing activities		300,000,000.00
Cash paid to repay debts	300,000,000.00	300,000,000.00
Cash paid as dividend, profit, or interests	90,940,972.34	62,021,628.02
Other cash paid for financing activities	4,061,076.00	
Subtotal of cash outflow from financing activities	395,002,048.34	362,021,628.02
Net cash flow generated by financing activities	-395,002,048.34	-62,021,628.02
4. Influence of exchange rate changes on cash and cash equivalents	17,360.14	77,994.33
5. Net increase in cash and cash equivalents	-174,288.27	-41,784,094.32
Plus: Balance of cash and cash equivalents at the beginning of term	45,676,194.32	87,460,288.64
6. Balance of cash and cash equivalents at the end of the period	45,501,906.05	45,676,194.32

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

Amount of the Current Term

In RMB

Item	2024														
	Owners' Equity Attributable to the Parent Company													Minor or shareholders' equity	Total of owners' equity
	Share capital	Other equity tools			Capital reserves	Less: Shares in stock	Other miscellaneous income	Special reserves	Surplus reserve	Common risk provisions	Retained profit	Others	Subtotal		
		Preferred share	Perpetual bond	Others											
1. Balance at the end of last year	1,073,874,227.00				11,459,588.40		23,121,870.79		79,324,940.43		4,772,359,940.45		5,960,140,567.07	74,655,271.20	6,034,795,838.27
2. Balance at the beginning of current year	1,073,874,227.00				11,459,588.40		23,121,870.79		79,324,940.43		4,772,359,940.45		5,960,140,567.07	74,655,271.20	6,034,795,838.27
3. Change amount in					-7,101,640.07		135,283,143.73		4,649,775.79		32,832,059.83		165,663,339.28	-26,348,199.16	139,315,140.12

the current period ("-" for decrease)															
(1) Total of misc. incomes							113,861,211.98				144,813,705.53		258,674,917.51	1,350,813.74	260,025,731.25
(2) Investment or decreasing of capital by owners					-7,101,640.07								-7,101,640.07	-20,736,280.88	-27,837,920.95
1. Common shares invested by owners														-20,736,280.88	-20,736,280.88
2. Capital contributed by other equity instrument holders															
3. Amount of shares paid															

and accounted as owners' equity															
4. Others					-7,101,640.07								-7,101,640.07		-7,101,640.07
(3) Profit allotment									5,728,420.02		-91,638,358.18		-85,909,938.16	-6,962,732.02	-92,872,670.18
1. Provision of surplus reserves									5,728,420.02		-5,728,420.02				
2. Distribution to owners (or shareholders)											-85,909,938.16		-85,909,938.16	-6,962,732.02	-92,872,670.18
(4) Internal carry-over of owners' equity							21,421,931.75		-1,078,644.23		-20,343,287.52				
1. Other miscellaneous income							21,421,931.75		-1,078,644.23		-20,343,287.52				
(5) Spec															

ial reserves															
(6) Others															
4. Balance at the end of this period	1,073,874,227.00	0.00	0.00	0.00	4,357,948.33	0.00	158,405,014.52	0.00	83,974,716.22		4,805,192,000.28		6,125,803,906.35	48,307,072.04	6,174,110,978.39

Amount of the Previous Term

In RMB

Item	2023														
	Owners' Equity Attributable to the Parent Company													Minor shareholders' equity	Total of owners' equity
	Share capital	Other equity tools			Capital reserves	Less: Shares in stock	Other miscellaneous income	Special reserves	Surplus reserve	Common risk provisions	Retained profit	Others	Subtotal		
		Preferred share	Perpetual bond	Others											
1. Balance at the end of last year	1,073,874,227.00				11,459,588.40		31,986,716.79		79,324,940.43		4,553,295,402.30		5,749,940,874.92	70,444,287.33	5,820,385,162.25
2. Balance at the beginning of current year	1,073,874,227.00				11,459,588.40		31,986,716.79		79,324,940.43		4,553,295,402.30		5,749,940,874.92	70,444,287.33	5,820,385,162.25
3. Change amount in the							-8,864,846.00				219,064,538.15		210,199,692.15	4,210,983.87	214,410,676.02

current period ("-" for decrease)															
(1) Total of misc. incomes							-8,864,846.00				272,758,249.50		263,893,403.50	4,210,983.87	268,104,387.37
(2) Investment or decreasing of capital by owners															
(3) Profit allotment											-53,693,711.35		-53,693,711.35		-53,693,711.35
1. Provision of surplus reserves															
2. Distribution to owners (or shareholders)											-53,693,711.35		-53,693,711.35		-53,693,711.35
(4) Internal carry-over of owners' equit															

y															
(5) Special reserves															
(6) Others															
4. Balance at the end of this period	1,073,874,227.00				11,459,588.40		23,121,870.79		79,324,940.43		4,772,359,940.45		5,960,140,567.07	74,655,271.20	6,034,795,838.27

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

Amount of the Current Term

In RMB

Item	2024											
	Share capital	Other equity tools			Capital reserves	Less: Shares in stock	Other miscellaneous income	Special reserves	Surplus reserve	Retained profit	Others	Total of owners' equity
		Preferred share	Perpetual bond	Others								
1. Balance at the end of last year	1,073,874,227.00				360,835.52		-10,082,945.37		79,324,940.43	1,159,988,498.20		2,303,465,555.78
2. Balance at the beginning of current year	1,073,874,227.00				360,835.52		-10,082,945.37		79,324,940.43	1,159,988,498.20		2,303,465,555.78
3. Change amount in the current period ("-" for decrease)							49,814,685.83		4,649,775.79	-54,697,445.55		-232,983.93

(1) Total of misc. incomes							28,392,754.08			57,284,200.15		85,676,954.23
(2) Investment or decreasing of capital by owners												
(3) Profit allotment									5,728,420.02	-91,638,358.18		-85,909,938.16
1. Provision of surplus reserves									5,728,420.02	-5,728,420.02		
2. Distribution to owners (or shareholders)										-85,909,938.16		-85,909,938.16
(4) Internal carry-over of owners' equity							21,421,931.75		-1,078,644.23	-20,343,287.52		
1. Other miscellaneous income							21,421,931.75	0.00	-1,078,644.23	-20,343,287.52		
(5) Special reserves												
(6) Others												
4.	1,073,				360,83		39,731		83,974	1,105,		2,303,

Balance at the end of this period	874,227.00				5.52		,740.46		,716.22	291,052.65		232,571.85

Amount of the Previous Term

In RMB

Item	2023											
	Share capital	Other equity tools			Capital reserves	Less: Shares in stock	Other miscellaneous income	Special reserves	Surplus reserve	Retained profit	Others	Total of owners' equity
		Preferred share	Perpetual bond	Others								
1. Balance at the end of last year	1,073,874,227.00				360,835.52		-1,106,214.97		79,324,940.43	1,225,449,092.72		2,377,902,880.70
2. Balance at the beginning of current year	1,073,874,227.00				360,835.52		-1,106,214.97		79,324,940.43	1,225,449,092.72		2,377,902,880.70
3. Change amount in the current period ("-" for decrease)							-8,976,730.40			-65,460,594.52		-74,437,324.92
(1) Total of misc. incomes							-8,976,730.40			-11,766,883.17		-20,743,613.57
(2) Investment or decreasing of capital by owners												
(3) Profit allotm										-53,693,711.3		-53,693,711.3

ent										5		5
1. Provision of surplus reserves												
2. Distribution to owners (or shareholders)										-53,693,711.35		-53,693,711.35
(4) Internal carry-over of owners' equity												
(5) Special reserves												
(6) Others												
4. Balance at the end of this period	1,073,874,227.00				360,835.52		-10,082,945.37		79,324,940.43	1,159,988,498.20		2,303,465,555.78

III. General Information

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

The Company issued foreign currency shares (B shares) and local currency shares (A shares) and listed in November 1995 and April 1996 respectively in Shenzhen Stock Exchange. The Company received the Reply to the Non-public Share Issuance of Fangda China Group Co., Ltd. (CSRC License [2016] No.825) to allow the Company to conduct non-public issuance of

32,184,931 A-shares in June 20116. According to the profit distribution plan for 2016 approved by the 2016 general shareholders' meeting, the Company issued five shares for every ten shares to all shareholders through surplus capitalization based on the total 789,094,836 shares on December 31, 2016. The registered capital at the end of 2017 was 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 April 2021 and cancelled in April 2021. The existing registered capital is RMB1,073,874,227.00 yuan.

The Company has established the corporate governance structure of the General Meeting of Shareholders, the Board of Directors and the Board of Supervisors. At present, it has set up the President's Office, the Administration Department, the Human Resources Department, the Enterprise Management Department, the Finance Department, the Audit and Supervision Department, the Securities Department, the Legal Department, the Information Management Department, the Technology Innovation Department, the Development Planning Department and other departments, and has Shenzhen Fangda Construction Technology Group Co., Ltd. (hereinafter referred to as Fangda Construction Technology Co., Ltd.) Fangda Zhiyuan Technology Co., Ltd. (hereinafter referred to as Fangda Zhiyuan Technology Co., Ltd.), Fangda Jiangxi New Materials Co., Ltd., Fangda Real Estate Co., Ltd., Fangda New Energy Co., Ltd. and other subsidiaries.

The business nature and main business activities of the Company and its subsidiaries include: (1) curtain wall division, production and sales of curtain wall materials, design, production and installation of building curtain walls, and curtain wall testing and maintenance services; (2) Rail transit branch, assembly and processing of subway screen doors, screen door detection and maintenance services; (3) The real estate division is engaged in real estate development, operation and property management on the land that has legally obtained the right to use; (4) New energy division, photovoltaic power generation and sales; R&D, installation and sales of photovoltaic equipment, design and installation of photovoltaic power station project.

Date of financial statement approval: This financial statement is approved by the Board of Directors of the Company on April 18, 2025.

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 2023) issued by the CSRC.

2. Continuous operation

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

V. Significant Account Policies and Estimates

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

1. Statement of compliance to the Enterprise Accounting Standard

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

2. Fiscal Period

The Company The fiscal period ranges between January 1 and December 31 of the Gregorian calendar.

3. Operation period

Our normal business cycle is one year

4. Bookkeeping standard money

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

5. Method for determining importance criteria and selection criteria

☑ Applicable □ Inapplicable

Item	Importance criteria
Amount of bad debt reserves recovered or reversed	Amount greater than 5% of the total consolidated profit and greater than

for important accounts receivable in the current period; important accounts receivable write off	RMB5 million
Important ongoing projects	Amount greater than 1% of total consolidated net assets
Important payables with an aging of over 1 year	A single project is greater than 0.1% of the combined total assets
Major non wholly-owned subsidiaries	Individual net assets greater than 1% of the total consolidated net assets
Significant joint operations	The individual profit before tax is greater than 5% of the consolidated profit before tax and exceeds RMB5,000,000.
Important joint ventures and associates	The investment return is greater than 5% of the total consolidated profit and is greater than RMB5 million

6. 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. For parties being merged with accounting policies and periods different from those of the Company before the merger, the accounting policies are unified based on the principle of materiality. This means adjusting the book value of the assets and liabilities of the merged party according to the Company's accounting policies and periods. If there is a difference between the book value of the net assets acquired by the Company in the business combination and the book value of the consideration paid, first adjust the balance of the capital reserve (capital premium or equity premium), the balance of the capital reserve (capital premium or equity premium) If it is insufficient to offset, the surplus reserve and undistributed profits will be offset in sequence.

For the accounting treatment method of business combination not under the same control through step-by-step transactions, see Chapter X, V. important accounting policies and accounting estimates 7. (6).

(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. For parties being acquired with accounting policies and periods different from those of the Company before the acquisition, the accounting policies are unified based on the principle of materiality. This means adjusting the book value of the assets and liabilities of the acquired party according to the Company's accounting policies and periods. The merger cost of the Company on the date of purchase is greater than the fair value of the assets and liabilities recognized by the purchaser in the merger, and is recognized as goodwill. If the merger cost is less than the difference between the identifiable assets and the fair value of the liabilities obtained by the purchaser in the enterprise merger, the merger cost and the fair value of the identifiable assets and the liabilities obtained by the purchaser in the enterprise merger are reviewed, and the merger cost is still less than the fair value of the identifiable assets and liabilities obtained by the purchaser after the review, the difference is considered as the profit and loss of the current period of the merger.

For the accounting treatment method of business combination not under the same control through step-by-step transactions, see Chapter X, V. important accounting policies and accounting estimates. 7. (6).

(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.

7. Judgment criteria for control and preparation methods for consolidated financial statements

(1) Determination of control criteria and consolidation scope

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 definition of control includes three basic elements: first, the investor has the power over the investee; second, enjoys variable returns due to participation in the investee's related activities; and third, has the ability to use the power over the investee to influence its return amount. When the Company's investment in the invested party meets the above three elements, it indicates that the Company can control the invested party.

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.

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) Special provisions regarding the parent company being an investment entity

If the parent company is an investment entity, only those subsidiary companies that provide services related to investment activities of the investment entity shall be included in the consolidation scope. Other subsidiary companies shall not be consolidated and their equity investments shall be recognized as financial assets measured at fair value with changes in fair value recognized in profit or loss.

The parent company qualifies as an investment entity when it simultaneously meets the following conditions:

① The company obtains funds from one or more investors with the purpose of providing investment management services to the investors.

② The sole purpose of the Company's operations is to generate returns for the investors through capital appreciation, investment income, or both.

③ The company evaluates and assesses the performance of almost all of its investments based on fair value.

When the parent company changes from a non-investment entity to an investment entity, it shall only include those subsidiary companies that provide relevant services for its investment activities in the preparation of consolidated financial statements. Other subsidiary companies shall no longer be consolidated, and the principle of recognizing partially disposed subsidiary companies' equity while retaining control shall be applied.

When the parent company changes from an investment entity to a non-investment entity, the subsidiary companies that were previously not included in the consolidation financial statements shall be included as of the date of the change. The fair value of these subsidiary companies on the date of the change shall be regarded as the transaction price of the acquisition and accounted for using the accounting treatment for business combinations under common control.

(3) 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.

(4) Processing of subsidiaries during the reporting period

① Increase of subsidiaries or business

A. Subsidiary or business increased by business combination under the same control

(A) When preparing the consolidated balance sheet, adjust the opening number of the consolidated balance sheet and adjust the related items of the comparative statement. The same report entity as the consolidated balance sheet will exist from the time of the final control party.

(B) When preparing the consolidated cash flow statement, the cash flows of the subsidiary and the business combination from the beginning of the current period to the end of the reporting period are included in the consolidated cash flow statement, and the related items of the comparative statement are adjusted, which is regarded as the combined report body since the final The controller has been there since the beginning of control.

(C) When preparing the consolidated cash flow statement, the cash flows of the subsidiary and the business combination from the beginning of the current period to the end of the reporting period are included in the consolidated cash flow statement, and the related items of the comparative statement are adjusted, which is regarded as the combined report body since the final The controller has been there since the beginning of control.

B. Subsidiary or business increased by business combination under the same control

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

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

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

② Disposal of subsidiaries or business

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

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

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

(5) 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.

(6) 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.

Changes in recognized related profit and loss, other misc. incomes and other owner's equity between the later one of the date when the original stock equity was obtained and the date when the merged party and merging party become under the common control should respectively write down the retained profit in beginning of the report period or current period's profit or loss.

A. Enterprise merger under common control through multiple transactions

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

In the consolidated financial statements, the equity held in the acquiree prior to the acquisition date is remeasured at its fair value on the acquisition date. If the equity held in the acquiree before the acquisition date is designated as a financial asset measured at fair value through other comprehensive income, the difference between the fair value and its carrying amount is included in retained earnings, and the accumulated fair value changes originally included in other comprehensive income are transferred out to retained earnings. If the equity held in the acquiree prior to the acquisition date is a financial asset measured at fair value through profit or loss or a long-term equity investment accounted for using the equity method, the difference between the fair value and its carrying amount is included in the current period's investment income. For equity held in the acquiree before the acquisition date that involves other comprehensive income under the equity method and changes in other equity outside of net profit or loss, other comprehensive income, and profit distribution under the equity method, the related other comprehensive income is accounted for on the same basis as if the investee directly disposed of the related assets or liabilities on the acquisition date, and the related changes in other equity are transferred to the investment income of the current period to which the acquisition date belongs.

(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 difference between the consideration obtained from the disposal of equity plus the fair value of the remaining equity, minus the share of net assets and goodwill of the original subsidiary calculated continuously from the acquisition date or consolidation date based on the original shareholding ratio, is included in the investment income for the period in which control is lost.

Other comprehensive income and changes in other equity related to equity investments in the original subsidiary are accounted for on the same basis as if the assets or liabilities related to the original subsidiary were directly disposed of, at the time of loss of control. Changes in other equity related to the original subsidiary accounted for under the equity method are transferred to the current period's profit or loss at the time of loss of control.

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.

8. 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.

9.Foreign exchange business and foreign exchange statement translation

(1) Methods for determining conversion rates in foreign currency transactions

The Company translates foreign currency transactions into the functional currency at the initial recognition using the spot exchange rate on the transaction date or an approximate exchange rate that is determined according to a reasonable method and is close to the spot exchange rate on the transaction date. The resulting amount is recorded in the accounting currency.

(2) Methods of conversion of foreign 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. For foreign currency non-monetary items measured at historical cost, the spot exchange rate on the transaction date is still used for translation. For inventory measured at the lower of cost and net realizable value, when inventory is purchased in foreign currency and its net realizable value is reflected in foreign currency at the balance sheet date, the net realizable value is first translated into the bookkeeping base currency at the spot exchange rate on the balance sheet date, and then compared with the inventory cost reflected in the bookkeeping base currency to determine the end-of-period value of the inventory. For foreign currency non-monetary items measured at fair value, the spot exchange rate on the fair value determination date is used for translation. For financial assets measured at fair value through profit or loss, the difference between the translated bookkeeping base currency amount and the original bookkeeping base currency amount is included in the current period's profit or loss. For non-trading equity instrument investments designated as measured at fair value through other comprehensive income, the difference between the translated bookkeeping base currency amount and the original bookkeeping base currency amount is included in other comprehensive income.

(3) Translation of foreign exchange statements

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

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

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

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

④ The foreign currency translation differences generated are presented under the "Other Comprehensive Income" item within the owner's equity section of the consolidated balance sheet when preparing the consolidated financial statements.

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.

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

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

(2) Classification and subsequent measurement of financial assets

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

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

The subsequent measurement of financial assets depends on their classification:

① Financial assets measured at amortized cost

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

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

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

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

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

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

(3) Classification and measurement of financial liabilities

The Company classifies financial liabilities into financial liabilities measured at fair value and their changes included in the current profit and loss, loan commitments and financial guarantee contract liabilities for loans below market interest rates, and financial liabilities measured at amortized cost.

The subsequent measurement of financial liabilities depends on their classification:

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

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

② Loan commitments and financial security contractual liabilities

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

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

③ Financial liabilities measured at amortized cost

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

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

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

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

(4) Derivative financial instruments and embedded derivatives

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

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

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

(5) Financial instrument Less

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

① Measurement of expected credit losses of accounts receivable

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

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

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

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

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

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

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

Accounts receivable/contract assets

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

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

Notes Receivable Combination 1 Commercial Acceptance Bill

Notes Receivable Combination 2 Bank Acceptance Bill

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

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

Accounts receivable combination 1 Accounts receivable business

Accounts receivable combination 2 Real estate receivable business

Accounts receivable combination 3 Others receivable business

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

For the accounts receivable divided into a combination, the Company refers to the historical credit loss experience, combined with the current situation and the forecast of the future economic situation, compiles the account receivable age and the whole expected credit loss rate table, and calculates the expected credit loss.

The basis for determining the combination of other receivables is as follows:

Other receivable portfolio 1 Interest receivable

Portfolio of other receivables 2 Dividends receivable

Other combinations of receivables 3 Deposit and margin receivable

Other receivable portfolio 4 Receivable advances

Combination of other receivables 5 Value-added tax receivable is increased and refunded

Other receivable portfolio 6 Receivables from related parties within the scope of consolidation

Other receivables portfolio 7 Other receivables

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

The basis for determining the combination of receivables financing is as follows:

Receivables financing portfolio 1 bank acceptance bill

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

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

Contract assets portfolio 1 conditional collection right of sales

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

Contract assets portfolio 3 Quality guarantee deposit not meeting collection conditions

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

Other debt investment

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

② Lower credit risk

If the risk of default on financial instruments is low, the borrower's ability to meet its contractual cash flow obligations in the short term is strong, and even if the economic situation and operating environment are adversely changed over a long period of time, it may not necessarily reduce the receivables' performance of their contractual cash. The ability of the flow obligation, the financial instrument is considered to have a lower credit risk.

③ Significant increase in credit risk

The Company compares the default probability of the financial instrument during the expected lifetime determined by the balance sheet date with the default probability of the expected lifetime during the initial confirmation to determine the relative probability of the default probability of the financial instrument during the expected lifetime Changes to assess whether the credit risk of financial instruments has increased significantly since initial recognition.

In determining whether the credit risk has increased significantly since the initial recognition, the Company considers reasonable and evidenced information, including forward-looking information, that can be obtained without unnecessary additional costs or effort. The information considered by the Company includes:

A. Significant changes in internal price indicators resulting from changes in credit risk;

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

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

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

E. Whether there is a significant change in the economic motivation that is expected to reduce the debtor's repayment according to the contractual deadline;

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

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

H. Whether the contract payment is overdue for more than (including) 30 days.

Based on the nature of financial instruments, the Company assesses whether credit risk has increased significantly on the basis of a single financial instrument or combination of financial instruments. When conducting an assessment based on a combination of financial instruments, the Company can classify financial instruments based on common credit risk characteristics, such as overdue information and credit risk ratings.

If the overdue period exceeds 30 days, the Company has determined that the credit risk of financial instruments has increased significantly. Unless the Company does not have to pay excessive costs or efforts to obtain reasonable and warranted information, it proves that although it has exceeded the time limit of 30 days agreed upon in the Contract, credit risks have not increased significantly since the initial confirmation.

④ Financial assets with credit impairment

The Company assesses on the balance sheet date whether financial assets measured at amortized cost and credit investments measured at fair value and whose changes are included in other comprehensive income have undergone credit impairment. When one or more events that adversely affect the expected future cash flows of a financial asset occur, the financial asset becomes a financial asset that has suffered a credit impairment. Evidence that credit impairment has occurred in financial assets includes the following observable information:

Major financial difficulties have occurred to the issuer or the debtor; Breach of contract by the debtor, such as payment of interest or default or overdue of principal; (B) The concession that the debtor would not make under any other circumstances for economic or contractual considerations relating to the financial difficulties of the debtor; The debtor is likely to be bankrupt or undertake other financial restructuring; The financial difficulties of the issuer or debtor lead to the disappearance of the active market for the financial asset; To purchase or generate a financial asset at a substantial discount, which reflects the fact that a credit loss has occurred.

⑤ Presentation of expected credit loss measurement

In order to reflect the changes in the credit risk of financial instruments since the initial recognition, the Company re-measures the expected credit losses on each balance sheet date, and the increase or reversal of the loss provision resulting therefrom is included as an impairment loss or gain. Current profit and loss. For financial assets measured at amortized cost, the loss allowance offsets the book value of the financial asset listed on the balance sheet; for debt investments measured at fair value and whose changes are included in other comprehensive income, the Company Recognition of its loss provisions in gains does not offset the book value of the financial asset.

⑥ Canceled

If it is no longer reasonably expected that the contract cash flow of the financial assets will be fully or partially recovered, the book balance of the financial assets will be directly reduced. Such write-off constitute the derecognition of related financial assets. This usually occurs when the Company determines that the debtor has no assets or sources of income that generate sufficient cash flow to cover the amount that will be written down.

If the financial assets that have been written down are recovered in the future, the reversal of the impairment loss is included in the profit or loss of the current period.

(6) Transfer of financial assets

The transfer of financial assets refers to the following two situations:

A. Transfer the contractual right to receive cash flow of financial assets to another party;

B. Transfers the financial assets to the other party in whole or in part, but reserves the contractual right to collect the cash flow of the financial assets and undertakes the contractual obligation to pay the collected cash flow to one or more recipients.

① De-identification of transferred financial assets

Those who have transferred almost all risks and rewards in the ownership of financial assets to the transferee, or have neither transferred nor retained almost all the risks and rewards in the ownership of financial assets, but have given up control of the financial assets, terminate the confirmation The financial asset.

In determining whether control over the transferred financial asset has been waived, the actual capacity of the transferor to sell the financial asset is determined. If the transferor is able to sell the transferred financial assets wholly to a third party that does not have a relationship with them, and has no additional conditions to limit the sale, it indicates ds has waived control over the financial assets.

The Company pays attention to the essence of financial asset transfer when judging whether financial asset transfer meets the condition of financial asset termination.

If the overall transfer of financial assets meets the conditions for termination of confirmation, the difference between the following two amounts is included in the current profit and loss:

A. Continuing identification of transferred Book value；

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

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

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

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

② Continue to be involved in the transferred financial assets

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

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

(III) Continuing identification of transferred financial assets

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

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

(7) Deduction of financial assets and liabilities

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

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

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

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

(8) Recognition of fair value of Finance instruments

For the method for determining the fair value of financial assets and financial liabilities, see 33 (3) in Chapter X, V. Important accounting policies and accounting estimates.

11. Notes receivable

See Chapter X, V, Important Accounting Policies and Accounting Estimates 10. Financial Tools.

12. Account receivable

See Chapter X, V, Important Accounting Policies and Accounting Estimates 10. Financial Tools.

The Company needs to comply with the disclosure requirements of the decoration and decoration industry in the *Guidelines for the Self-discipline and Supervision of Listed Companies of Shenzhen Stock Exchange No. 3 - Industry Information Disclosure*.

13. Receivable financing

See Chapter X, V, Important Accounting Policies and Accounting Estimates 10. Financial Tools.

14. Other receivables

See Chapter X, V, Important Accounting Policies and Accounting Estimates 10. Financial Tools.

15. Contract assets

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

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.

For the determination method and accounting treatment method of the Company's expected credit loss of contract assets, see 10. Financial instruments in Chapter X, V. Important accounting policies and accounting estimates.

16. Inventories

(1) Classification of inventories

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

(2) Pricing of delivering inventory

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

The inventory of real estate business mainly includes inventory materials, development costs, development products, etc. 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. When the control right of development products is transferred, the individual valuation method is used to determine its actual cost.

(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) Criteria for recognizing and providing for provision for decline in value of inventories

On the balance sheet date, inventories are accounted depending on which is lower between the cost and the net realizable value. If the cost is higher than the net realizable value, the impairment provision will be made.

The realizable net value of inventory should be recognized based on solid evidence with the purpose of the inventory and after-balance-sheet-date events taken into consideration.

(1) In the course of normal production and operation, the net realizable value of finished goods, commodities and materials directly used for sale shall be determined by the estimated price of the inventory minus the estimated cost of sale and related taxes. The inventory held for the execution of a sales contract or a labor contract shall be measured on the basis of the contract price as its net realizable value; If the quantity held is greater than the quantity ordered under the sales contract, the net realizable value of the excess inventory is measured on the basis of the general sales price. For materials used for sale, the market price shall be used as the measurement basis for the net realizable value.

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

③ If the factors affecting the previous write-down of inventory value have disappeared on the balance sheet date, the amount of the write-down will be restored and transferred back within the amount of inventory depreciation reserve that has been accrued, and the amount returned will be included in the current profit and loss.

(5) Methods of amortization of swing materials

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

17. Long-term share equity investment

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

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

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

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

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

(2) Recognition of initial investment costs

Long-term equity investments formed by merger of enterprises shall be determined in accordance with the following provisions:

A. In the case of an enterprise merger under the same control, where the merging party makes a valuation of the merger by payment of cash, transfer of non-cash assets or undertaking liabilities, the share of the book value of the owner's interest in the final controlling party's consolidated financial statements as the initial investment cost of the long-term equity investment at the date of the merger. The difference between the initial investment cost of long-term equity investment and the cash paid, the transferred non-cash assets and the book value of the debt assumed shall be adjusted to the capital reserve; if the capital reserve is insufficient to offset, the retained earnings shall be adjusted;

Long-term equity investment generated by enterprise merger: for long-term equity investment obtained by merger of enterprises under common control, the obtained share of book value of the interests of the merged party's owner in the consolidate financial statements on the merger date is costs; for long-term equity investment obtained by merger of enterprises not under common control, the merger cost is the investment cost. Adjust the capital reserve according to the difference between the initial investment cost of long-term equity investment and the total face value of the issued shares. If the capital reserve is insufficient to offset or reduce, the retained income shall be adjusted;

For merger of entities under different control, the merger cost is the fair value of the asset paid, liability undertaken, and equity securities issued for exchanging of control power over the entities at the day of acquisition. Agency expenses and other administrative expenses such as auditing, legal consulting, or appraisal services occurred relating to the merger of entities are accounted into current income account when occurred.

Long-term equity investments formed by merger of enterprises shall be determined in accordance with the following provisions:

For long-term equity investment obtained by cash, the actually paid consideration is the initial investment cost. Initial investment costs include expenses, taxes and other necessary expenditures directly related to the acquisition of long-term equity investments;

B. Long-term equity investments acquired from the issuance of interest securities are the initial investment costs based on the fair value of the issue interest securities;

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

D. Long-term equity investments acquired through debt restructuring determine their recorded value at the fair value of the waived claims and other costs such as taxes directly attributable to the assets and account for the difference between the fair value and the book value of the waived claims.

(3) Subsequent measurement and recognition of gain/loss

The Company uses the cost method to measure long-term share equity investment in which the Company can control the invested entity; and uses the equity method to measure long-term share equity investment in which the Company has substantial influence on the invested entity.

① Cost

For the long-term equity investment measured on the cost basis, except for the announced cash dividend or profit included in the practical cost or price when the investment was made, the cash dividends or profit distributed by the invested entity are recognized as investment gains in the current gain/loss account.

Equity

Gains from long-term equity investment measured by equity

When the equity method is used to measure long-term equity investment, the investment cost will not be adjusted if the investment cost of the long-term equity investment is larger than the share of fair value of the recognizable assets of the invested entity. When it is smaller than the share of fair value of the recognizable assets of the invested entity, the book value will be adjusted and the difference is included in the current gains of the investment.

When the equity method is used, the current investment gain is the share of the net gain realized in the current year that can be shared or borne, recognized as investment gain and other misc. income. The book value of the long-term equity investment is adjusted accordingly. The book value of the long-term equity investment should be accordingly decreased based on the share of profit or cash dividend announced by the invested entity; according to other changes in the owner's equity except for net profit and loss, other misc. income and profit distribution of the invested entity, adjust the book value of the long-term equity investment and record it in the capital surplus (other capital surplus). When the share of the net gains that can be enjoyed is recognized, it is recognized after the net profit of the invested entity is adjusted based on the fair value of the 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

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

XVIII. Investment real estate

(1) Classification of investment real estate

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

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

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

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

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

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

19. Fixed assets

(1) Recognition conditions

Fixed assets are recognized at the actual cost of acquisition when the following conditions are met: (1) The economic benefits associated with the fixed assets are likely to flow into the enterprise.

Fixed assets are recognized at the actual cost of acquisition when the following conditions are met: (1) The economic benefits associated with the fixed assets are likely to flow into the enterprise.

② The cost of the fixed assets can be measured reliably.

Overhaul cost generated by regular examination on fixed assets is recognized as fixed assets costs when there is evidence proving that it meets fix assets recognition conditions. If not, it will be accounted into the current gain/loss account.

(2) Depreciation method

Type	Depreciation method	Service year (year)	Residual rate %	Annual depreciation rate %
Houses & buildings	Average age	20-50	10.00	1.80-4.50
Mechanical equipment	Average age	10	10.00	9.00
Transportation facilities	Average age	5	10.00	18.00
Electronics and other devices	Average age	5	10.00	18.00
PV power plants	Average age	20	5.00	4.75

20. Construction in process

(1) Construction in progress is accounted for by project classification.

(2) Standard and timing for transferring construction in process into fixed assets

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

XXI. Borrowing expenses

(1) Recognition principles for capitalization of borrowing expenses

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

(1) Asset expenditure has occurred;

② The borrowing expense has already occurred;

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

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

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

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

(2) Calculation of the capitalization amount of borrowing expense

Interest expenses generated by special borrowings less the interests income obtained from the deposit of unused borrowings or investment gains from temporary investment is capitalized; the capitalization amount for general borrowing is determined based on the capitalization rate which is the exceeding part of the accumulative assets expense over weighted average of the assets expense of the special borrowing/used general borrowing.

If the assets that are constructed or produced under the condition of capitalization occupy the general borrowing, the interest amount to be capitalized in the general borrowing shall be calculated and determined by multiplying the capital rate of the general borrowing by the weighted average of the asset expenditure of the accumulated assets whose expenditure exceeds that of the specialized borrowing. The capitalization ratio is the weighted average interest rate of general borrowings.

XXII. Intangible assets

Recorded at the actual cost of acquisition.

(1) Amortization of intangible assets

① Useful life of intangible assets with limited useful life

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

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

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

③ Amortization of intangible assets

For intangible assets with finite useful lives, the Company determines their useful lives upon acquisition and amortizes them systematically and reasonably using the straight-line method over their useful lives. The amortization amount is included in the current period's profit or loss according to the beneficiary projects or included in the cost of the related assets. 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) Scope of R&D expenditures and related accounting treatment

Specific standard for distinguish between research and development stage

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

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

Specific conditions for capitalization of expenditures in the development phase

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

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

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

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

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

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

23. Assets impairment

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

The Company judges whether there is a sign of impairment to assets on the balance sheet day. If such sign exists, the Company estimates the recoverable amount and conducts the impairment test. Impairment test is conducted annually for goodwill generated by mergers and intangible assets that have not reached the useful condition no matter whether the impairment sign exists.

The recoverable amount is determined by the higher of the net of fair value minus disposal expense and the present value of the predicted future cash flow. The Company estimates the recoverable amount on the individual asset item basis; whether it is hard to estimate the recoverable amount on the individual asset item basis, determine the recoverable amount based on the asset group that the assets belong to. The assets group is determined by whether the main cash flow generated by the Group is independent from those generated by other assets or assets groups.

When the recoverable amount of the assets or assets group is lower than its book value, the Company writes down the book value to the recoverable amount, the write-down amount is accounted into the current income account and the assets impairment provision is made.

For goodwill impairment test, the book value of goodwill generated by mergers is amortized through reasonable measures since the purchase day to related asset groups; those cannot be amortized to related assets groups are amortized to related combination of asset groups. The related asset groups or combination of asset groups refer to those that can benefit from the synergistic effect of mergers and must not exceed to the reporting range determined by the Company.

When the impairment test is conducted, if there is sign of impairment to the asset group or combination of asset groups related to goodwill, first perform impair test for asset group or combination of asset groups without goodwill and calculate the recoverable amount and recognize the related impairment loss. Then conduct impairment test on those with goodwill, compare the book value with recoverable amount. If the recoverable amount is lower than the book value, recognize the impairment loss of the goodwill.

Once recognized, the asset impairment loss cannot be written back in subsequent accounting period.

24. Long-term amortizable expenses

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

25. Contract liabilities

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

26. Staff remuneration

(1) Accounting of operational leasing

① Basic salary of employees (salary, bonus, allowance, subsidy)

In the accounting period for which the staff and workers provide services, the Company shall confirm the actual short-term remuneration as liabilities and shall account for the current income and loss, except as required or permitted by other accounting standards.

② Employee welfare

The employee benefits incurred by the Company shall be included in the current profit and loss or related asset costs according to the actual amount incurred. Where the employee's benefit is non-monetary, it shall be measured on the basis of fair value.

③ Social insurance premiums and housing accumulation funds such as health insurance premiums, work injury premiums, birth insurance premiums, trade union funds and staff and education funds

The Company pays the medical insurance premiums, work injury insurance premiums, birth insurance premiums, etc. social insurance premiums and housing accumulation funds for the staff and workers, as well as the union funds and the staff and workers education funds according to the regulations, in the accounting period for which the staff and workers provide services, the corresponding salary amount of the staff and workers, and confirms the corresponding liabilities, which are included in the current profit and loss or related asset costs.

④ Short-term paid leave

The Company accumulates the salary of the employees who are absent from work with pay when the employees provide service, thus increasing their future right of absence with pay. The Company confirms the salary of the employee related to the absence of non-cumulative salary during the actual absence accounting period.

⑤ Short-term profit share program

If the profit-sharing plan meets the following conditions at the same time, the Company shall confirm the salary payable to the staff and workers:

A. The legal or presumptive obligation of the enterprise to pay the remuneration of its employees as a result of past matters;

B. The amount of employee compensation obligations due to the profit sharing plan can be reliably estimated.

(2) Accounting of post-employment welfare

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

(3) Accounting of dismiss welfare

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

① An enterprise may not unilaterally withdraw the resignation benefits provided for by the dismissal plan or reduction proposal;

② When the enterprise recognizes the costs or expenses related to the reorganization involving the payment of resignation benefits.

27. Anticipated liabilities

(1) Recognition standards of anticipated liabilities

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

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

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

③ Amount of the liability can be reliably measured.

(2) Measurement of anticipated liabilities

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

28. Revenue

(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 amortized 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 progress of performance for the provision of services on the basis of the input (or output) 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) The specific methods of revenue recognition of the Company are as follows:

① Commodity sales contract

The commodity sales contract between the Company and the customer includes the performance obligation of transferring curtain wall materials, screen door 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;

The following conditions should be met for the recognition of export product revenue: the Company has declared the product according to the contract, obtained the bill of lading, collected the payment for goods or obtained the receipt certificate, and the relevant economic benefits are likely to flow in, the main risks and rewards of the ownership of goods have been transferred, and the legal ownership of goods has been transferred.

② Service contract

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

③ Engineering contract

The project contract between the Company and the customer includes the performance obligations of curtain wall project and metro platform screen door project construction. As the customer can control the goods under construction in the process of the Company's performance, the Company takes them as the performance obligations within a certain period of time, and recognizes the income according to the performance progress, except that the performance progress cannot be reasonably determined. The Company determines the performance schedule of providing construction 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.

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. 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.

(3) Adoption of different business models for the same type of business involving different revenue recognition and measurement methods

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

29. Contract costs

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

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

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 amortized 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.

30. Government subsidy

(1) Government subsidy

Government subsidies are recognized when the following conditions are met:

① Requirements attached to government subsidies;

② The Company can receive government subsidies.

(2) Government subsidy

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

(3) Recognition of government subsidies

① Assets-related

Government subsidies related to assets are obtained by the Company to purchase, build or formulate in other manners long-term assets; or subsidies related to benefits. If the asset-related government subsidy is recognized as deferred gain, should be recorded in gain and loss in the service life. Government subsidy measured at the nominal amount is accounted into current income account. If the relevant assets are sold, transferred, scrapped or damaged before the end of their useful life, the unallocated relevant deferred income balance shall be transferred to the profit and loss of the current period of disposition of the assets.

Gain-related government subsidy should be accounted as follows:

The Company divides government subsidies into assets-related and earnings-related government subsidies. Gain-related government subsidy should be accounted as follows:

Subsidy that will be used to compensate related future costs or losses should be recognized as deferred gain and recorded in the gain and loss of the current report and offset related cost;

Subsidy that is used to compensate existing cost or loss should be recorded in the gain and loss of the current period or offset related cost.

For government subsidies that include both asset-related and income-related parts, separate different parts for accounting treatment; It is difficult to distinguish between the overall classification of government subsidies related to benefits.

Government subsidy related to routine operations should be recorded in other gains or offset related cost. Government subsidy not related to routine operations should be recorded in non-operating income or expense.

③ Policy preferential loan discount

The policy-based preferential loan obtained has interest subsidy. If the government allocates the interest-subsidy funds to the lending bank, the loan amount actually received will be used as the entry value of the loan, and the borrowing cost will be calculated based on the loan principal and policy-based preferential interest rate.

If the government allocates the interest-bearing funds directly to the Group, discount interest will offset the borrowing costs.

④ Government subsidy refund

When a confirmed government subsidy needs to be returned, the book value of the asset is adjusted against the book value of the relevant asset at initial recognition. If there is a related deferred income balance, the book balance of the related deferred income is written off and the excess is credited to the current profit or loss; In other cases, it is directly included in the current profit and loss.

31. 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;

However, for individual transactions that simultaneously satisfy the above two conditions and where the initially recognized assets and liabilities result in equal taxable temporary differences and deductible temporary differences, the exemption for not recognizing deferred tax liabilities and deferred tax assets upon initial recognition does not apply. For the taxable temporary differences and deductible temporary differences arising from the initial recognition of assets and liabilities in this transaction, the Company recognizes the corresponding deferred tax liabilities and deferred tax assets at the time the transaction occurs.

In the event of temporary discrepancy of deductible investment related to subsidiaries, joint ventures and joint ventures, and meeting the following two conditions, the amount of impact (talent) on income tax shall be deemed as deferred income tax assets:

A. Temporary discrepancies are likely to be reversed in the foreseeable future;

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

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

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

(2) Deferred income tax assets

All provisional differences in taxable income of the Company shall be measured on the basis of the estimated income tax rate for the period of transfer-back and shall be recognized as deferred income tax liabilities, except that:

At the same time, the impact on income tax of deductible temporary discrepancies resulting the initial recognition of assets or liabilities in transactions or matters with the following characteristics is inconclusive as deferred income tax Liabilities:

A. Initial recognition of goodwill;

B. Initial recognition of goodwill, or of assets or liabilities generated in transactions with the following features: the transaction is not a merger and the transaction does not affect the accounting profit or taxable proceeds;

② In the event of temporary discrepancy of deductible investment related to subsidiaries, Joint venture joint ventures, and meeting the two conditions, the amount of impact (talent) on income tax shall be deemed as deferred income tax assets:

A. The Company is able to control the time of temporary discrepancy transfers;

B Temporary discrepancies are likely to be reversed in the foreseeable future;

(3) Deferred income tax assets

(1) Deferred income tax liabilities or assets associated with enterprise consolidation

Temporary difference of taxable tax or deductible temporary difference generated by enterprise merger under non-same control. When deferred income tax liability or deferred income tax asset is recognized, related deferred income tax expense (or income) is usually adjusted as recognized goodwill in enterprise merger.

② Amount of shares paid and accounted as owners' equity

Except for the adjustment goodwill generated by mergers or deferred income tax related to transactions or events directly accounted into the owners' equity, income tax is accounted as income tax expense into the current gain/loss account. The effects of temporary discrepancy on income tax include the following: Other integrated benefits such as fair value change of financial assets available for sale, retroactive adjustment of accounting policy changes or retroactive restatement of accounting error correction discrepancy to adjust the initial retained income, and mixed financial instruments including liabilities and equity.

③ Compensation for losses and tax deductions

A. Compensable losses and tax deductions from the Company's own operations

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

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

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

④Temporary difference caused by merger offset

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

⑤ Share payment settled by equity

If the tax law provides for allowable pre-tax deduction of expenses related to share payment, within the period for which the cost and expense are recognized in accordance with the accounting standards, the Company shall calculate the tax basis and temporary discrepancy based on the estimated pre-tax deduction amount at the end of the accounting period and confirm the relevant deferred income tax if it meets the conditions for confirmation. Of these, the amount that can be deducted before tax in the future exceeds the cost related to share payment recognized in accordance with the accounting standards, and the excess income tax shall be directly included in the owner's equity.

⑥ Dividends related to financial instruments classified as equity instruments

For financial instruments classified as equity instruments with the Company as the issuer, where the related dividend expenses are deductible before corporate income tax according to relevant tax policy provisions, the Company recognizes the income tax impact related to the dividends when recognizing the payable dividends. If the distributed profits are derived from transactions or events that previously resulted in profit or loss, the income tax impact of the dividends is included in the current period's profit or loss. If the distributed profits are derived from transactions or events previously recognized in owners' equity, the income tax impact of the dividends is included in the owners' equity items.

(4) Basis for presentation of deferred tax assets and deferred tax liabilities on a net basis

The deferred income tax assets and deferred income tax liabilities of the Company are presented as a net amount after offsetting when the following conditions are met simultaneously:

The Company has a legal right to offset current income tax assets and current income tax liabilities on a net basis.

The deferred income tax assets and deferred income tax liabilities are related to income taxes levied by the same tax authority on the same taxable entity, or are related to income taxes levied by different tax authorities but the significant deferred income tax assets and deferred income tax liabilities will be settled on a net basis for current income taxes or simultaneous acquisition of assets and settlement of liabilities within each future period in which the related taxable entity intends to settle the current income tax assets and liabilities on a net basis.

32. Leasing

(1) Identification of lease

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

(2) Separate identification of lease

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

(3) Accounting treatment method of the Company as lessee

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

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

In addition to the above short-term leases and low value asset leases with simplified treatment, the Company recognizes the right to use assets and lease liabilities for the lease on the beginning date of the lease term.

① Use right assets

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

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

- The initial measurement amount of lease liabilities;
- For the lease payment paid on or before the beginning of the lease term, if there is lease incentive, the relevant amount of lease incentive enjoyed shall be deducted;
- Initial direct expenses incurred by the lessee;

- The estimated cost incurred by the lessee for dismantling and removing the leased assets, restoring the site where the leased assets are located or restoring the leased assets to the state agreed in the lease terms. The Company recognizes and measures the cost in accordance with the recognition standards and measurement methods of estimated liabilities. See 27. Estimated liabilities in Chapter X, V. important accounting policies and accounting estimates for details. If the above costs are incurred for the production of inventories, they will be included in the cost of inventories.

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

② Lease liabilities

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

- Fixed payment amount and substantial fixed payment amount. If there is lease incentive, the relevant amount of lease incentive shall be deducted;
- Variable lease payments depending on index or ratio;
- The exercise price of the purchase option, provided that the lessee reasonably determines that the option will be exercised;
- The amount to be paid for exercising the option to terminate the lease, provided that the lease term reflects that the lessee will exercise the option to terminate the lease;
- The amount expected to be paid according to the residual value of the guarantee provided by the lessee.

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

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

(4) Accounting treatment method of the Company as lessor

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

① Operating lease

During each period of the lease term, the Company recognizes the lease receipts as rental income according to the straight-line method (or other systematic and reasonable methods), and the initial direct expenses incurred are capitalized, amortized on the same basis as the recognition of rental income, and included in the current profit and loss by stages. The variable lease payments obtained by the Company related to operating leases that are not included in the lease receipts are included in the current profits and losses when actually incurred.

② Finance lease

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

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

(5) Accounting treatment of lease change

① Change of lease as a separate lease

If the lease changes and meets the following conditions at the same time, the Company will treat the lease change as a separate lease for accounting: a. the lease change expands the lease scope by increasing the use right of one or more leased assets;

B. The increased consideration is equivalent to the amount adjusted according to the conditions of the contract at the separate price for most of the expansion of the lease scope.

② The lease change is not treated as a separate lease

A. The Company as lessee

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

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

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

The Company as leasor

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

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

(6) Sale and lease-back

The Company assesses and determines whether the asset transfer in the sale and leaseback transaction is a sale in accordance with the provisions of 28. Income in Chapter X, V, Important accounting policies and accounting estimates.

① The Company as seller (lessee)

If the asset transfer in the sale and leaseback transaction does not belong to sales, the Company will continue to recognize the transferred assets, recognize a financial liability equal to the transfer income, and conduct accounting treatment for the financial liability in accordance with 10。 Financial instruments in Chapter X, V, Important accounting policies and accounting estimates. If the asset transfer belongs to sales, the Company measures the right to use assets formed by sale and leaseback according to the part of the book value of the original assets related to the right to use obtained by leaseback, and only recognizes the relevant gains or losses on the rights transferred to the lessor.

② The Company as buyer (lessor)

If the asset transfer in the sale and leaseback transaction does not belong to sales, the Company does not recognize the transferred asset, but recognizes a financial asset equal to the transfer income, and carries out accounting treatment on the financial asset in accordance with 10. Financial instruments in Chapter X, V. Important accounting policies and accounting estimates. If the asset transfer belongs to sales, the Company shall conduct accounting treatment for asset purchase and asset lease in accordance with other applicable accounting standards for business enterprises.

33. Other significant accounting policies and estimates

(1) Accounting of hedging

(1.1) Classification of inventories

The Company classifies hedges into fair value hedges and cash flow hedges.

① Fair value hedge. It refers to hedging activities conducted to mitigate the risk of changes in the fair value of recognized assets or liabilities, unrecognized firm commitments, or components of the aforementioned items. The fair value changes are caused by specific risks that will impact the Company's profit or other comprehensive income.

① 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.

(1.2) 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.

(1.3) 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.

(1.4) Revenue the of revenue recognition and measurement

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

① Fair value hedging

Gains or losses arising from hedging instruments are recognized in the current period's income statement. If the hedging is conducted for specified non-derivative equity investments (or components thereof) measured at fair value with changes in fair value recognized in other comprehensive income, gains or losses from the hedging instruments are recognized in other comprehensive income. Gains or losses arising from the hedged items due to the hedging risk exposure are recognized in the income statement. At the same time, the carrying amount of the designated hedged items that are not measured at fair value is adjusted. If the hedged item is a specified non-derivative equity investment (or component thereof) measured at fair value with changes in fair value recognized in other comprehensive income, gains or losses resulting from the hedging risk exposure are recognized in other comprehensive income, and the carrying amount of the hedged item has already been measured at fair value and does not require adjustment.

Regarding fair value hedges related to financial instruments (or components thereof) measured at amortized cost, any adjustments made to the carrying amount of the hedged item are amortized using the effective interest rate recalculated from the date of the commencement of amortization and recognized in the income statement. The amortization date for adjustments should begin from the adjustment date and should not be later than the point at which hedging gains and losses are adjusted upon termination of the hedged item. For hedged items that are financial assets (or components thereof) measured at fair value with changes in fair value recognized in other comprehensive income, the accumulated hedging gains or losses should be amortized in the same manner and recognized in the income statement. However, the carrying amount of the financial assets (or components thereof) should not be adjusted.

For hedged items that are unrecognized firm commitments (or components thereof), the cumulative fair value changes caused by the hedging risk after the hedging relationship is designated should be recognized as an asset or liability. The related gains or losses should be recognized in the income statement. When fulfilling a firm commitment and acquiring an asset or assuming a liability, the initial recognized amount of the asset or liability should be adjusted to include the cumulative fair value changes of the designated hedged item that have been recognized.

② 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.

(2) Repurchase of the Company's shares

① In the event of a reduction in the Company's share capital as approved by legal procedure, the Company shall reduce the share capital by the total amount of the written-off shares, adjust the owner's equity by the difference between the price paid by the purchased stocks (including transaction costs) and the total amount of the written-off shares, offset the capital reserve (share capital premium), surplus reserve and undistributed profits in turn; A portion of a capital reserve (share capital premium) that is less than the total face value and less than the total face value.

② The total expenditure of the repurchase shares of the Company, which is managed as an inventory share before they are cancelled or transferred, is converted to the cost of the inventory shares.

③ Increase in the capital reserve (capital premium) at the time of transfer of an inventory unit, the portion of the transfer income above the cost of the inventory unit; Lower than the inventory stock cost, the capital reserve (share capital premium), surplus reserve, undistributed profits in turn.

(3) 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.

(4) Significant accounting judgment and estimate

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

Classification of financial assets

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

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

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

Measurement of expected credit losses of accounts receivable

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

Deferred income tax assets

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

Income recognition

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

Engineering contract

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

Estimate of fair value

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

Development cost

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

34. Major changes in accounting policies and estimates

1. Changes in important accounting policies

☑ Applicable □ Inapplicable

In RMB

Account policy changes and reasons	Names of financial statement items significantly affected for the comparable period of fiscal year 2023	Affected amount
On October 25, 2023, the *Ministry of Finance issued the Interpretation No. 17 of the Accounting Standards for Business Enterprises* (CK [2023] No. 21, hereinafter referred to as Interpretation No. 17), which will be implemented from January 1, 2024.	No	No
In March 2024, the Ministry of Finance issued the *Compilation of Application Guidelines for Enterprise Accounting Standards 2024* and on December 6, 2024, released *Interpretation No. 18 of the Accounting Standards for Business Enterprises*, which stipulates that warranty expenses should be included in the operating costs.	Sales expense	-7,479,549.47
	Operating cost	7,479,549.47

① Implement the interpretation of accounting standards for Business Enterprises No. 17

On October 25, 2023, the *Ministry of Finance issued the Interpretation No. 17 of the Accounting Standards for Business Enterprises* (CK [2023] No. 21, hereinafter referred to as Interpretation No. 17), which will be implemented from January 1, 2024. Starting from January 1, 2024, the Company implements the provisions of Interpretation No. 17.

A. On the classification of current liabilities and non-current liabilities

This provision has no significant impact on the Company's financial statements for the reporting period.

B. On the disclosure of supplier financing arrangements

In accordance with the requirements of Interpretation No. 17, the Company's financial report under section VII, "Notes to the Consolidated Financial Statements," item 62 "(4) Supplier Financing Arrangements," has disclosed relevant information on supplier financing arrangements for the year 2024.

C. On the accounting treatment of sale and leaseback transactions

This provision has no significant impact on the Company's financial statements for the reporting period.

② Reclassification of warranty expenses

In March 2024, the Ministry of Finance issued the *Compilation of Application Guidelines for Enterprise Accounting Standards 2024* and on December 6, 2024, released *Interpretation No. 18 of the Accounting Standards for Business Enterprises*, which stipulates that warranty expenses should be included in the operating costs.

Starting from the fiscal year 2024, the Company will implement this provision by including warranty expenses in the operating costs. The implementation of this accounting treatment provision has a cumulative impact of RMB0 on the retained earnings as reported in the earliest period of the financial statements. The adjustments to the relevant items in the comparative financial statements for the year 2023 for both the consolidated and the parent company are as follows:

In RMB

Affected item	For 2023 (consolidated)		For 2023 (parent company)	
	Before adjustment	After adjustment	Before adjustment	After adjustment
Sales expense	58,488,714.76	51,009,165.29	There is no impact on the data of the parent company.	
Operating cost	3,404,642,473.33	3,412,122,022.80		

(2) Changes in major accounting estimates

□ Applicable ☑ Inapplicable

(3) Implementation of new accounting standards adjustment for the first time starting from 2024, and implementation of financial statement related items at the beginning of the year for the first time

□ Applicable ☑ Inapplicable

VI. Taxation

1. Major taxes and tax rates

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

Tax rates applicable for different tax payers

Tax payer	Income tax rate
The Company	25%
Shenzhen Fangda Jianke Co., Ltd. (hereinafter Fangda Jianke)	15%
Fangda Zhiyuan Technology Co., Ltd. (hereinafter Fangda Zhiyuan)	15%
Fangda New Material (Jiangxi) Co., Ltd. (hereinafter Fangda Jiangxi New Material)	15%
Chengdu Fangda Construction Technology Co., Ltd. (hereinafter Fangda Chengdu Technology)	15%
Dongguan Fangda New Material Co., Ltd. (hereinafter Fangda Dongguan New Material)	25%
Shenzhen Fangda Property Development Co., Ltd. (hereinafter Fangda Property Development)	25%
Shenzhen Fangda New Energy Co., Ltd. (hereinafter Fangda New Energy)	25%
Shenzhen Fangda Property Development Co., Ltd. (hereinafter Fangda Property Development)	25%
Jiangxi Fangda Property Development Co., Ltd. (hereinafter Fangda Jiangxi Property Development)	25%
Pingxiang Fangda Luxin New Energy Co., Ltd. (hereinafter Fangda Luxin New Energy)	25%
Nanchang Xinjian Fangda New Energy Co., Ltd. (hereinafter Fangda Xinjian New Energy)	25%
Dongguan Fangda New Energy Co., Ltd. (hereinafter Fangda Dongguan New Energy)	25%
Shenzhen Qianhai Kechuangyuan Software Co., Ltd. (hereinafter Kechuangyuan Software)	25%
Fangda Zhiyuan Technology (Hong Kong) Co., Ltd, (Fangda Zhiyuan Hong Kong)	16.50%
Fangda Zhiyuan Technology (Wuhan) Co., Ltd, (Fangda Wuhan Zhiyuan)	25%
Fangda Zhiyuan Technology (Nanchang) Co., Ltd, (Fangda Nanchang Zhiyuan)	25%
Fangda Zhiyuan Railway Transportation Equipment (Dongguan) Co., Ltd. (hereinafter referred to as Fangda Zhiyuan Dongguan)	25%
General Rail Technology Private Limited	17%
Shihui International Holding Co., Ltd. (hereinafter Fangda Shihui International)	0.00%
Shenzhen Hongjun Investment Co., Ltd. (hereinafter Fangda Hongjun Investment)	25%
Fangda Australia Pty Ltd (hereinafter Fangda Australia)	30%
Shanghai Fangda Zhijian Technology Co., Ltd. (hereinafter referred to as Fangda Shanghai Zhijian company)	15%
Shenzhen Fangda Yunzhi Technology Co., Ltd. (hereinafter Fangda Yunzhi)	25%
Shanghai Fangda Jianzhi Technology Co., Ltd. (hereinafter Fangda Shanghai Jianzhi)	25%
Shenzhen Zhongrong Litai Investment Co. Ltd. (Zhongrong Litai)	25%
Chengdu Fangda Curtain Wall Technology Co., Ltd. (hereinafter Fangda Chengdu Curtain Wall)	25%
Fangda Southeast Asia Co., Ltd. (hereinafter Fangda Southeast Asia)	20%
Shenzhen Xunfu Investment Co., Ltd. (hereinafter referred to as Fangda Xunfu Investment)	25%
Shenzhen Lifu Investment Co., Ltd. (hereinafter referred to as Fangda Lifu	25%

Investment)	
Shenzhen Fangda Investment Partnership (Limited Partnership) (hereinafter referred to as Fangda Investment)	Inapplicable
Fangda Jianke (Hong Kong) Co., Ltd. (hereinafter Fangda Jianke Hong Kong)	16.50%
Shenzhen Fangda Yunzhu Technology Co., Ltd. (hereinafter Fangda Yunzhu)	15%
Shenzhen Yunzhu Testing Technology Co., Ltd. (Hereinafter Fangda Yunzhu Testing)	25%
Jiangxi Fangda Intelligent Manufacturing Technology Co., Ltd. (hereinafter referred to as Fangda Intelligent Manufacturing Company)	15%
Shenzhen Fangda Jianchuang Technology Co., Ltd. (hereinafter Fangda Jianchuang)	25%
Shenzhen Fangda Construction Technology Co., Ltd. (Fangda Construction Technology)	25%
Fangda Facade Singapore Pte Ltd (Facade Singapore)	17%
Fangda Facade Philippines Inc. (Facade Philippines)	20%
GENERAL Rail Technology Philippines, Inc.	20%
Fangda Gulf DMCC	9%
Global MEGA International Holdings Limited (Global MEGA International)	20%

2. Tax preference

(1) On December 26, 2024, the subsidiary Fangda Construction Technology obtained the "High-tech Enterprise Certificate" jointly issued by the Shenzhen Municipal Bureau of Industry and Information Technology, Shenzhen Municipal Finance Bureau, and the State Administration of Taxation Shenzhen Municipal Taxation Bureau, with certificate number: GR202444207062. After obtaining the qualification as a high-tech enterprise, the income tax will be levied at 15% for three years (2024 to 2026).

(2) On December 26, 2024, the subsidiary Fangda Zhiyuan Technology obtained the "High-tech Enterprise Certificate" jointly issued by the Shenzhen Municipal Bureau of Industry and Information Technology, Shenzhen Municipal Finance Bureau, and the State Administration of Taxation Shenzhen Municipal Taxation Bureau, with certificate number: GR202444201506. After obtaining the qualification as a high-tech enterprise, the income tax will be levied at 15% for three years (2024 to 2026).

(3) On October 28, 2024, the subsidiary Fangda Jiangxi New Material Co., Ltd. obtained the certificate of high tech enterprise jointly issued by Jiangxi Provincial Department of Science and Technology, Jiangxi Provincial Department of Finance, State Administration of Taxation and Jiangxi Provincial Bureau of Taxation. The certificate number is GR202436000046. Within three years after obtaining the qualification of high tech enterprise (2024-2026), the income tax will continue to be levied at 15%.

(4) On October 16, 2023, the subsidiary Fangda Chengdu Technology obtained the certificate of high tech enterprise No. GR202351000927 jointly issued by the Department of Science and Technology of Sichuan Province, the Department of Finance of Sichuan Province, the State Administration of Taxation and the Sichuan Provincial Taxation Bureau. Within three years after obtaining the qualification of high tech enterprise (2023-2025), the income tax will continue to be levied at 15%.

(5) The subsidiary Kechuangyuan Software is an enterprise located in Qianhai Shenzhen Hong Kong Modern Service Industry Cooperation Zone. Its main business meets the conditions of Preferential Catalogue of Enterprise Income Tax in Qianhai Shenzhen Hong Kong Modern Service Industry Cooperation Zone (2021)(the Regulation shall be implemented from January 1, 2021 to December 31, 2025), and the income tax is levied at 15%.

(6) On November 15, 2023, the subsidiary Fangda Shanghai Zhijian obtained the certificate of high tech enterprise GR202331002267 jointly issued by Shanghai Science and Technology Commission, Shanghai Finance Bureau and Shanghai Taxation Bureau. Within three years (from 2023 to 2025) after obtaining the qualification of high tech enterprise, the income tax will continue to be charged at 15%.

(7) On November 15, 2023, the subsidiary Fangda Yunzhu Co., Ltd. obtained the certificate of high tech enterprise jointly issued by Shenzhen Science and Technology Innovation Commission, Shenzhen Finance Bureau, State Administration of Taxation and Shenzhen Taxation Bureau. The certificate number is GR202344205791. Within three years after obtaining the qualification of high tech enterprise (from 2023 to 2025), the income tax will be levied at 15%.

(8) According to the *Announcement on Further Implementing Preferential Income Tax Policies for Small and Micro Enterprises* (Ministry of Finance and State Administration of Taxation Announcement No. 13 of 2022), the *Announcement on Preferential Income Tax Policies for Small and Micro Enterprises and Individual Businesses* (Ministry of Finance and State Administration of Taxation Announcement No. 6 of 2023), and the *Announcement on Further Supporting Tax and Fee Policies for the Development of Small and Micro Enterprises and Individual Businesses* (Ministry of Finance and State Administration of Taxation Announcement No. 12 of 2023), some companies will be classified as small and micro-profit enterprises in 2024, and their income will be taxed according to the provisions of the above documents.

VII. Notes to the consolidated financial statements

1. Monetary capital

In RMB

Item	Closing balance	Opening balance
Inventory cash:	148.01	752.40
Bank deposits	1,052,461,034.10	787,363,734.05
Other monetary capital	439,316,159.73	637,786,629.79
Total	1,491,777,341.84	1,425,151,116.24
Including: total amount deposited in overseas	76,232,428.11	45,201,676.97

Others:

(1) Among the ending balance of bank deposits, restricted funds amount to RMB27,819,832.20, including RMB24,340,459.89 in special accounts for labor protection and migrant workers' wages, RMB86,361.51 in interest on fixed deposits, RMB3,384,510.80 in amounts judicially frozen, and RMB8,500.00 in ETC stored value. Among other monetary funds, restricted funds at the end of the period amount to RMB432,232,293.30, primarily consisting of bill deposit margins, stage guarantee deposit margins, and guarantee letter issuance deposit margins. 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) 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. Derivative financial assets

In RMB

Item	Closing balance	Opening balance
Forward foreign exchange contract	0.00	173,737.06
Total	0.00	173,737.06

3. Notes receivable

(1) Classification of notes receivable

In RMB

Item	Closing balance	Opening balance
Bank acceptance	39,584,331.31	21,487,899.17
Commercial acceptance	34,303,362.93	25,884,982.10
Total	73,887,694.24	47,372,881.27

(2) Disclosure by bad debt accrual method

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	
Notes receivable with provision for bad	74,530,950.99	100.00%	643,256.75	0.86%	73,887,694.24	47,778,354.93	100.00%	405,473.66	0.85%	47,372,881.27

debts by portfolio										
Including:										
Commercial acceptance	34,946,619.68	46.89%	643,256.75	1.84%	34,303,362.93	26,290,455.76	55.03%	405,473.66	1.54%	25,884,982.10
Bank acceptance	39,584,331.31	53.11%			39,584,331.31	21,487,899.17	44.97%			21,487,899.17
Total	74,530,950.99	100.00%	643,256.75	0.86%	73,887,694.24	47,778,354.93	100.00%	405,473.66	0.85%	47,372,881.27

Provision for bad debts by combination: trade acceptance

In RMB

Name	Closing balance		
	Remaining book value	Bad debt provision	Provision rate
Commercial acceptance	34,946,619.68	643,256.75	1.84%
Total	34,946,619.68	643,256.75	

Provision for bad debts by combination: bank acceptance

In RMB

Name	Closing balance		
	Remaining book value	Bad debt provision	Provision rate
Bank acceptance	39,584,331.31	0.00	0.00%
Total	39,584,331.31	0.00	

If the provision for bad debts on accounts receivable is being made based on the expected credit loss general model:

□ Applicable ☑ Inapplicable

(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	
Commercial acceptance	405,473.66	237,783.09				643,256.75
Total	405,473.66	237,783.09				643,256.75

Including significant recovery or reversal:

□ Applicable ☑ Inapplicable

(4) 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		33,147,312.95

Commercial acceptance		1,353,372.70
Total		34,500,685.65

4. Account receivable

(1) Account age

In RMB

Age	Closing balance of book value	Opening balance of book value
Within 1 year (inclusive)	535,457,065.77	480,886,398.43
1-2 years	197,202,489.75	202,348,687.37
2-3 years	196,353,916.70	158,881,321.32
Over 3 years	568,801,528.90	335,427,049.97
3-4 years	173,116,205.07	134,723,171.92
4-5 years	134,492,519.77	50,830,831.78
Over 5 years	261,192,804.06	149,873,046.27
Total	1,497,815,001.12	1,177,543,457.09

The Company needs to comply with the disclosure requirements of the decoration and decoration industry in the *Guidelines for the Self-discipline and Supervision of Listed Companies of Shenzhen Stock Exchange No. 3 - Industry Information Disclosure.*

Significant individual amounts of accounts receivable in the curtain wall and materials industry that have exceeded three years in age

Customer	Balance of accounts receivable of over 3 years (RMB)	Balance of provision for bad debts (RMB)	Reason of the age	Whether there is a risk of recovery
Customer 1	106,220,361.31	50,982,174.13	Customer credit status deteriorates	Yes
Customer 2	54,873,223.21	54,873,223.21	Customer credit status deteriorates	Yes
Customer 3	28,770,560.55	28,770,560.55	Customer credit status deteriorates	Yes
Customer 4	26,558,000.66	18,659,625.79	Customer credit status deteriorates	Yes
Customer 5	25,794,327.13	25,794,327.13	Customer credit status deteriorates	Yes
Customer 6	19,541,985.85	16,037,781.34	Customer credit status deteriorates	Yes
Customer 7	17,374,148.42	17,374,148.42	Customer credit status deteriorates	Yes
Customer 8	14,271,744.99	14,271,744.99	Customer credit status deteriorates	Yes
Customer 9	13,461,834.96	13,461,834.96	Customer credit status deteriorates	Yes
Customer 10	13,387,598.42	2,849,370.91	Customer credit status deteriorates	Yes
Customer 11	10,478,293.72	4,522,431.57	Details of the final payment for customer projects are under negotiation due to disputes.	No

(2) Disclosure by bad debt accrual method

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	127,640,916.83	8.51%	97,987,987.52	76.77%	29,652,929.31	80,430,339.27	6.83%	74,382,698.73	92.48%	6,047,640.54
Including:										
Customer 1	54,873,223.21	3.66%	54,873,223.21	100.00%		54,873,223.21	4.67%	54,873,223.21	100.00%	
Customer 2	47,210,577.56	3.15%	23,605,288.79	50.00%	23,605,288.77					
Customer 3	13,461,834.96	0.90%	13,461,834.96	100.00%		13,461,834.96	1.14%	13,461,834.96	100.00%	
Customer 4	7,096,421.00	0.47%	3,548,210.50	50.00%	3,548,210.50	7,096,421.00	0.60%	3,548,210.50	50.00%	3,548,210.50
Customer 5	4,998,860.10	0.33%	2,499,430.06	50.00%	2,499,430.04	4,998,860.10	0.42%	2,499,430.06	50.00%	2,499,430.04
Account receivable for which bad debt provision is made by group	1,370,174,084.29	91.49%	276,320,816.62	20.17%	1,093,853,267.67	1,097,113,117.82	93.17%	191,673,844.17	17.47%	905,439,273.65
Including:										
Portfolio 1: Engineering operations section	1,201,581,352.19	80.23%	270,560,899.59	22.52%	931,020,452.60	881,971,973.34	74.90%	181,121,184.71	20.54%	700,850,788.63
Portfolio 2: Real estate business payments	87,166,812.19	5.82%	2,181,218.43	2.50%	84,985,593.76	144,374,822.98	12.26%	8,293,566.86	5.74%	136,081,256.12
Portfolio	81,425,9	5.44%	3,578,69	4.40%	77,847,2	70,766,3	6.01%	2,259,09	3.19%	68,507,2

3: Other business models	19.91		8.60		21.31	21.50		2.60		28.90
Total	1,497,815,001.12	100.00%	374,308,804.14	24.99%	1,123,506,196.98	1,177,543,457.09	100.00%	266,056,542.90	22.59%	911,486,914.19

Separate bad debt provision: separate provision

In RMB

Name	Opening balance		Closing balance			
	Remaining book value	Bad debt provision	Remaining book value	Bad debt provision	Provision rate	Reason
Customer 1	54,873,223.21	54,873,223.21	54,873,223.21	54,873,223.21	100.00%	
Customer 2			47,210,577.56	23,605,288.79	50.00%	
Customer 3	13,461,834.96	13,461,834.96	13,461,834.96	13,461,834.96	100.00%	
Customer 4	7,096,421.00	3,548,210.50	7,096,421.00	3,548,210.50	50.00%	
Customer 5	4,998,860.10	2,499,430.06	4,998,860.10	2,499,430.06	50.00%	
Total	80,430,339.27	74,382,698.73	127,640,916.83	97,987,987.52		

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	434,542,505.23	8,518,488.97	1.96%
1-2 years	153,324,126.70	8,678,145.58	5.66%
2-3 years	169,472,582.50	21,624,701.52	12.76%
3-4 years	170,186,095.94	33,628,772.56	19.76%
4-5 years	133,612,334.38	57,667,083.52	43.16%
Over 5 years	140,443,707.44	140,443,707.44	100.00%
Total	1,201,581,352.19	270,560,899.59	

Group recognition basis:

See 10. Financial Tools in Chapter X, V, Important Accounting Policies and Accounting Estimates for the recognition criteria and instructions for withdrawing bad debt reserves by portfolio

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

In RMB

Name	Closing balance		
	Remaining book value	Bad debt provision	Provision rate
Less than 1 year	54,413,740.54	543,431.46	1.00%
1-2 years	16,671,818.48	833,590.92	5.00%
2-3 years	16,079,919.21	803,995.96	5.00%
3-4 years	1,333.96	200.09	15.00%
4-5 years			
Over 5 years			
Total	87,166,812.19	2,181,218.43	

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	44,731,417.29	326,523.94	0.73%

1-2 years	23,798,443.43	499,767.31	2.10%
2-3 years	8,896,019.47	749,044.84	8.42%
3-4 years	2,496,128.86	618,540.73	24.78%
4-5 years	880,185.39	761,096.31	86.47%
Over 5 years	623,725.47	623,725.47	100.00%
Total	81,425,919.91	3,578,698.60	

If the provision for bad debts on accounts receivable is being made based on the expected credit loss general model:

□ Applicable ☑ Inapplicable

(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	
Separate bad debt provision	74,382,698.73	17,584,187.04			6,021,101.75	97,987,987.52
Provision for bad debts by combination	191,673,844.17	92,211,524.23		1,531,354.19	-6,033,197.59	276,320,816.62
Total	266,056,542.90	109,795,711.27		1,531,354.19	-12,095.84	374,308,804.14

Note: "Others" refers to the impact of conversion of different categories of bad debt provisions and foreign exchange statement translation differences.

(4) Written-off account receivable during the period

In RMB

Item	Amount
Account receivable written off	1,531,354.19

(5) Accounts receivable and contract assets with the top-5 ending balances, grouped by party owed

In RMB

Entity	Closing balance of accounts receivable	Closing balance of contract assets	Closing balance of accounts receivable and contract assets	Percentage of total ending balance of accounts receivable and contract assets	Closing balance of provision for bad debts on accounts receivable and impairment of contract assets
No.1	123,432,623.99		123,432,623.99	3.00%	53,155,500.46
No.2	18,361,801.19	78,109,255.80	96,471,056.99	2.34%	1,967,864.37
No.3	19,732,113.69	63,386,093.17	83,118,206.86	2.02%	11,399,107.69
No.4	8,967,200.00	66,626,539.51	75,593,739.51	1.84%	4,338,104.72
No.5	13,109,762.47	61,246,571.24	74,356,333.71	1.81%	5,680,284.50

Total	183,603,501.34	269,368,459.72	452,971,961.06	11.01%	76,540,861.74

5. Contract assets

(1) Contract assets

In RMB

Item	Closing balance			Opening balance		
	Remaining book value	Bad debt provision	Book value	Remaining book value	Bad debt provision	Book value
Completed and unsettled project funds that fail to meet the collection conditions	2,303,529,715.41	196,836,354.61	2,106,693,360.80	2,536,843,592.06	179,066,040.85	2,357,777,551.21
Quality guarantee deposit that fails to meet the collection conditions	262,289,726.50	24,254,807.14	238,034,919.36	157,921,009.28	13,409,302.47	144,511,706.81
Sales funds with conditional collection right	52,852,539.43	727,775.89	52,124,763.54	51,338,008.75	436,594.78	50,901,413.97
Less: Contract assets shown in other non-current assets	160,412,051.45	11,257,487.71	149,154,563.74	69,887,873.01	5,127,003.43	64,760,869.58
Total	2,458,259,929.89	210,561,449.93	2,247,698,479.96	2,676,214,737.08	187,784,934.67	2,488,429,802.41

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

In RMB

Item	Change	Reason
Completed and unsettled project funds that fail to meet the collection conditions	-251,084,190.41	Mainly due to the transfer of contract assets to accounts receivable from construction contracts that met the collection conditions this year.
Quality guarantee deposit that fails to meet the collection conditions	93,523,212.55	Mainly due to the increase in warranty funds not meeting collection conditions.
Less: Contract assets shown in other non-current assets	84,393,694.16	Mainly due to the increase in warranty funds for completed projects that have not yet matured.
Total	-241,954,672.02	——

(3) Disclosure by bad debt accrual method

In RMB

Type	Closing balance			Opening balance		
	Remaining book	Bad debt provision	Book	Remaining book	Bad debt provision	Book

	value				value	value				value
	Amount	Proportion	Amount	Provision rate		Amount	Proportion	Amount	Provision rate	
Separate bad debt provision	16,288,576.53	0.66%	9,033,247.20	55.46%	7,255,329.33	16,288,576.53	0.61%	9,033,247.20	55.46%	7,255,329.33
Including:										
Customer 1	14,510,658.66	0.59%	7,255,329.33	50.00%	7,255,329.33	14,510,658.66	0.59%	7,255,329.33	50.00%	7,255,329.33
Customer 2	1,777,917.87	0.07%	1,777,917.87	100.00%		1,777,917.87	0.07%	1,777,917.87	100.00%	
Provision for bad debts by combination	2,441,971,353.36	99.34%	201,528,202.73	8.25%	2,240,443,150.63	2,659,926,160.55	99.39%	178,751,687.47	6.72%	2,481,174,473.08
Including:										
Combination 1: sales payment with conditional collection right	52,852,539.43	2.15%	727,775.89	1.38%	52,124,763.54	51,338,008.75	1.92%	436,594.78	0.85%	50,901,413.97
Portfolio 2: Completed and unsettled project not meeting collection conditions	2,286,329,426.34	93.01%	187,097,333.23	8.18%	2,099,232,093.11	2,519,643,302.99	94.15%	169,724,313.35	6.74%	2,349,918,989.64
Portfolio 3: Quality guarantee deposit not meeting collection conditions	102,789,387.59	4.18%	13,703,093.61	13.33%	89,086,293.98	88,944,848.81	3.32%	8,590,779.34	9.66%	80,354,069.47
Total	2,458,259,929.89	100.00%	210,561,449.93	8.57%	2,247,698,479.96	2,676,214,737.08	100.00%	187,784,934.67	7.02%	2,488,429,802.41

Separate bad debt provision: separate provision

In RMB

Name	Opening balance		Closing balance			
	Remaining book value	Bad debt provision	Remaining book value	Bad debt provision	Provision rate	Reason
Customer 1	14,510,658.66	7,255,329.33	14,510,658.66	7,255,329.33	50.00%	
Customer 2	1,777,917.87	1,777,917.87	1,777,917.87	1,777,917.87	100.00%	
Total	16,288,576.53	9,033,247.20	16,288,576.53	9,033,247.20		

Provision for bad debts by portfolio: Portfolio 1: Sales payments with conditional collection rights.

In RMB

Name	Closing balance		
	Remaining book value	Bad debt provision	Provision rate
Sales funds with conditional collection right	52,852,539.43	727,775.89	1.38%
Total	52,852,539.43	727,775.89	

Group recognition basis:

See 10. Financial Tools in Chapter X, V, Important Accounting Policies and Accounting Estimates for the recognition criteria and instructions for withdrawing bad debt reserves by portfolio

Provision for bad debts by portfolio: Portfolio 2: Unsettled project payments for completed projects not meeting collection conditions.

In RMB

Name	Closing balance		
	Remaining book value	Bad debt provision	Provision rate
Completed and unsettled project funds that fail to meet the collection conditions	2,286,329,426.34	187,097,333.23	8.18%
Total	2,286,329,426.34	187,097,333.23	

Provision for bad debts by portfolio: Portfolio 3: Warranty funds not meeting collection conditions.

In RMB

Name	Closing balance		
	Remaining book value	Bad debt provision	Provision rate
Quality guarantee deposit that fails to meet the collection conditions	102,789,387.59	13,703,093.61	13.33%
Total	102,789,387.59	13,703,093.61	

Provision for bad debts based on general model of expected credit losses

□ Applicable ☑ Inapplicable

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

In RMB

Item	Provision	Recovered or reversed during the period	Written off in the current period	Reason
Provision for bad debts by combination	22,776,515.26			
Total	22,776,515.26			——

6. Receivable financing

(1) Presentation of receivables financing classification

In RMB

Item	Closing balance	Opening balance
Notes receivable	4,568,000.10	6,979,428.14
Total	4,568,000.10	6,979,428.14

(2) Disclosure by bad debt accrual method

In RMB

<table>
<tr><th rowspan="3">Type</th><th colspan="5">Closing balance</th><th colspan="5">Opening balance</th></tr>
<tr><th colspan="2">Remaining book value</th><th colspan="2">Bad debt provision</th><th rowspan="2">Book value</th><th colspan="2">Remaining book value</th><th colspan="2">Bad debt provision</th><th rowspan="2">Book value</th></tr>
<tr><th>Amount</th><th>Proportion</th><th>Amount</th><th>Provision rate</th><th>Amount</th><th>Proportion</th><th>Amount</th><th>Provision rate</th></tr>
<tr><td>Provision for bad debts by combination</td><td>4,568,000.10</td><td>100.00%</td><td>0.00</td><td>0.00%</td><td>4,568,000.10</td><td>6,979,428.14</td><td>100.00%</td><td>0.00</td><td>0.00%</td><td>6,979,428.14</td></tr>
<tr><td>Including:</td><td></td><td></td><td></td><td></td><td></td><td></td><td></td><td></td><td></td><td></td></tr>
<tr><td>Bank acceptance</td><td>4,568,000.10</td><td>100.00%</td><td>0.00</td><td>0.00%</td><td>4,568,000.10</td><td>6,979,428.14</td><td>100.00%</td><td>0.00</td><td>0.00%</td><td>6,979,428.14</td></tr>
<tr><td>Total</td><td>4,568,000.10</td><td>100.00%</td><td>0.00</td><td>0.00%</td><td>4,568,000.10</td><td>6,979,428.14</td><td>100.00%</td><td>0.00</td><td>0.00%</td><td>6,979,428.14</td></tr>
</table>

Provision for bad debts by combination: bank acceptance

In RMB

<table>
<tr><th rowspan="2">Name</th><th colspan="3">Closing balance</th></tr>
<tr><th>Remaining book value</th><th>Bad debt provision</th><th>Provision rate</th></tr>
<tr><td>Bank acceptance</td><td>4,568,000.10</td><td>0.00</td><td>0.00%</td></tr>
<tr><td>Total</td><td>4,568,000.10</td><td>0.00</td><td></td></tr>
</table>

Group recognition basis:

See 10. Financial Tools in Chapter X, V, Important Accounting Policies and Accounting Estimates for the recognition criteria and instructions for withdrawing bad debt reserves by portfolio

(3) At the end of the period, the Company has endorsed or discounted accounts receivable financing that has not yet matured as of the balance sheet date.

In RMB

Item	De-recognized amount	Not de-recognized amount
Bank acceptance	60,867,571.05	
Total	60,867,571.05	

7. Other receivables

In RMB

Item	Closing balance	Opening balance
Other receivables	168,322,524.80	145,113,323.33
Total	168,322,524.80	145,113,323.33

(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 and pledge paid	101,364,611.15	96,041,429.79
Construction borrowing and advanced payment	39,950,652.16	41,180,355.37
Staff borrowing and petty cash	3,221,577.94	2,515,436.58
VAT refund receivable	642,493.02	798,918.77
Refundable advance payments for goods	18,884,265.12	
Others	12,294,754.02	11,974,398.52
Total	176,358,353.41	152,510,539.03

(2) Account age

In RMB

Age	Closing balance of book value	Opening balance of book value
Within 1 year (inclusive)	45,432,663.12	30,123,678.94
1-2 years	11,015,466.34	4,793,018.03
2-3 years	4,495,902.18	5,310,261.72
Over 3 years	115,414,321.77	112,283,580.34
3-4 years	3,882,310.18	9,787,862.62
4-5 years	9,518,614.26	7,701,603.22
Over 5 years	102,013,397.33	94,794,114.50
Total	176,358,353.41	152,510,539.03

The Company needs to comply with the disclosure requirements of the decoration and decoration industry in the *Guidelines for the Self-discipline and Supervision of Listed Companies of Shenzhen Stock Exchange No. 3 - Industry Information Disclosure.*

Significant individual amounts of other accounts receivable in the curtain wall and materials industry that have exceeded three years in age

Customer	Balance of other receivables older than three years (RMB)	Balance of provision for bad debts (RMB)	Reason of the age	Whether there is a risk of recovery
Customer 1	1,970,381.89	1,970,381.89	Customer credit status deteriorates	Yes

(3) Disclosure by bad debt accrual method

☑ Applicable □ Inapplicable

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	
Provision for bad debts by combination	176,358,353.41	100.00%	8,035,828.61	4.56%	168,322,524.80	152,510,539.03	100.00%	7,397,215.70	4.85%	145,113,323.33
Including:										
Portfolio 1: First stage	167,771,508.00	95.13%	2,498,265.50	1.49%	165,273,242.50	143,789,155.16	94.28%	2,143,506.61	1.49%	141,645,648.55
Portfolio 2: Second stage	3,143,590.00	1.78%	94,307.70	3.00%	3,049,282.30	3,574,882.60	2.34%	107,207.82	3.00%	3,467,674.78
Portfolio 3: Third stage	5,443,255.41	3.09%	5,443,255.41	100.00%	0.00	5,146,501.27	3.38%	5,146,501.27	100.00%	0.00
Total	176,358,353.41	100.00%	8,035,828.61	4.56%	168,322,524.80	152,510,539.03	100.00%	7,397,215.70	4.85%	145,113,323.33

Provision for bad debts by portfolio: Portfolio 1: stage one

In RMB

Name	Closing balance		
	Remaining book value	Bad debt provision	Provision rate
Portfolio 1: First stage	167,771,508.00	2,498,265.50	1.49%
Total	167,771,508.00	2,498,265.50	

Description of the basis for determining the portfolio: Provision for bad debts is made on the basis of the general model of expected credit losses.

Provision for bad debts by portfolio: Portfolio 2: stage two

In RMB

Name	Closing balance		
	Remaining book value	Bad debt provision	Provision rate
Portfolio 2: Second stage	3,143,590.00	94,307.70	3.00%
Total	3,143,590.00	94,307.70	

Provision for bad debts by portfolio: Portfolio 3: stage three

In RMB

Name	Closing balance		
	Remaining book value	Bad debt provision	Provision rate
Portfolio 3: Third stage	5,443,255.41	5,443,255.41	100.00%
Total	5,443,255.41	5,443,255.41	

Provision for bad debts based on general model of expected credit losses

In RMB

Bad debt provision	First stage	Second stage	Third stage	Total
	Expected credit	Expected credit loss for the	Expected credit loss for	

	losses in the next 12 months	entire duration (no credit impairment)	the entire duration (credit impairment has occurred)	
Balance on January 1, 2024	2,143,506.61	107,207.82	5,146,501.27	7,397,215.70
Balance on January 1, 2024 in the current period				
Provision	369,503.87	-12,900.12	296,754.14	653,357.89
Canceled in the current period	14,542.62			14,542.62
Other change	-202.36			-202.36
Balance on December 31, 2024	2,498,265.50	94,307.70	5,443,255.41	8,035,828.61

Changes in book balances with significant changes in the current period

□ Applicable ☑ Inapplicable

4) 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	Write-off	Others	
Provision for bad debts by combination	7,397,215.70	653,357.89		14,542.62	-202.36	8,035,828.61
Total	7,397,215.70	653,357.89		14,542.62	-202.36	8,035,828.61

5) Other receivable written off in the current period

In RMB

Item	Amount
Other receivable written off	14,542.62

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

In RMB

Entity	By nature	Closing balance	Age	Percentage (%)	Balance of bad debt provision at the end of the period
Shenzhen Yikang Real Estate Co. Ltd.	Margin and current account	6,000,000.00	1-2 years	43.13%	1,133,333.87
		62,675.83	4-5 years		
		70,000,000.00	Over 5 years		
Bangshen Electronics (Shenzhen) Co., Ltd.	Deposit	20,000,000.00	Over 5 years	11.34%	298,000.00
Jiangxi Yajinghong Trading Co., Ltd.	Refundable prepayments	16,215,255.00	Less than 1 year	9.19%	241,607.30
Shenzhen Henggang Dakang Co., Ltd.	Deposit	8,000,000.00	Over 5 years	4.54%	119,200.00

China Merchants Futures Brokerage Co., Ltd.	Deposit	6,386,728.75	Less than 1 year	3.62%	95,162.26
Total		126,664,659.58		71.82%	1,887,303.43

8. Prepayment

(1) Account ages of prepayments

In RMB

Age	Closing balance		Opening balance	
	Amount	Proportion	Amount	Proportion
Less than 1 year	17,938,392.45	76.81%	29,398,144.01	86.53%
1-2 years	1,949,630.86	8.35%	1,713,380.35	5.04%
2-3 years	1,404,616.03	6.01%	648,638.59	1.91%
Over 3 years	2,062,396.77	8.83%	2,216,406.41	6.52%
Total	23,355,036.11		33,976,569.36	

At the end of the period, there are no important prepayments exceeding one year in age.

(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 RMB8,511,258.52, accounting for 36.44% of the total prepayments at the end of the period.

9. Inventories

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

(1) Classification of inventories

The Company needs to comply with the disclosure requirements of the real estate industry in the *Guidelines for the Self-discipline and Supervision of Listed Companies of Shenzhen Stock Exchange No. 3 - Industry Information Disclosure*.
Classified by nature:

In RMB

Item	Closing balance			Opening balance		
	Remaining book value	Provision for inventory depreciation or contract performance cost impairment provision	Book value	Remaining book value	Provision for inventory depreciation or contract performance cost impairment provision	Book value
Raw materials	110,961,372.14		110,961,372.14	131,800,215.01		131,800,215.01
Product in process	91,796,788.96		91,796,788.96	120,647,582.06		120,647,582.06

Finished goods in stock	8,694,704.45		8,694,704.45	11,240,201.57		11,240,201.57
Development cost	230,990,938.09		230,990,938.09	224,969,147.17		224,969,147.17
Development products	124,380,755.91		124,380,755.91	134,821,091.47		134,821,091.47
Low price consumable	178,098.23		178,098.23	171,286.80		171,286.80
OEM materials	13,483,327.00		13,483,327.00	15,096,929.98		15,096,929.98
Contract performance costs	102,358,825.07		102,358,825.07	90,470,830.76		90,470,830.76
Goods delivered	20,251,212.30		20,251,212.30	23,270,292.17		23,270,292.17
Materials in transit	2,570,386.59		2,570,386.59	3,136,909.52		3,136,909.52
Total	705,666,408.74		705,666,408.74	755,624,486.51		755,624,486.51

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

In RMB

Project name	Starting time	Estimated finish time	Estimated total investment	Opening balance	Transferred to development 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
Dakang Village Project in Shenzhen	December 1, 2026	December 31, 2032	3,600,000,000.00	201,016,423.09				201,016,423.09			
Fangda Bangshen Industry Park	December 1, 2025	December 31, 2026	870,000,000.00	23,952,724.08			6,021,790.92	29,974,515.00			
Total	--	--	4,470,000,000.00	224,969,147.17			6,021,790.92	230,990,938.09			--

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

In RMB

Project name	Completion time	Opening balance	Increase	Decrease	Closing balance	Accumulative capitalized interest	Including: capitalized interest for the current period
Phase I of Fangda Town	29 December 2016	12,095,397.45	8,447,099.62	5,009,991.10	15,532,505.97	549,009.88	
Nanchang Fangda Center	April 27, 2021	122,725,694.02		13,877,444.08	108,848,249.94	4,221,936.03	
Total	--	134,821,091.	8,447,099.62	18,887,435.1	124,380,755.	4,770,945.91	

		47		8	91		

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

As of December 31, 2024, the capitalization amount of borrowing costs in the ending inventory balance is RMB4,770,945.91.

10. Non-current assets due in 1 year

In RMB

Item	Closing balance	Opening balance
Fixed deposit certificate and interest		327,120,273.54
Total		327,120,273.54

11. Other current assets

In RMB

Item	Closing balance	Opening balance
Reclassification of VAT debit balance	292,626,079.84	230,260,579.29
Overpayment and prepayment of income tax	11,197,246.58	2,852,830.41
Other prepaid taxes	949,974.83	3,836,971.59
Payment to be collected on behalf of suppliers	3,003,841.89	3,003,841.89
Pending development products		8,447,099.62
Total	307,777,143.14	248,401,322.80

12. Investment in other equity tools

In RMB

Project name	Closing balance	Opening balance	Gains recognized in other comprehensive income during the current period	Losses recognized in other comprehensive income during the current period	Accumulated gains recognized in other comprehensive income at the end of the current period	Accumulated losses recognized in other comprehensive income at the end of the current period	Dividend income recognized in the current period	Reason for measurement at fair value with variations accounted into current income account
Shenyang Fangda	0.00	0.00	0.00	0.00	0.00	0.00	0.00	Investments in non-trading equity instruments

Derecognition occurred during this period

In RMB

Project name	Cumulative gains transferred to retained earnings	Cumulative losses transferred to retained earnings	Reason for derecognition
Shenyang Fangda		21,421,931.75	Bankruptcy

13. Long-term share equity investment

In RMB

Invested entity	Opening book value	Beginning balance of impairment provisions	Change (+,-)								Closing book value	Balance of impairment provision at the end of the period
			Increased investment	Decreased investment	Investment gain and loss recognized using the equity method	Other miscellaneous income adjustment	Other equity change	Cash dividend or profit announced	Impairment provision	Others		
1. Joint venture												
2. Associate												
Ganshang Joint Investment	2,402,065.72				775.78						2,402,841.50	
Jiangxi Business Innovative Property Joint Stock Co., Ltd.	52,354,951.68		2,004,000.00		-70,819.21						54,288,132.47	
Subtotal	54,757,017.40		2,004,000.00		-70,043.43						56,690,973.97	
Total	54,757,017.40		2,004,000.00		-70,043.43						56,690,973.97	

The recoverable amount is determined as the net amount after deducting the disposal costs from the fair value.

□ Applicable ☑ Inapplicable

The recoverable amount is determined based on the present value of estimated future cash flows.

□ Applicable ☑ Inapplicable

14. Other non-current financial assets

In RMB

Item	Closing balance	Opening balance
Financial assets measured at fair value with variations accounted into current income account	6,519,740.17	7,455,617.17
Total	6,519,740.17	7,455,617.17

15. Investment real estate

(1) Investment real estate measured at costs

☑ Applicable ☐ Inapplicable

In RMB

Item	Houses & buildings	Total
I. Book value		
1. Opening balance	17,388,824.39	17,388,824.39
2. Increase in this period		
3. Decrease in this period	17,388,824.39	17,388,824.39
(1) Other transfer-out	17,388,824.39	17,388,824.39
4. Closing balance		
II. Accumulative depreciation and amortization		
1. Opening balance	8,151,827.44	8,151,827.44
2. Increase in this period	449,408.04	449,408.04
(1) Provision or amortization	449,408.04	449,408.04
3. Decrease in this period	8,601,235.48	8,601,235.48
(1) Other transfer-out	8,601,235.48	8,601,235.48
4. Closing balance		
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	0.00	0.00
2. Opening book value	9,236,996.95	9,236,996.95

(2) Investment real estate measured at fair value

☑ Applicable □ Inapplicable

In RMB

Item	Houses & buildings	Total
I. Opening balance	5,747,572,171.31	5,747,572,171.31
II. Change in this period	87,463,926.89	87,463,926.89
Add: external purchase	5,157,977.68	5,157,977.68
Inventory/fixed assets/intangible assets transfer	270,595,130.00	270,595,130.00
Less: disposal	12,296,393.00	12,296,393.00
Transfer-out to fixed assets	153,968,082.00	153,968,082.00
Change in fair value	22,024,705.79	22,024,705.79
III. Closing balance	5,835,036,098.20	5,835,036,098.20

The Company needs to comply with the disclosure requirements of the real estate industry in the *Guidelines for the Self-discipline and Supervision of Listed Companies of Shenzhen Stock Exchange No. 3 - Industry Information Disclosure*.

Disclosure of investment real estate measured at fair value by projects

In RMB

Project name	Location	Completion time	in building area	Rental income in the report period	Opening fair value	Closing fair value	Change in fair value	Reason for the change and report
Fangda Town commercial and office buildings	Shenzhen	11 October 2017	92,470.58	107,661,780.00	4,953,418,721.02	4,816,996,153.02	-2.75%	Primarily due to some properties being transferred from rental to self-use this period, and the decrease in assessed fair value, as per appraisal report reference "Shenzhen Guoyu Appraisal No. [2025] 01004-1".
Fangda Building	Shenzhen	28 December 2002	20,464.75	14,866,799.77	333,236,768.00	380,644,350.00	14.23%	Primarily due to some properties being transferred from self-use to rental this period, and the decrease in assessed fair value, as per appraisal report reference "Shenzhen Guoyu Appraisal No. [2025] 01004-1".
Nanchang Fangda Center	Nanchang	December 10, 2020	38,165.36	14,059,406.72	412,678,972.00	415,552,403.00	0.70%	Primarily due to some

								properties being transferred from inventory to rental this period, and the decrease in assessed fair value, as per appraisal report reference "Shenzhen Guoyu Appraisal No. [2025] 01003".
Nanchang Fangda Technology Park	Nanchang	August 2, 2005	85,472.88	502,363.17	0.00	185,877,848.00	-	Due to transfer from self-use to rental this period, as per appraisal report reference "Shenzhen Guoyu Appraisal No. [2025] 01004-2".
Others	Guangzhou, Zhuhai, Shaoguan, etc.		3,567.27	146,201.85	48,237,710.29	35,965,344.18	-25.44%	Primarily due to the disposal and acquisition of new investment properties this period, as per appraisal report reference "Shenzhen Guoyu Appraisal No. [2025] 01002-1 to 7".
Total			240,140.84	137,236,551.51	5,747,572,171.31	5,835,036,098.20	1.52%	

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

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

In RMB

Project name	Original accounting method	Original book value	Recorded fair value	Closing fair value	Change time	Different handling method and basis
Fangda Building	Fixed assets, measured at cost	38,180,910.56	76,037,916.00	75,229,002.00	March 31, 2024	According to relevant provisions of investment property standards, when converting other cost-measured assets to investment property measured at fair value, any excess of the fair value over the original book value on the conversion date is included in other comprehensive income, while any shortfall is included in the current period's profit or loss. Subsequent changes in fair value are included in the current period's profit or loss.
Nanchang Fangda Center	Inventory, measured at cost	6,997,689.14	8,679,366.00	8,679,366.00	June 30 and September 30, 2024	
Nanchang Fangda Technology Park	Fixed assets, intangible assets, etc., measured at cost	72,893,286.32	185,877,848.00	185,877,848.00	December 31, 2024	
Others	Newly acquired through property-for-debt settlement for project payments	4,866,513.76	4,866,513.76	4,193,140.00	December 31, 2024	Changes in fair value are included in the current period's profit or loss.
Total		122,938,399.78	275,461,643.76	273,979,356.00		

(3) Conversion to investment property and measured at fair value

In RMB

Item	Accounting subject before conversion	Amount before conversion	Reason for conversion	Approval procedure	Impact on profit or loss	Impact on other comprehensive income

Fangda Building	Fixed assets, measured at cost	38,180,910.56	Self-use to rental	Resolution at the Board of Directors;	0.00	37,857,005.44
Nanchang Fangda Center	Inventory, measured at cost	6,997,689.14	Inventory to rental	Management process approval	0.00	1,681,676.86
Nanchang Fangda Technology Park	Fixed assets, intangible assets, etc., measured at cost	72,893,286.32	Self-use to rental	Resolution at the Board of Directors;	0.00	112,984,561.68
Total		118,071,886.02				

(4) Investment real estate without ownership certificate

In RMB

Item	Book value	Reason
5 units at Lanzhou Railway - City Dawn	4,584,155.96	The developer is completing relevant procedures.

16. Fixed assets

In RMB

Item	Closing balance	Opening balance
in fixed assets	939,548,074.59	620,828,178.38
Disposal of fixed assets	1,346,269.80	
Total	940,894,344.39	620,828,178.38

(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	604,581,780.49	133,179,843.02	20,556,336.60	52,612,038.36	129,596,434.84	940,526,433.31
2. Increase in this period	404,433,492.70	41,922,814.83	1,142,284.06	4,566,255.09	760,170.69	452,825,017.37
(1) Purchase	156,893.47	3,702,669.74	1,142,284.06	3,259,174.34		8,261,021.61
(2) Transfer-in of construction in progress	250,308,517.23	38,220,145.09		1,307,080.75	760,170.69	290,595,913.76
(3) Investment property converted to self-use	153,968,082.00					153,968,082.00
3. Decrease in this period	152,854,058.84	46,217,053.73	378,343.47	5,818,037.65	602,476.07	205,869,969.76
(1) Disposal or		46,217,053.73	378,343.47	5,818,037.65	602,476.07	53,015,910.92

retirement						
(2) Converted to investment property	152,854,058.84					152,854,058.84
4. Closing balance	856,161,214.35	128,885,604.12	21,320,277.19	51,360,255.80	129,754,129.46	1,187,481,480.92
II. Accumulative depreciation						
1. Opening balance	127,270,899.06	95,754,806.52	15,333,003.26	34,440,400.13	46,802,676.46	319,601,785.43
2. Increase in this period	17,557,578.58	4,968,886.18	789,353.89	2,729,323.92	6,385,038.54	32,430,181.11
(1) Provision	17,557,578.58	4,968,886.18	783,921.28	2,729,323.92	6,384,647.23	32,424,357.19
(2) Other increases			5,432.61		391.31	5,823.92
3. Decrease in this period	57,174,907.34	41,437,192.62	529,613.73	4,728,217.21	233,710.51	104,103,641.41
(1) Disposal or retirement		41,437,192.62	529,613.73	4,728,217.21	233,710.51	46,928,734.07
(2) Converted to investment property	57,174,907.34					57,174,907.34
4. Closing balance	87,653,570.30	59,286,500.08	15,592,743.42	32,441,506.84	52,954,004.49	247,928,325.13
III. Impairment provision						
1. Opening balance		79,843.20		16,626.30		96,469.50
2. Increase in this period		2,500,000.00				2,500,000.00
(1) Provision		2,500,000.00				2,500,000.00
3. Decrease in this period		2,574,762.00		16,626.30		2,591,388.30
(1) Disposal or retirement		2,574,762.00		16,626.30		2,591,388.30
4. Closing balance		5,081.20				5,081.20
IV. Book value						
1. Closing book value	768,507,644.05	69,594,022.84	5,727,533.77	18,918,748.96	76,800,124.97	939,548,074.59
2. Opening book value	477,310,881.43	37,345,193.30	5,223,333.34	18,155,011.93	82,793,758.38	620,828,178.38

Note: As of December 31, 2024, the net value of RMB355,978,425.04 of the Company's houses and buildings has been mortgaged to the bank.

(2) Fixed assets without ownership certificate

In RMB

Item	Book value	Reason
Yuehai Office Building C 502	100,277.49	Historical reasons

(3) Impairment test of fixed assets

☑ Applicable □ Inapplicable

The recoverable amount is determined as the net amount after deducting the disposal costs from the fair value.

☑ Applicable □ Inapplicable

In RMB

Item	Book value	Recoverable amount	Impairment amount	Method for determining fair value and disposal costs	Key parameters	Basis for determining key parameters
Mechanical equipment	3,846,269.79	1,346,269.79	2,500,000.00	Estimated recoverable amount from disposal	Estimated disposal amount	Market inquiry
Total	3,846,269.79	1,346,269.79	2,500,000.00			

The recoverable amount is determined based on the present value of estimated future cash flows.

□ Applicable ☑ Inapplicable

(4) Disposal of fixed assets

In RMB

Item	Closing balance	Opening balance
Disposal of fixed assets	1,346,269.80	
Total	1,346,269.80	

17. Construction in process

In RMB

Item	Closing balance	Opening balance
Construction in process	7,265,104.44	109,414,347.33
Total	7,265,104.44	109,414,347.33

(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
Fangda (Ganzhou) Low-				109,181,428.63		109,181,428.63

Carbon Intelligent Manufacturing Base						
Fangda (Ganzhou) Low Carbon Intelligent Manufacturing Base exhibition hall and installation equipment	7,018,372.92		7,018,372.92			
Fangda Building monitoring system remodeling				232,918.70		232,918.70
Songshan Lake production base exhibition hall renovation	246,731.52		246,731.52			
Total	7,265,104.44		7,265,104.44	109,414,347.33		109,414,347.33

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

In RMB

Project name	Budget	Opening balance	Increase in this period	Amount transfer-in to fixed assets in this 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
Fangda (Ganzhou) Low-Carbon Intelligent Manufacturing Base	331,540,000.00	109,181,428.63	180,654,314.44	289,835,743.07			87.42%	Completed	5,372,500.00	5,372,500.00	3.15%	Own funds and loans from financial institutions
Total	331,540,000.00	109,181,428.63	180,654,314.44	289,835,743.07					5,372,500.00	5,372,500.00	3.15%	

(3) Provision for impairment of construction in progress during the current period

There is no sign of impairment to the Company's construction in process by December 31, 2024.

(4) Impairment testing of construction in progress

□ Applicable ☑ Inapplicable

18. Use right assets

(1) Right-to-use assets

In RMB

Item	Houses & buildings	Transportation facilities	Total
I. Book value			
1. Opening balance	39,794,489.03	1,959,448.83	41,753,937.86
2. Increase in this period	6,417,768.38	7,325,612.86	13,743,381.24
(1) New Lease	6,417,768.38	7,325,612.86	13,743,381.24
3. Decrease in this period	28,376,858.70		28,376,858.70
(1) Lease Termination	28,376,858.70		28,376,858.70
4. Closing balance	17,835,398.71	9,285,061.69	27,120,460.40
II. Accumulative depreciation			
1. Opening balance	19,803,178.07	1,173,930.21	20,977,108.28
2. Increase in this period	14,364,399.53	674,034.72	15,038,434.25
(1) Provision	14,364,399.53	674,034.72	15,038,434.25
3. Decrease in this period	24,578,203.17		24,578,203.17
(1) Disposal	24,578,203.17		24,578,203.17
4. Closing balance	9,589,374.43	1,847,964.93	11,437,339.36
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	8,246,024.28	7,437,096.76	15,683,121.04
2. Opening book value	19,991,310.96	785,518.62	20,776,829.58

(2) Impairment testing of right-of-use assets

☐ Applicable ☑ Inapplicable

As of December 31, 2024, there was no indication of impairment of the Company's right-of-use assets.

19. Intangible assets

(1) Intangible assets

In RMB

Item	Land using right	Trademarks, patents and know-how	Software	Others	Total

I. Book value					
1. Opening balance	152,914,836.88	9,017,372.69	23,236,225.88		185,168,435.45
2. Increase in this period		42,499.68	1,031,095.94	720,000.00	1,793,595.62
(1) Purchase		42,499.68	1,031,095.94		1,073,595.62
(2) Increase due to non-business combination				720,000.00	720,000.00
3. Decrease in this period	10,905,114.96				10,905,114.96
(1) Disposal					
(2) Converted to investment property	10,905,114.96				10,905,114.96
4. Closing balance	142,009,721.92	9,059,872.37	24,267,321.82	720,000.00	176,056,916.11
II. Accumulative amortization					
1. Opening balance	23,080,721.81	8,919,025.53	13,095,478.23		45,095,225.57
2. Increase in this period	5,322,570.92	27,343.96	2,013,033.51		7,362,948.39
(1) Provision	5,322,570.92	27,343.96	2,013,033.51		7,362,948.39
3. Decrease in this period	4,297,658.49				4,297,658.49
(1) Disposal					
(2) Converted to investment property	4,297,658.49				4,297,658.49
4. Closing balance	24,105,634.24	8,946,369.49	15,108,511.74		48,160,515.47
III. Impairment provision					
1. Opening balance					
2. Increase in this period	3,844,005.85				3,844,005.85
(1) Provision	3,844,005.85				3,844,005.85
3. Decrease in this period					
4. Closing balance	3,844,005.85				3,844,005.85
IV. Book value					
1. Closing book value	114,060,081.83	113,502.88	9,158,810.08	720,000.00	124,052,394.79
2. Opening book value	129,834,115.07	98,347.16	10,140,747.65		140,073,209.88

(2) Impairment test of intangible assets

☑ Applicable □ Inapplicable

The recoverable amount is determined as the net amount after deducting the disposal costs from the fair value.

☑ Applicable □ Inapplicable

In RMB

Item	Book value	Recoverable amount	Impairment amount	Method for determining fair value and disposal costs	Key parameters	Basis for determining key parameters
Land using right	45,151,005.85	41,307,000.00	3,844,005.85	Estimated recoverable amount from disposal	Estimated disposal amount	Calculated and determined according to relevant policy provisions
Total	45,151,005.85	41,307,000.00	3,844,005.85			

The recoverable amount is determined based on the present value of estimated future cash flows.

□ Applicable ☑ Inapplicable

20. Long-term amortizable expenses

In RMB

Item	Opening balance	Increase in this period	Amortized amount in this period	Other decrease	Closing balance
Xuanfeng Chayuan village and Zhuyuan village land transfer compensation	916,323.98		56,101.56		860,222.42
Sporadic decoration and renovation costs of Fangda Town	3,015,993.78		1,873,758.56		1,142,235.22
Sporadic decoration and renovation costs of Fangda Center	684,013.47	108,275.63	424,855.20		367,433.90
Others	2,132,982.81	1,038,069.95	1,499,918.60		1,671,134.16
Total	6,749,314.04	1,146,345.58	3,854,633.92		4,041,025.70

21. Differed income tax assets and differed income tax liabilities

(1) Non-deducted deferred income tax assets

In RMB

Item	Closing balance		Opening balance	
	Deductible temporary difference	Deferred income tax assets	Deductible temporary difference	Deferred income tax assets
Assets impairment provision	227,880,793.93	35,025,619.90	301,423,517.61	56,628,793.35
Credit impairment provision	382,932,070.72	60,483,324.52	273,785,349.40	42,172,039.47
Unrealizable gross profit	108,593,435.66	26,573,799.68	111,802,930.49	27,117,416.46
Deductible loss	286,565,331.75	67,193,424.59	130,536,168.91	31,566,961.10
Anticipated liabilities	4,191,535.03	628,730.25	4,842,411.47	726,361.72
Unrealized investment income	281,712,399.15	55,842,834.35	281,819,399.92	55,869,584.56
Deferred earning	5,946,064.06	1,041,584.25	3,922,402.14	744,121.83
Change in fair value	8,623,065.19	1,303,042.83	9,127,633.52	1,369,145.03

Lease liabilities	15,352,065.96	2,788,081.55	20,573,028.70	4,335,420.74
Accrued and unpaid land tax	16,012,293.28	4,003,073.33	16,543,205.26	4,135,801.32
Reserved expense	36,589,539.42	5,488,430.92	36,216,407.02	5,434,461.06
Tax and accounting differences of overseas subsidiaries	8,617,276.57	2,585,182.97		
Total	1,383,015,870.72	262,957,129.14	1,190,592,454.44	230,100,106.64

(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	4,296,974,960.10	1,071,313,064.75	4,161,500,052.20	1,040,357,639.32
Acquire premium to form inventory	1,535,605.48	383,901.37	1,535,605.47	383,901.37
Use right assets	15,683,121.04	2,901,986.66	20,776,829.58	4,110,042.13
Estimated gross margin when Fangda Town records income, but does not reach the taxable income level	24,131,708.41	6,032,927.10	29,608,338.87	7,402,084.72
Rental income	26,717,859.03	6,679,464.47	28,537,396.58	7,134,349.15
Total	4,365,043,254.06	1,087,311,344.35	4,241,958,222.70	1,059,388,016.69

(3) Net deferred income tax assets or liabilities listed

In RMB

Item	Deferred income tax assets and liabilities at the end of the period	Offset balance of deferred income tax assets or liabilities after offsetting	Deferred income tax assets and liabilities at the beginning of the period	Offset balance of deferred income tax assets or liabilities after offsetting
Deferred income tax assets	56,970,202.43	205,986,926.71	47,241,557.57	182,858,549.07
Deferred income tax liabilities	56,970,202.43	1,030,341,141.92	47,241,557.57	1,012,146,459.12

(4) Details of unrecognized deferred income tax assets

In RMB

Item	Closing balance	Opening balance
Deductible temporary difference	434,437.85	462,778.59
Deductible loss	383,366.61	17,530,215.40
Total	817,804.46	17,992,993.99

(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
2024		1,276,235.76	
2025	2,679.34	213,129.83	
2026	449.91	2,355,213.17	
2027	125,759.62	3,698,098.44	
2028	122,872.18	9,987,538.20	
2029 and later	131,605.56		
Total	383,366.61	17,530,215.40	

22. Other non-current assets

In RMB

Item	Closing balance			Opening balance		
	Remaining book value	Impairment provision	Book value	Remaining book value	Impairment provision	Book value
Contract assets	160,412,051.45	11,257,487.71	149,154,563.74	69,887,873.01	5,127,003.43	64,760,869.58
Prepaid house and equipment amount	63,504,106.15		63,504,106.15	20,034,901.32		20,034,901.32
Others				2,004,000.00		2,004,000.00
Total	223,916,157.60	11,257,487.71	212,658,669.89	91,926,774.33	5,127,003.43	86,799,770.90

23. Assets with restricted ownership or use rights

In RMB

Item	Closing balance				Beginning of the period			
	Remaining book value	Book value	Type of restriction	Restricted situation	Remaining book value	Book value	Type of restriction	Restricted situation
Monetary capital	460,052,125.50	460,052,125.50	For pledge or restricted use	Various deposits	645,489,997.82	645,489,997.82	For pledge or restricted use	Various deposits
Notes receivable	34,500,685.65	34,490,806.03	For endorsement or discounting	Bills endorsed or discounted but not yet due	27,937,899.17	27,843,496.17	For endorsement or discounting	Bills endorsed or discounted but not yet due
in fixed assets	362,760,741.16	355,978,425.04	Used as collateral	Loan by pledge	45,915,995.84	43,108,073.24	Used as collateral	Loan by pledge
Intangible assets	24,179,649.75	23,212,463.67	Used as collateral	Loan by pledge				
Account receivable	34,364,041.60	33,851,277.04	For pledge	Loan by pledge	39,392,140.71	38,094,032.45	For pledge	Loan by pledge
Investment real estate	1,822,483,172.10	1,822,483,172.10	Used as collateral	Loan by pledge	1,943,287,098.56	1,943,287,098.56	Used as collateral	Loan by pledge
Non-current assets due in 1 year					327,120,273.54	327,120,273.54	For pledge	Loan by pledge
Equity pledge	200,000,000.00	200,000,000.00	For pledge	100% stake in Fangda Property	200,000,000.00	200,000,000.00	For pledge	100% stake in Fangda Property

				Development held by the Company				Development held by the Company
Total	2,938,340,415.76	2,930,068,269.38			3,229,143,405.64	3,224,942,971.78		

24. Short-term borrowings

(1) Classification of short-term borrowings

In RMB

Item	Closing balance	Opening balance
Guarantee loan	720,642,744.49	711,492,580.56
Credit borrow		300,270,416.67
Guarantee and pledge loan	943,053,677.99	1,184,641,572.44
Other loans		11,650,469.54
Total	1,663,696,422.48	2,208,055,039.21

Explanation of short-term loan classification: At the end of the period, guaranteed loans include an amount of RMB626,563,805.58 guaranteed by the Company for its subsidiary, Fangda Construction Technology, and an amount of RMB94,078,938.91 guaranteed by the Company for its subsidiary, Fangda Zhiyuan Technology. At the end of the period, guaranteed and pledged loans include an amount of RMB892,984,789.10 guaranteed by the Company for its subsidiary, Fangda Construction Technology, and pledged by Fangda Construction Technology with its held deposits; an amount of RMB40,055,111.11 guaranteed by the Company and Shenzhen High-tech Investment and Financing Guarantee Co., Ltd. for Fangda Construction Technology, and pledged by Fangda Construction Technology with its intellectual properties and "Unitized Ceramic Panel Curtain Wall"; an amount of RMB10,013,777.78 guaranteed by the Company and Shenzhen High-tech Investment and Financing Guarantee Co., Ltd. for its subsidiary, Yunzhu Technology, and pledged by Yunzhu Technology with its intellectual properties "Utility Model Patent for a Curtain Wall Honeycomb Panel Connection Structure" and "Utility Model Patent for a Bright Frame Curtain Wall Structure."

25. Derivative financial liabilities

In RMB

Item	Closing balance	Opening balance
Futures contracts	1,520,625.00	
Total	1,520,625.00	

26. Notes payable

In RMB

Type	Closing balance	Opening balance

Commercial acceptance	8,958,406.41	8,781,696.46
Bank acceptance	672,229,721.56	860,105,250.33
Total	681,188,127.97	868,886,946.79

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

27. Account payable

(1) Account payable

In RMB

Item	Closing balance	Opening balance
Account repayable and engineering repayable	1,528,510,873.88	1,374,752,105.25
Payable installation and implementation fees	558,215,149.23	481,683,031.93
Construction payable	27,062,009.47	86,851,302.81
Others	32,806,857.99	29,007,342.28
Total	2,146,594,890.57	1,972,293,782.27

(2) Significant accounts payable older than one year or past due

There are no significant accounts payable overdue or with an aging over one year at the end of the period.

28. Other payables

In RMB

Item	Closing balance	Opening balance
Other payables	120,918,002.02	117,581,764.15
Total	120,918,002.02	117,581,764.15

(1) Other payables

1) Other payables presented by nature

In RMB

Item	Closing balance	Opening balance
Performance and quality deposit	42,955,873.85	40,096,446.17
Deposit	22,843,813.76	24,659,670.94
Reserved expense	5,336,051.21	4,785,143.40
Others	49,782,263.20	48,040,503.64
Total	120,918,002.02	117,581,764.15

(2) Significant other accounts payable older than 1 year or past due

In RMB

Item	Closing balance	Reason
Shenzhen Yikang Real Estate Co. Ltd.	26,159,711.72	Payment paid as agreed in the contract

Total	26,159,711.72	

29. Prepayment received

(1) Prepayment received

In RMB

Item	Closing balance	Opening balance
Rent received in advance	1,513,398.39	1,432,885.03
Total	1,513,398.39	1,432,885.03

30. Contract liabilities

In RMB

Item	Closing balance	Opening balance
Project funds collected in advance	259,315,011.77	175,345,246.29
Real estate sales payment		1,261,218.35
Material loan	8,934,838.06	21,432,889.85
Others	344,191.43	124,854.98
Total	268,594,041.26	198,164,209.47

31. Employees' wage payable

(1) Employees' wage payable

In RMB

Item	Opening balance	Increase	Decrease	Closing balance
1. Short-term remuneration	73,557,667.19	453,162,042.83	456,773,086.90	69,946,623.12
2. Retirement pension program-defined contribution plan	381,396.01	28,148,338.83	27,767,165.11	762,569.73
3. Dismiss compensation	124,049.06	14,696,713.58	9,286,307.52	5,534,455.12
Total	74,063,112.26	496,007,095.24	493,826,559.53	76,243,647.97

(2) Short-term remuneration

In RMB

Item	Opening balance	Increase	Decrease	Closing balance
1. Wage, bonus, allowance and subsidies	72,008,514.84	415,218,703.20	418,637,124.08	68,590,093.96
2. Employee welfare	321,678.16	13,439,222.07	13,533,036.17	227,864.06
3. Social insurance	142,502.10	12,290,261.29	12,245,533.89	187,229.50
Including: medical insurance	118,083.98	8,723,480.34	8,671,254.33	170,309.99
Labor injury insurance	5,534.39	1,193,882.79	1,188,934.06	10,483.12
Breeding	18,883.73	883,098.16	895,545.50	6,436.39

insurance				
Medical insurance		229,200.00	229,200.00	
Unemployment insurance		1,260,600.00	1,260,600.00	
4. Housing fund	143,003.33	10,966,038.78	11,035,669.88	73,372.23
5. Labor union budget and staff education fund	542,240.97	1,109,311.00	1,321,722.88	329,829.09
6. Short-term paid leave	399,727.79	138,506.49		538,234.28
Total	73,557,667.19	453,162,042.83	456,773,086.90	69,946,623.12

(3) Defined contribution plan

In RMB

Item	Opening balance	Increase	Decrease	Closing balance
1. Basic pension	373,813.17	27,034,102.31	26,657,009.38	750,906.10
2. Unemployment insurance	7,582.84	1,114,236.52	1,110,155.73	11,663.63
Total	381,396.01	28,148,338.83	27,767,165.11	762,569.73

Other notes: Due to the relocation of the Company's production site, an accrual of RMB10,301,966.12 has been made for employee settlement expenses related to the termination of labor contracts, of which RMB5,042,865.12 is yet to be paid.

32. Taxes payable

In RMB

Item	Closing balance	Opening balance
VAT	5,014,443.15	5,063,851.12
Consumption service tax	237,874.41	10,359.29
Enterprise income tax	22,749,953.33	13,798,160.21
Personal income tax	1,436,564.89	1,750,380.58
City maintenance and construction tax	442,894.30	636,181.87
Land using tax	342,015.86	608,959.21
Property tax	1,433,309.14	2,656,539.62
Education surtax	194,329.75	273,885.15
Local education surtax	129,553.00	182,589.47
Land VAT	16,012,293.28	16,543,205.26
Others	853,886.08	850,956.77
Total	48,847,117.19	42,375,068.55

33. Non-current liabilities due within 1 year

In RMB

Item	Closing balance	Opening balance

Long-term loans due within 1 year	123,355,127.55	914,958.90
Lease liabilities due within one year	5,114,390.19	13,897,158.66
Long-term payables due within 1 year		49,323,018.90
Provisions expected to mature within one year	2,905,143.31	
Total	131,374,661.05	64,135,136.46

34. Other current liabilities

In RMB

Item	Closing balance	Opening balance
Unterminated notes receivable	21,426,278.75	27,937,899.17
Substituted money on VAT	29,409,280.92	25,586,755.88
Total	50,835,559.67	53,524,655.05

35. Long-term borrowings

(1) Classification of long-term borrowings

In RMB

Item	Closing balance	Opening balance
Guarantee, mortgage and pledge loan	1,260,355,127.55	660,914,958.90
Less: Long-term loans due within 1 year	123,355,127.55	914,958.90
Total	1,137,000,000.00	660,000,000.00

Notes to classification of long-term borrowings:

(1) Among the aforementioned guaranteed, mortgaged, and pledged loans, an amount of RMB660,795,616.44 is pledged with 100% equity of the subsidiary Fangda Real Estate, directly and indirectly held by the Company, and the receivables from rental properties of Fangda Town held by the Company. An amount of RMB30,028,875.00 is guaranteed by the Company for its subsidiary Fangda Intelligent Manufacturing, and mortgaged by Fangda Intelligent Manufacturing with its fixed assets and industrial land. An amount of RMB299,270,761.11 is guaranteed by the Company for its subsidiary Fangda Construction Technology.

(2) The interest rate range for long-term borrowings is 2.5% to 5%.

36. Lease liabilities

In RMB

Item	Closing balance	Opening balance
Lease payments	18,828,149.71	23,255,219.85
Less: unrecognized financing expenses	3,061,152.04	2,682,191.15

Less: lease liabilities due within one year	5,114,390.19	13,897,158.66
Total	10,652,607.48	6,675,870.04

37. Long-term payables

In RMB

Item	Closing balance	Opening balance
Long-term payable		48,400,000.00
Total		48,400,000.00

(1) Long term accounts payable listed by nature

In RMB

Item	Closing balance	Opening balance
Equity repurchase payment		97,723,018.90
Less: long-term payables due within one year		49,323,018.90
Total		48,400,000.00

38. Anticipated liabilities

In RMB

Item	Closing balance	Opening balance	Reason
Loss contract to be executed	369,328.45	193,502.52	
Maintenance fee	917,063.27	4,648,908.95	Product quality warranty
Total	1,286,391.72	4,842,411.47	

39. Deferred earning

In RMB

Item	Opening balance	Increase	Decrease	Closing balance	Reason
Government subsidy	8,978,678.72	2,321,892.00	630,958.59	10,669,612.13	See the following table
Total	8,978,678.72	2,321,892.00	630,958.59	10,669,612.13	--

Others:

Item	December 31, 2023	Amount of new subsidy	Amount included in non-operating revenue	Other misc. gains recorded in this period	Other change	December 31, 2024	Related to assets/earning
Railway transport screen door controlling system and information transmission technology	3,458.27			3,458.27			Assets-related
Major investment project prize from Industry and Trade	1,395,238.70			57,142.80		1,338,095.90	Assets-related

Item	December 31, 2023	Amount of new subsidy	Amount included in non-operating revenue	Other misc. gains recorded in this period	Other change	December 31, 2024	Related to assets/earning
Development Division of Dongguan Finance Bureau							
Distributed PV power generation project subsidy sponsored by Dongguan Reform and Development Commission	293,750.33			24,999.96		268,750.37	Assets-related
Subsidized land transfer	162,376.31			3,725.64		158,650.67	Assets-related
Special subsidy for industrial transformation, upgrading and development	1,150,688.31			151,739.16		998,949.15	Assets-related
Enterprise informationization subsidy project of Shenzhen Small and Medium Enterprise Service Agency	276,000.00			48,000.00		228,000.00	Assets-related
National Industry Revitalization and Technology Renovation Project fund	4,762,526.30			307,728.60		4,454,797.70	Assets-related
Subsidy for new plant	934,640.50			26,143.80		908,496.70	Assets-related
Land subsidy funds		2,321,892.00		8,020.36		2,313,871.64	Assets-related
Total	8,978,678.72	2,321,892.00		630,958.59		10,669,612.13	

40. Capital share

In RMB

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

41. Capital reserve

In RMB

Item	Opening balance	Increase	Decrease	Closing balance
Capital premium (share capital premium)	10,005,491.05		7,101,640.07	2,903,850.98

Other capital reserves	1,454,097.35			1,454,097.35
Total	11,459,588.40		7,101,640.07	4,357,948.33

Note: The decrease in capital premium during the current period is due to the impact of acquiring minority shareholders' equity in the subsidiary Fangda Zhiyuan.

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 in previous terms	Less: Income tax expenses	After-tax amount attributed to the parent	After-tax amount attributed to minority shareholders	
I. Other comprehensive income that will not be subsequently reclassified into profit and loss	-25,201,209.27			-21,421,931.75		21,421,931.75		-3,779,277.52
Including: Fair value change of investment in other equity tools	-25,201,209.27			-21,421,931.75		21,421,931.75		-3,779,277.52
2. Other misc. incomes that will be re-classified into gain and loss	48,323,080.06	150,055,369.63			36,197,928.70	113,861,211.98	-3,771.05	162,184,292.04
Cash flow hedge reserve	170,878.62	-1,694,362.06			-254,154.30	-1,440,207.76		-1,269,329.14
Translation difference of foreign exchange statement	236,706.94	-773,512.29				-769,741.24	-3,771.05	-533,034.30

Investment real estate measured at fair value	47,915,494.50	152,523,243.98			36,452,083.00	116,071,160.98		163,986,655.48
Other miscellaneous income	23,121,870.79	150,055,369.63		-21,421,931.75	36,197,928.70	135,283,143.73	-3,771.05	158,405,014.52

43. Surplus reserves

In RMB

Item	Opening balance	Increase	Decrease	Closing balance
Statutory surplus reserves	79,324,940.43	5,728,420.02	1,078,644.23	83,974,716.22
Total	79,324,940.43	5,728,420.02	1,078,644.23	83,974,716.22

Note: The decrease in the statutory surplus reserve during the current period is due to the fair value change of the Company's other equity instrument investments in Shenyang Fangda. As the Company has gone bankrupt during the current period, the recognition has been terminated, and the amount has been transferred from other comprehensive income to retained earnings.

44. Retained profit

In RMB

Item	Current period	Last period
Adjustment on retained profit of previous period	4,772,359,940.45	4,553,295,402.30
Retained profit adjusted at beginning of year	4,772,359,940.45	4,553,295,402.30
Plus: Net profit attributable to owners of the parent	144,813,705.53	272,758,249.50
Less: Statutory surplus reserves	5,728,420.02	
Common share dividend payable	85,909,938.16	53,693,711.35
Others	20,343,287.52	
Closing retained profit	4,805,192,000.28	4,772,359,940.45

Note: Other changes are due to the fair value change of the Company's other equity instrument investments in Shenyang Fangda. As the Company has gone bankrupt during the current period, the recognition has been terminated, and the amount has been transferred from other comprehensive income to retained earnings.

45. Operational revenue and costs

In RMB

Item	Amount occurred in the current period		Occurred in previous period	
	Income	Cost	Income	Cost
Main business	4,373,119,434.75	3,545,394,888.31	4,118,334,153.38	3,389,441,885.55

Other businesses	51,104,762.96	42,747,408.17	173,870,562.63	22,680,137.25
Total	4,424,224,197.71	3,588,142,296.48	4,292,204,716.01	3,412,122,022.80

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

□ Yes ☑ No

Breakdown of operating revenues and operating costs:

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	
	Turnover	Operating cost	Turnover	Operating cost	Turnover	Operating cost	Turnover	Operating cost	Turnover	Operating cost	Turnover	Operating cost
Business type	3,555,996,915.26	3,087,899,840.01	612,820,581.01	434,682,301.34	222,272,168.63	57,446,713.15	18,259,004.01	8,032,304.65	14,875,528.80	81,137.33	4,424,224,197.71	3,588,142,296.48
Including:												
Curtain wall system and materials	3,555,996,915.26	3,087,899,840.01									3,555,996,915.26	3,087,899,840.01
Subway screen door and service			612,820,581.01	434,682,301.34							612,820,581.01	434,682,301.34
Real estate rental and sales and property services					222,272,168.63	57,446,713.15					222,272,168.63	57,446,713.15
PV power generation products							18,259,004.01	8,032,304.65			18,259,004.01	8,032,304.65
Others									14,875,528.80	81,137.33	14,875,528.80	81,137.33
By operating region	3,555,996,915.26	3,087,899,840.01	612,820,581.01	434,682,301.34	222,272,168.63	57,446,713.15	18,259,004.01	8,032,304.65	14,875,528.80	81,137.33	4,424,224,197.71	3,588,142,296.48
Including:												

In China	3,423,722,269.52	2,994,558,127.93	348,859,879.59	287,104,725.35	222,272,168.63	57,446,713.15	18,259,004.01	8,032,304.65	14,875,528.80	81,137.33	4,027,988,850.55	3,347,223,008.41
Out of China	132,274,645.74	93,341,712.08	263,960,701.42	147,577,575.99							396,235,347.16	240,919,288.07

(1) The main business income is listed as follows according to the breakdown information:

In 2024, the information of operating revenue broken down by revenue recognition time is as follows:

Item	2024 (RMB)	2023 (RMB)
Revenue recognized at a certain point in time	545,412,251.88	422,284,637.84
Revenue recognized over a period of time	3,878,811,945.83	3,869,920,078.17
Total	4,424,224,197.71	4,292,204,716.01

(2) Performance obligation

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

(3) Information related to remaining performance obligations

As of December 31, 2024, the Company's remaining contractual obligations are mainly related to the Company's engineering contracts, and the remaining contractual obligations are expected to be recognized as revenue according to the performance progress in the future performance period of the corresponding engineering contracts.

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 RMB8,383,716,494.29, of which RMB4,137,298,056.27 is expected to be recognized in 2025, and RMB2,489,095,405.25 is expected to be recognized in 2026, RMB1,757,323,032.76 is expected to be recognized in 2027 and beyond.

The Company needs to comply with the disclosure requirements of the real estate industry in the *Guidelines for the Self-discipline and Supervision of Listed Companies of Shenzhen Stock Exchange No. 3 - Industry Information Disclosure*.

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

In RMB

No.	Project name	Balance
1	Fangda Town	124,990,513.02
2	Nanchang Fangda Center	22,239,065.45

46. Taxes and surcharges

In RMB

Item	Amount occurred in the current period	Occurred in previous period
City maintenance and construction tax	6,526,296.57	7,636,023.14
Education surtax	4,894,545.68	5,578,210.15
Property tax	20,235,700.43	19,326,390.99
Land using tax	1,967,709.57	1,939,918.65
Stamp tax	5,125,991.22	4,994,254.63
Land VAT	4,535,890.32	792,772.36
Others	78,257.55	86,827.30
Total	43,364,391.34	40,354,397.22

47. Management expense

In RMB

Item	Amount occurred in the current period	Occurred in previous period
Labor costs	137,729,076.22	114,574,462.83
Maintenance costs	307,817.06	169,712.22
Agencies	6,918,578.15	14,255,903.98
Depreciation and amortization	17,246,520.96	15,223,179.96
Office expense	5,648,928.52	5,653,172.50
Entertainment expense	7,993,709.32	6,244,445.47
Rental	2,254,738.54	2,693,465.85
Lawsuit	296,491.06	2,349,777.80
Travel expense	4,337,710.40	3,709,314.11
Property management fee	1,102,485.41	910,548.22
Water and electricity	1,204,391.67	765,449.98
Material consumption	342,404.87	226,667.84
Others	6,284,583.02	7,898,655.05
Total	191,667,435.20	174,674,755.81

48. Sales expense

In RMB

Item	Amount occurred in the current period	Occurred in previous period
Labor costs	30,449,690.40	28,836,318.58
Sales agency fee	1,595,221.91	1,614,681.20
Entertainment expense	8,485,462.87	6,830,220.67
Travel expense	2,955,271.55	3,382,495.03
Advertisement and promotion fee	2,144,452.78	2,171,392.31
Rental	629,569.36	232,462.72

Depreciation and amortization	2,269,054.34	780,990.05
Office costs	895,531.77	650,584.73
Material consumption	1,352,405.66	1,260,859.63
Others	4,363,492.49	5,249,160.37
Total	55,140,153.13	51,009,165.29

49. R&D cost

In RMB

Item	Amount occurred in the current period	Occurred in previous period
Labor costs	100,670,006.36	103,430,062.05
Material costs	50,544,384.90	55,562,482.97
Agencies	11,574,101.52	8,698,692.37
Depreciation costs	3,722,562.74	2,081,830.87
Amortization of intangible assets	1,008,134.37	1,024,410.27
Travel expense	458,913.41	703,972.61
Rental	391,107.49	501,204.01
Others	2,662,160.94	8,068,146.10
Total	171,031,371.73	180,070,801.25

50. Financial expense

In RMB

Item	Amount occurred in the current period	Occurred in previous period
Interest expense	60,377,020.35	87,186,232.75
Including: interest expense of lease liabilities	1,270,121.44	873,165.18
Less: discount government subsidies	2,616,200.00	-131,680.00
Less: Interest income	19,230,549.61	29,144,115.88
Net interest expenditure	38,530,270.74	58,173,796.87
Exchange net loss	-3,073,376.55	-8,640,174.72
Discount expense	23,766,144.18	18,204,015.63
Commission charges and others	6,074,894.67	5,089,307.07
Total	65,297,933.04	72,826,944.85

51. Other gains

In RMB

Source	Amount occurred in the current period	Occurred in previous period
Government subsidy	14,027,285.85	12,902,308.18
Handling fees for individual income tax withholding	282,947.24	292,496.06
Additional deduction of input tax	5,373,030.49	3,877,999.70
Others		40,604.32
Total	19,683,263.58	17,113,408.26

52. Income from fair value fluctuation

In RMB

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

Investment real estate measured at fair value	-18,397,296.67	-28,482,701.26
Other non-current financial assets	3,098.25	-51,817.51
Total	-18,394,198.42	-28,534,518.77

53. Investment income

In RMB

Item	Amount occurred in the current period	Occurred in previous period
Gains from long-term equity investment measured by equity	-70,043.43	-212,024.74
Investment income of trading financial assets during the holding period		-50,000.00
Investment income from disposal of trading financial assets	-1,666,256.28	611,295.00
Debt restructuring gains	-118,701.78	
Financial assets derecognized as a result of amortized cost	-2,538,217.26	-4,656,380.30
Income from derecognition of other financial assets measured at fair value	-154,143.85	-255,024.54
Total	-4,547,362.60	-4,562,134.58

54. Credit impairment loss

In RMB

Item	Amount occurred in the current period	Occurred in previous period
Bad debt loss of notes receivable	-237,783.09	1,874,688.90
Bad debt loss of account receivable	-109,795,711.27	-40,828,905.43
Bad debt loss of other receivables	-653,357.89	3,902,552.21
Total	-110,686,852.25	-35,051,664.32

55. Assets impairment loss

In RMB

Item	Amount occurred in the current period	Occurred in previous period
Fixed assets impairment loss	-2,500,000.00	
Asset impairment loss	-3,844,005.85	
Contract asset impairment loss	-28,916,573.64	6,020,287.93
Total	-35,260,579.49	6,020,287.93

56. Assets disposal gains

In RMB

Source	Amount occurred in the current period	Occurred in previous period
Disposition not classified as possession of fixed assets to be sold,	-571,500.30	58,292.27

construction in progress, productive biological assets and intangible assets		
Including: Fixed assets	-571,500.30	58,292.27
Disposal of use right assets	71,307.49	323,279.85
Total	-500,192.81	381,572.12

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	169,756.38	159,340.58	169,756.38
Compensation received	110,450.67	1,906,958.87	110,450.67
Payable account not able to be paid	1,105,933.49		1,105,933.49
Others	291,705.96	572,991.76	291,705.96
Gains from damage and write-off of non-current assets	34,565.79		34,565.79
Total	1,712,412.29	2,639,291.21	1,712,412.29

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	50,000.00	356,897.00	50,000.00
Loss from retirement of damaged non-current assets	636,096.88	143,132.97	636,096.88
Penalty and overdue fine	724,692.03	653,180.55	724,692.03
Others	815,503.59	223,265.91	815,503.59
Total	2,226,292.50	1,376,476.43	2,226,292.50

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	31,496,973.61	53,600,826.25
Deferred income tax expenses	-18,304,449.34	-12,783,330.37
Total	13,192,524.27	40,817,495.88

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

In RMB

Item	Amount occurred in the current period
Total profit	159,360,814.59
Income tax expenses calculated based on the legal (or applicable) tax rates	39,840,203.65
Impacts of different tax rates applicable for some subsidiaries	-8,294,886.53

Impacts of income tax before adjustment	3,211,604.88
Impact of non-taxable income	-76,932.15
Impacts of non-deductible cost, expense and loss	4,712,097.88
Impacts of using deductible loss of unrecognized deferred income tax assets	-1,309,161.43
Deductible temporary difference and deductible loss of unrecognized deferred income tax assets	21,524.27
Additional deduction of R&D expense	-25,192,633.13
Profit and loss of associates and joint ventures calculated using the equity method	17,510.86
Effect of tax rate change on deferred income tax	-910,541.83
Impact of deductible losses of deferred income tax assets recognized in the previous period exceeding the recoverable period	1,173,737.80
Income tax expenses	13,192,524.27

60. Other miscellaneous income

Refer to Note 42 of this section, Other Comprehensive Income.

61. Notes to the cash flow statement

(1) Cash inflow related to operation

Other cash received from business operations

In RMB

Item	Amount occurred in the current period	Occurred in previous period
Interest income	13,149,043.03	15,162,422.54
Subsidy income	14,815,630.09	9,796,358.90
Retrieving of bidding deposits	32,822,259.64	40,653,182.62
Other operating accounts	26,028,503.64	40,774,700.30
Net receipt of deposits such as bills of exchange	28,208,714.36	
Total	115,024,150.76	106,386,664.36

Other cash paid for business operations

In RMB

Item	Amount occurred in the current period	Occurred in previous period
Pocket expenses	127,740,024.89	140,382,530.54
Bidding deposit paid	35,416,621.23	30,514,126.58
Other trades	17,528,864.15	38,434,058.15
Net draft deposit net paid		58,931,587.09
Total	180,685,510.27	268,262,302.36

(2) Cash related to investment activities

Other cash paid for investment

In RMB

Item	Amount occurred in the current period	Occurred in previous period
Investment commission		50,000.00
Settlement investment losses	1,787,676.30	

Total	1,787,676.30	50,000.00

Significant cash payments related to investment activities

In RMB

Item	Amount occurred in the current period	Occurred in previous period
Acquisition of minority shareholders' equity in Fangda Zhiyuan	26,616,725.71	
Total	26,616,725.71	

(3) Cash related to financing

Other cash received from financing activities

In RMB

Item	Amount occurred in the current period	Occurred in previous period
Recovery of loan deposits	133,000,000.00	
Recovery of time deposits	330,600,944.44	
Total	463,600,944.44	

Other cash paid related to financing activities

In RMB

Item	Amount occurred in the current period	Occurred in previous period
Financing fee	3,078,784.45	1,910,251.87
Principal and interest of lease liabilities	16,984,180.17	16,510,621.53
Payment of loan deposits		142,460,000.00
Payment for repurchase of equity interest in Fangda Zhiyuan	98,116,151.32	113,473,388.12
Payment to minority shareholders due to subsidiary liquidation	1,221,195.25	
Total	119,400,311.19	274,354,261.52

Changes in liabilities arising from financing activities

☑ Applicable □ Inapplicable

In RMB

Item	Opening balance	Increase		Decrease		Closing balance
		Change in cash	Non-cash change	Change in cash	Non-cash change	
Short-term loans	2,208,055,039.21	2,904,675,536.37	1,850,888.00	3,450,885,041.10		1,663,696,422.48
Dividend payable			92,872,670.18	92,872,670.18		
Non-current liabilities due in 1 year	64,135,136.46	0.00	131,949,671.67	67,615,290.39		128,469,517.74
Long-term loans	660,000,000.00	599,000,000.00	0.00	0.00	122,000,000.00	1,137,000,000.00
Lease liabilities	6,675,870.04	0.00	12,178,149.14	0.00	8,201,411.70	10,652,607.48
Long-term payable	48,400,000.00	0.00	0.00	48,400,000.00	0.00	
Total	2,987,266,045.71	3,503,675,536.37	238,851,378.99	3,659,773,001.67	130,201,411.70	2,939,818,547.70

(4) Explanation of cash flows presented on a net basis

Item	Relevant factual information	Basis for adopting net presentation	Financial impact
Net margin paid on bills of exchange, etc.	Corresponding deposits for bills of exchange are presented on a net basis according to changes in their balances	Quick turnaround and short maturity	None
Net deposits received such as bills of exchange			

(5) Significant activities and financial effects that do not involve current cash receipts and disbursements but affect the enterprise's financial position or may affect the enterprise's cash flows in the future

No

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	146,168,290.32	276,958,898.33
Plus: Asset impairment provision	145,947,431.74	29,031,376.39
Fixed asset depreciation, gas and petrol depreciation, production goods depreciation	32,873,765.23	29,636,300.00
Depreciation of right to use assets	15,038,434.25	14,476,910.31
Amortization of intangible assets	7,362,948.39	5,534,923.47
Amortization of long-term amortizable expenses	3,854,633.92	4,175,586.27
Loss from disposal of fixed assets, intangible assets, and other long-term assets ("-" for gains)	500,192.81	-381,572.12
Loss from fixed asset discard ("-" for gains)	601,531.09	143,132.97
Loss from fair value fluctuation ("-" for gains)	18,394,198.42	28,534,518.77
Financial expenses ("-" for gains)	62,507,793.94	95,144,503.65
Investment losses ("-" for gains)	1,855,001.49	-349,270.27
Decrease of deferred income tax asset ("-" for increase)	-34,722,077.39	40,194,671.27
Increase of deferred income tax asset ("-" for increase)	-6,409,546.15	-52,978,001.64
Decrease of inventory ("-" for increase)	42,960,388.63	-45,092,089.19
Decrease of operational receivable items ("-" for increase)	-288,233,573.56	-372,906,407.75
Increase of operational receivable items ("-" for decrease)	93,985,965.94	306,550,308.71
Others	28,208,714.36	-58,931,587.09
Cash flow generated by business operations, net	270,894,093.43	299,742,202.08
2. Major investment and financing activities with no cash involved		
Debt transferred to assets		
Convertible corporate bonds due within one year		
Addition of right-of-use assets	13,743,381.24	17,901,587.49

3. Net change in cash and cash equivalents:		
Balance of cash at period end	1,031,725,216.34	779,661,118.42
Less: Initial balance of cash	779,661,118.42	783,677,929.06
Add: Ending balance of cash equivalents		
Less: Ending balance of cash equivalents		
Net increase in cash and cash equivalents	252,064,097.92	-4,016,810.64

(2) Composition of cash and cash equivalents

In RMB

Item	Closing balance	Opening balance
I. Cash	1,031,725,216.34	779,661,118.42
Including: Cash in stock	148.01	752.40
Bank savings can be used at any time	1,024,641,201.90	765,436,788.41
Other monetary capital can be used at any time	7,083,866.43	14,223,577.61
III. Balance of cash and cash equivalents at end of term	1,031,725,216.34	779,661,118.42

(3) Monetary funds other than cash and cash equivalents

In RMB

Item	Amount of the Current Term	Amount of the Previous Term	Reasons for not being cash and cash equivalents
Various deposits	460,052,125.50	645,489,997.82	Use restricted
Total	460,052,125.50	645,489,997.82	

(4) Supplier financing arrangements

① Terms and conditions of supplier financing arrangements

Supplier Financing Arrangement 1: The Company processes reverse factoring business through the "e-Credit" supply chain financial service platform, provided in cooperation with Jianxin Rongtong Co., Ltd. and China Construction Bank Corporation Shenzhen Branch (hereinafter referred to as "CCB"). This service is for suppliers holding electronic debt certificates on the "e-Credit" platform with payments due from the Company. Suppliers transfer the accounts receivable under the Company's electronic debt certificates to CCB and apply for "e-Credit" business services. CCB evaluates and analyzes the application, and if conditions are met, provides "e-Credit" business services to suppliers. The Company's obligation to fulfill payment under the electronic debt certificates is unconditional and irrevocable, unaffected by any commercial disputes among parties involved in the circulation of electronic debt certificates. The company does not claim offset or defense against this payment obligation. The Company will transfer an amount equivalent to the electronic debt certificates on the promised payment date according to the business rules of the "e-Credit" platform.

Supplier financing arrangement 2: The Company processes reverse factoring business through the "e-Account" supply chain financial service platform, provided by the Agricultural Bank of China Shenzhen Overseas Chinese Town Branch (hereinafter referred to as "ABC"). This service is for suppliers holding electronic debt certificates on the "e-Account" platform with payments due from the Company. Suppliers transfer the accounts receivable under the Company's electronic debt certificates to ABC and apply for "e-Account" business services. ABC evaluates and analyzes the application, and if conditions are met, provides "e-Account" business services to suppliers. The Company's obligation to fulfill payment under the electronic debt certificates is unconditional and irrevocable, unaffected by any commercial disputes among parties involved in the circulation of electronic debt certificates. The company does not claim offset or defense against this payment obligation. The company will transfer an amount equivalent to the electronic debt certificates on the promised payment date according to the business rules of the "e-Account" platform.

Supplier financing arrangement 3: The Company has signed a *Payment Agency Cooperation Agreement* with China Merchants Bank Corporation Shenzhen Branch, authorizing the branch to deduct payments from the payment account according to the *Agency Payment Details* provided by the group on the specified date. When suppliers initiate financing applications, China Merchants Bank Corporation Shenzhen Branch uses the Company's credit line to process domestic factoring services for suppliers. Upon maturity of the factoring, the Company is only required to pay the factoring financing amount to China Merchants Bank Corporation Shenzhen Branch without interest.

② Financial Liabilities under Supplier Financing Arrangements Reported on the Balance Sheet and Their Book Value, and Amounts Received by Suppliers from Financing Providers

In RMB

Item	December 31, 2024	January 1, 2024
Account payable	465,016,938.13	390,132,169.21
Including: Amounts received by suppliers	341,199,057.49	-

③ Payment due date range for financial liabilities under supplier financing arrangements

Item	December 31, 2024
Financial liabilities under supplier financing arrangements	90-300 days from receipt of invoice
Comparable accounts payable not under supplier financing	0-180 days from receipt of invoice

arrangements	

63. Foreign currency monetary items

(1) Foreign currency monetary items

In RMB

Item	Closing foreign currency balance	Exchange rate	Closing RMB balance
Monetary capital			121,724,087.68
Including: USD	4,446,005.48	7.1884	31,959,660.43
HK Dollar	56,349,679.26	0.926	52,182,057.00
INR	36,207,844.47	0.084	3,042,732.64
Vietnamese currency	1,666,020,450.00	0.0003	469,924.39
SGD	1,489,480.22	5.3214	7,926,120.04
AUD	5,781,688.88	4.507	26,058,071.79
Philippine Peso	688,013.00	0.1243	85,521.39
Account receivable			26,499,393.16
Including: USD	706,093.63	7.1884	5,075,683.44
HK Dollar	19,588,663.45	0.926	18,139,885.90
AUD	609,202.07	4.507	2,745,673.73
INR	5,621,535.00	0.084	472,377.59
SGD	12,360.00	5.3214	65,772.50
Contract assets			117,500,531.71
Including: USD	11,023,664.91	7.1884	79,242,512.83
INR	41,669,105.47	0.084	3,501,454.93
Euro	2,436,878.88	7.5257	18,339,219.39
SGD	500.00	5.3214	2,660.70
AUD	1,106,608.38	4.507	4,987,483.97
HK Dollar	12,339,855.62	0.926	11,427,199.89
Other receivables			3,528,403.79
Including: USD	159,577.82	7.1884	1,147,109.20
HK Dollar	66,000.00	0.926	61,118.64
AUD	29,943.84	4.507	134,956.89
INR	560,655.41	0.084	47,111.87
SGD	393,664.33	5.3214	2,094,845.38
UAE Dirham	1,000.00	1.9628	1,962.78
Saudi Riyal	15,000.00	1.9284	28,926.26
Philippine Peso	99,538.00	0.1243	12,372.77
Account payable			13,716,720.68
Including: USD	497,906.03	7.1884	3,579,147.71
HK Dollar	4,943,022.21	0.926	4,577,436.29
SGD	19,193.50	5.3214	102,136.29
INR	22,881,875.03	0.084	1,922,763.96
AUD	780,782.71	4.507	3,518,987.67
Philippine Peso	130,720.00	0.1243	16,248.76
Other payables			2,399,887.18
Including: USD	276,371.25	7.1884	1,986,667.09
HK Dollar	1,175.27	0.926	1,088.35
AUD	74,906.47	4.507	337,603.46

Saudi Riyal	16,675.20	1.9284	32,156.74
SGD	6,098.47	5.3214	32,452.40
Philippine Peso	79,800.00	0.1243	9,919.14

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

□ Applicable ☑ Inapplicable

64. Leasing

(1) The Company is the leasee

☑ Applicable □ Inapplicable

Variable lease payments not included in the measurement of the lease liability

□ Applicable ☑ Inapplicable

Lease costs for short-term leases or low-value assets with simplified treatment

☑ Applicable □ Inapplicable

Current gains and losses and cash flows related to leases

Item	2024
Short term lease expenses with simplified treatment included in current profit and loss	37,912,641.43
Lease expenses of low value assets with simplified treatment included in current profit and loss (except short-term lease)	267,467.65
Interest expense on lease liabilities	1,270,121.44
Total cash outflow related to leasing	51,854,374.29

Involvement in sale-and-leaseback transactions: None.

(2) The Company as lessor

Operating leases as lessor

☑ Applicable □ Inapplicable

In RMB

Item	Rental income	Including: Income related to variable lease payments not included in lease receipts
Rental income	137,236,551.51	350,971.03
Total	137,236,551.51	350,971.03

Financing leases as lessor

□ Applicable ☑ Inapplicable

Undiscounted lease receipts for each of the next five years

☑ Applicable □ Inapplicable

In RMB

Item	Annual undiscounted lease receipts	
	Closing amount	Opening amount
First year	134,938,024.44	132,605,879.94
Second year	106,208,000.52	115,552,250.91
Third year	72,916,499.50	94,134,268.43
Fourth year	53,731,466.05	59,112,763.63
Fifth year	32,774,253.57	39,342,690.51
Total undiscounted lease receipts after five years	89,046,751.97	90,429,704.69

VIII. R&D expenses

In RMB

Item	Amount occurred in the current period	Occurred in previous period
Labor costs	100,670,006.36	103,430,062.05
Material costs	50,544,384.90	55,562,482.97
Agencies	11,574,101.52	8,698,692.37
Depreciation costs	3,722,562.74	2,081,830.87
Amortization of intangible assets	1,008,134.37	1,024,410.27
Travel expense	458,913.41	703,972.61
Rental	391,107.49	501,204.01
Others	2,662,160.94	8,068,146.10
Total	171,031,371.73	180,070,801.25
Including: Expensed R&D expenditure	171,031,371.73	180,070,801.25

IX. Change to Consolidation Scope

1. 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:

During the current period, the scope of consolidation changed with the establishment of 5 new subsidiaries: Facade Singapore, Facade Philippines, General Rail Technology Philippines, Fangda Gulf DMCC, and Global MEGA International Holdings. Additionally, through a non-business combination, one new subsidiary was added: Fangda Construction Technology. Simultaneously, three subsidiaries were deregistered during this period: Fangda Xunfu Investment, Fangda Lifu Investment, and Fangda Investment.

X. Equity in Other Entities

1. Interests in subsidiaries

(1) Group Composition

In RMB

Company	Registered capital	Place of business	Registered address	Business	Shareholding percentage		Obtaining method
					Direct	Indirect	
Shihui International Holding Co., Ltd.	21,248,100.00	Virgin Islands	Virgin Islands	Investment	100.00%		Incorporation
Shenzhen Hongjun Investment Co., Ltd.	100,000,000.00	Shenzhen	Shenzhen	Investment	98.00%	2.00%	Incorporation
Shenzhen Fangda Investment Partnership (Limited Partnership)	237,700,000.00	Shenzhen	Shenzhen	Project investment and investment consultancy	99.00%	0.52%	Incorporation
Jiangxi Fangda Intelligent Manufacturing Technology Co., Ltd.	100,000,000.00	Ganzhou	Ganzhou	Production and sales of new-type materials composite materials and production of curtain walls	99.00%	1.00%	Incorporation
Shenzhen Fangda Jianke Group Co., Ltd.	600,000,000.00	Shenzhen	Shenzhen	Designing, manufacturing, and installation of curtain walls	98.66%	1.34%	Incorporation
Dongguan Fangda New Material Co., Ltd.	272,800,000.00	Dongguan	Dongguan	Installation and sales of building curtain walls		100.00%	Incorporation
Chengdu Fangda Construction Technology Co., Ltd.	50,000,000.00	Chengdu	Chengdu	Trusted processing of building curtain wall materials		100.00%	Incorporation
Fangda Australia Co., Ltd.	14,545,200.00	Australia	Australia	Designing, manufacturing, and installation of curtain walls		100.00%	Incorporation
Fangda Southeast Asia Co.,	3,000,000.00	Vietnam	Vietnam	Designing, manufacturing, and		100.00%	Incorporation

Ltd.				installation of curtain walls			
Shanghai Fangda Zhijian Technology Co., Ltd	100,000,000.00	Shanghai	Shanghai	Intelligent technology, new energy, automated technology	30.00%	70.00%	Incorporation
Fangda Jianke Hong Kong Co., Ltd.	36,594.00	Hong Kong	Hong Kong	Design, sale and installation of building curtain wall		100.00%	Incorporation
Shanghai Fangda Jianzhi Technology Co., Ltd.	50,000,000.00	Shanghai	Shanghai	Construction technology, intelligent technology, automation technology, design, production and installation of building curtain walls		100.00%	Incorporation
Chengdu Fangda Curtain Wall Technology Co., Ltd.	50,000,000.00	Chengdu	Chengdu	Building decoration and other construction industry		100.00%	Incorporation
Shenzhen Fangda Jianchuang Technology Co., Ltd.	50,000,000.00	Shenzhen	Shenzhen	Production and sales of building curtain walls		100.00%	Incorporation
Shenzhen Fangda New Energy Co., Ltd.	100,000,000.00	Shenzhen	Shenzhen	Design and construction of PV power plants	99.00%	1.00%	Incorporation
Pingxiang Fangda Luxin New Energy Co., Ltd.	10,000,000.00	Pingxiang	Pingxiang	Design and construction of PV power plants		100.00%	Incorporation
Nanchang Xinjian Fangda New Energy Co., Ltd.	10,000,000.00	Nanchang	Nanchang	Design and construction of PV power plants		100.00%	Incorporation
Dongguan Fangda New Energy Co., Ltd.	10,000,000.00	Dongguan	Dongguan	Design and construction of PV power plants		100.00%	Incorporation
Shenzhen Xunfu Investment Co., Ltd	100,000.00	Shenzhen	Shenzhen	Project investment and investment		100.00%	Incorporation

				consultancy			
Shenzhen Lifu Investment Co., Ltd	1,000,000.00	Shenzhen	Shenzhen	Project investment and investment consultancy		52.00%	Incorporation
Fangda Zhichuang Technology Co., Ltd.	105,000,000.00	Shenzhen	Shenzhen	Production, processing and installation of subway screen doors	51.00%	49.00%	Incorporation
Shenzhen Qianhai Kechuangyuan Software Co., Ltd.	5,000,000.00	Shenzhen	Shenzhen	Software development		100.00%	Incorporation
Fangda Zhiyuan Technology (Hong Kong) Co., Ltd.	8,435.80	Hong Kong	Hong Kong	Metro screen door		100.00%	Incorporation
Fangda Zhiyuan Technology (Wuhan) Co., Ltd.	10,000,000.00	Wuhan	Wuhan	Production, processing and installation of subway screen doors		100.00%	Incorporation
Fangda Zhiyuan Railway Transportation Equipment (Dongguan) Co.	1,000,000.00	Dongguan	Dongguan	Production, processing and installation of subway screen doors		100.00%	Incorporation
Fangda Zhiyuan Technology (Nanchang) Co., Ltd.	1,000,000.00	Nanchang	Nanchang	Production, processing and installation of subway screen doors		100.00%	Incorporation
General Railway Technology Ltd.	47,880.30	Singapore	Singapore	Production, processing and installation of subway screen doors		100.00%	Incorporation
Shenzhen Fangda Property Development Co., Ltd.	200,000,000.00	Shenzhen	Shenzhen	Real estate development and operation	99.00%	1.00%	Incorporation
Shenzhen Fangda Property Management Co., Ltd.	10,000,000.00	Shenzhen	Shenzhen	Property management		100.00%	Incorporation

Fangda (Jiangxi) Property Development Co., Ltd.	100,000,000.00	Nanchang	Nanchang	Real estate development and operation		100.00%	Incorporation
Shenzhen Fangda Yunzhi Technology Co., Ltd.	50,000,000.00	Shenzhen	Shenzhen	Technology development and sales; Invest in industry; Operation management of science and technology park		100.00%	Incorporation
Shenzhen Zhongrong Litai Investment Co., Ltd.	121,000,000.00	Shenzhen	Shenzhen	Business service		55.00%	Purchase
Fangda New Materials (Jiangxi) Co., Ltd.	99,328,800.00	Nanchang	Nanchang	Production and sales of new-type materials composite materials and production of curtain walls	75.00%	25.00%	Incorporation
Shenzhen Fangda Yunzhu Technology Co., Ltd.	10,000,000.00	Shenzhen	Shenzhen	Inspection, technical service and consultation of building safety and building energy saving system		100.00%	Consolidation of entities under common control
Shenzhen Yunzhu Testing Technology Co., Ltd.	5,000,000.00	Shenzhen	Shenzhen	Inspection, technical service and consultation of building safety and building energy saving system		100.00%	Consolidation of entities under common control
Shenzhen Fangda Construction Technology Co., Ltd.	50,000,000.00	Shenzhen	Shenzhen	Installation and sales of building curtain walls		100.00%	Non-business combination
Fangda Facade Singapore	1,596,420.00	Singapore	Singapore	Installation and sales of building		100.00%	Incorporation

Pte. Ltd.				curtain walls			
Fangda Facade Philippines Inc.	1,437,680.00	Philippines	Philippines	Installation and sales of building curtain walls		99.00%	Incorporation
General Rail Technology Philippines Inc.	1,437,680.00	Philippines	Philippines	Metro screen door sales and installation		100.00%	Incorporation
Fangda Gulf DMCC	785,113.60	Dubai	Dubai	Installation and sales of building curtain walls		100.00%	Incorporation
GLOBAL MEGA INTERNATIONAL HOLDINGS LIMITED	4,313,040.00	Saudi Arabia	Saudi Arabia	Designing, manufacturing, and installation of curtain walls		100.00%	Incorporation

Other notes: Fangda Investment, Fangda Lifu Investment, and Fangda Xunfu Investment have been deregistered during this period.

(2) Major non wholly-owned subsidiaries

In RMB

Company	Shareholding of minority shareholders	Profit and loss attributed to minority shareholders	Dividend to be distributed to minority shareholders	Interest balance of minority shareholders in the end of the period
Zhongrong Litai	45.00%	8,583.38		48,308,010.96
Fangda Zhiyuan Technology		1,346,867.37	6,962,732.02	

Other notes: During this period, the Company's subsidiary, Fangda Construction Technology, acquired all minority shareholder equity of Fangda Zhiyuan Technology, making Fangda Zhiyuan Technology a wholly-owned subsidiary of the Company.

(3) Financial highlights of major non wholly owned subsidiaries

In RMB

Company	Closing balance						Opening balance					
	Current assets	Non-current assets	Total of assets	Current liabilities	Non-current liabilities	Total liabilities	Current assets	Non-current assets	Total of assets	Current liabilities	Non-current liabilities	Total liabilities
Zhongrong Litai	209,711,213.30	31,600.00	209,742,813.30	102,391,677.87		102,391,677.87	209,637,980.81	285,106.81	209,923,087.62	102,400,696.16	190,330.21	102,591,026.37
Fangda Zhiyuan Technology	886,569,276.32	145,741,515.31	1,032,310,791.63	618,892,852.75	19,014,892.92	637,907,745.67	772,725,686.09	147,607,926.78	920,333,612.87	484,982,075.34	13,696,876.21	498,678,951.55

In RMB

Company	Amount occurred in the current period				Occurred in previous period			
	Turnover	Net profit	Total of misc. incomes	Business operation cash flows	Turnover	Net profit	Total of misc. incomes	Business operation cash flows
Zhongrong Litai	110,091.72	19,074.18	19,074.18	-27,370.15	110,091.72	-122,439.25	-122,439.25	90,964.60
Fangda Zhiyuan Technology	612,820,581.01	82,433,670.84	94,596,194.92	161,768,148.66	558,421,443.33	71,424,880.42	71,598,313.27	-5,772,922.82

Other notes: During this period, the Company's subsidiary, Fangda Construction Technology, acquired all minority shareholder equity of Fangda Zhiyuan Technology, making Fangda Zhiyuan Technology a wholly-owned subsidiary of the Company.

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

During this period, the Company's subsidiary, Fangda Construction Technology, acquired all minority shareholder equity of Fangda Zhiyuan Technology, making Fangda Zhiyuan Technology a wholly-owned subsidiary of the Company.

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

In RMB

	Fangda Zhiyuan Technology
Purchase cost/disposal consideration - cash	26,616,725.71
Less: share of net assets of subsidiaries calculated according to the proportion of equity acquired / disposed	19,515,085.64
Difference	7,101,640.07
Including: adjustment of capital reserve	7,101,640.07

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
Joint venture:		
Total shareholding		
Associate:		
Total book value of investment	56,690,973.97	54,757,017.40
Total shareholding		
Net profit	-70,043.43	-212,024.74
--Total of misc. incomes	-70,043.43	-212,024.74

XI. Government Subsidies

1. Governmental subsidy recognized as receivable at the end of the report period

☑ Applicable □ Inapplicable

Ending balance of receivables: RMB642,493.02.
Reasons for not receiving the estimated amount of government grants at the expected point in time

□ Applicable ☑ Inapplicable

2. Liabilities involving government subsidies

☑ Applicable □ Inapplicable

In RMB

Accounting item	Opening balance	Amount of new subsidy	Amount included in non-operating revenue	Other misc. gains recorded in this period	Other change in the current period	Closing balance	Assets/earning-related
Deferred earning	8,978,678.72	2,321,892.00		630,958.59		10,669,612.13	Assets-related
Total	8,978,678.72	2,321,892.00		630,958.59		10,669,612.13	Assets-related

3. Government subsidies accounted into current profit or loss.

☑ Applicable □ Inapplicable

In RMB

Accounting item	Amount occurred in the current period	Occurred in previous period
Other gains	14,027,285.85	12,902,308.18
Financial expenses	2,616,200.00	-131,680.00
Total	16,643,485.85	12,770,628.18

XII. Risks of Financial Tools

1. Types of risks arising from financial instruments

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.

A. 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 fulfill 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 20.50% of the total accounts receivable (beginning of the period: 23.89%); among other receivables, other receivables from top 5 customers account for 71.82% of the total other receivables (beginning of the period: 72.01%).

B. Liquidity risk

Liquidity risk is the risk of capital shortage when the Group needs to pay cash or settled with other financial assets. The Company is responsible for the cash management of its subsidiaries, including short-term investments in cash surpluses and loans to meet projected cash requirements. The Company's policy is to regularly monitor short and long-term liquidity requirements and compliance with borrowing agreements to ensure adequate cash reserves and readily available securities. The Company will also consider negotiating with suppliers to adopt supplier financing arrangements to extend the payment period, in order to alleviate the Company's cash flow pressure.

As of December 31, 2024, the maturity of the Company's financial liabilities is as follows:

In RMB10,000

Item	December 31, 2024			
	Less than 1 year	Within 1-3 years	Over 3 years	Total
Short-term loans	166,369.64			166,369.64
Derivative financial liabilities	152.06			152.06
Notes payable	68,118.81			68,118.81
Account payable	213,195.52	297.46	1,166.51	214,659.49
Other payables	8,013.60	1,109.24	2,968.96	12,091.80
Non-current liabilities due in 1 year	12,846.95			12,846.95
Other current liabilities	5,083.56			5,083.56
Long-term loans		96,700.00	17,000.00	113,700.00

Lease liabilities		923.06	142.20	1,065.26
Total	473,780.14	99,029.76	21,277.67	594,087.57

(Continued)

In RMB10,000

Item	December 31, 2023			
	Less than 1 year	Within 1-3 years	Over 3 years	Total
Short-term loans	220,805.50			220,805.50
Notes payable	86,888.69			86,888.69
Account payable	195,524.32	1,415.80	289.26	197,229.38
Other payables	5,168.51	1,010.36	5,579.31	11,758.18
Non-current liabilities due in 1 year	6,413.51			6,413.51
Other current liabilities	5,352.47			5,352.47
Long-term loans		30,000.00	36,000.00	66,000.00
Lease liabilities		578.60	88.99	667.59
Long-term payable		4,840.00		4,840.00
Total	520,153.00	37,844.76	41,957.56	599,955.32

C. Market risk

(1) Credit risks

The exchange rate risk of the Company mainly comes from the assets and liabilities of the Company and its subsidiaries in foreign currency not denominated in its functional currency. Except for the use of Hong Kong dollars, United States dollars, Australian dollars, Vietnamese dong, euro, Indian rupees or Singapore currencies by its subsidiaries established in and outside the Hong Kong Special Administrative Region, other major businesses of the Company shall be denominated in Renminbi.

As of December 31, 2024, the Company's year-end foreign currency financial assets and foreign currency financial liabilities are presented in Note 63 of this section under foreign currency monetary items.

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

(2) Exchange rate risk

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

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

As of December 31, 2024, when other risk variables remain unchanged, if the borrowing interest rate calculated by floating interest rate increases or decreases by 50 basis points, the net profit of the Company in that year will decrease or increase by RMB4.8 million (December 31, 2023: RMB3.6 million).

2. Hedging

(1) The Company conducts hedging business for risk management.

☑ Applicable □ Inapplicable

Item	Corresponding risk management strategies and objectives	Qualitative and quantitative information about the hedged risk	Economic relationships between hedged items and related hedging instruments	Effective achievement of expected risk management objectives	The impact of the corresponding hedging activities on the risk exposure
Aluminum futures hedging	Utilizing the hedging function of futures tools, the Company carries out aluminum futures hedging business to reasonably avoid the risks brought about by fluctuations in the prices of relevant raw materials to its operations, to	The Company uses aluminum futures to hedge aluminum-related raw materials in its prospective procurement business. The Company adopts the strategy of dynamic hedging of commodity price risk exposure by adjusting its	The underlying variables are standard aluminum prices, and the values of hedged items and hedging instruments change in opposite directions due to facing the same hedged risks, and there is a relationship of mutual hedging of	The Company has formulated relevant internal management systems for its aluminum futures hedging and forward foreign exchange trading business, and continuously evaluates the effectiveness of hedging to ensure	Buy or sell corresponding aluminum futures contracts to hedge the risk exposure existing in the spot business side.

	enhance the Company's overall ability to withstand risks and to strengthen the robustness of its operating activities.	futures contract position according to a certain percentage of its prospective procurement exposure, and the exposure* hedging ratio is basically the same as the quantity of the commodity represented by the futures position.	risks.	that the hedging relationship is effective in the designated accounting period, and that the risks of fluctuations in raw material purchasing prices and exchange rate fluctuations of foreign-currency receivables are controlled within a reasonable range, so as to enhance the Company's risk-resistance ability and increase the robustness of its operating activities.	
Forward foreign exchange contract value preservation	Utilizing the hedging and protection function of forward foreign exchange contracts, the Company carries out the business of hedging foreign currency receivables in order to reasonably avoid the risks brought by exchange rate fluctuations to its operations, enhance the Company's overall ability to withstand risks, and strengthen the soundness of its operating activities.	The Company uses forward foreign exchange contracts to hedge expected receivables. The Company employs a strategy of dynamic hedging of exchange rate exposures, whereby foreign exchange contract positions are adjusted according to a certain percentage of the expected foreign currency receivable exposure, and the ratio of the exposure* hedge is essentially the same as the receivable represented by the contract position.	The underlying variables are all foreign currency exchange rates. The exchange rates of the hedged item and the hedging instrument change in opposite directions due to exposure to the same hedged risk, and there is a relationship of risk hedging.		Buy or sell corresponding forward foreign exchange contracts to hedge the risk exposure of foreign currency receivables.

(2) The Company conducts eligible hedging operations and applies hedge accounting.

In RMB

Item	Carrying value associated with hedged items and hedging instruments	Cumulative fair value hedge adjustments to hedged items included in the carrying value of the hedged item recognized	Hedge effectiveness and sources of hedge ineffectiveness	Impact of hedge accounting related to the Company's financial statements
Types of hedge risk				
Price risk	1,520,625.00	Inapplicable	Relevance of hedged items to hedging instruments	Derivative financial liabilities: RMB1,520,625.00; other

				comprehensive income: RMB1,292,531.25; deferred tax assets: RMB228,093.75.
Exchange rate risk		Inapplicable	Relevance of hedged items to hedging instruments	Investment income: RMB-1,675,192.30
Type				
Cash flow hedging	1,520,625.00	Inapplicable	Relevance of hedged items to hedging instruments	Derivative financial liabilities: RMB1,520,625.00; other comprehensive income: RMB1,292,531.25; deferred tax assets: RMB228,093.75; investment income: RMB-1,675,192.30.

(3) The Company conducts hedging business for risk management and expects to achieve its risk management objectives but does not apply hedge accounting.

□ Applicable ☑ Inapplicable

3. Financial Assets

(1) Classification of transfer methods

☑ Applicable □ Inapplicable

In RMB

Way of transfer	Nature of financial assets transferred	Amount of financial assets transferred	Derecognition	Basis for judging derecognition
Endorsement or discount	Outstanding promissory notes in notes receivable	34,500,685.65	Not derecognized	Promissory notes used for discounting or endorsement are accepted by banks or enterprises with low credit ratings, discounting or endorsement does not affect recourse, and the credit risk and deferred payment risk associated with the notes remain not transferred
Endorsement or discount	Outstanding bankers' acceptances in receivables financing	65,199,427.07	Derecognition	Bankers' acceptances used for discounting or endorsement are accepted by banks with high credit ratings and the credit risk and deferred payment risk associated with the instruments are low
Factoring	Outstanding receivables in receivables financing	87,143,569.89	Derecognition	Non-recourse factoring
Total		186,843,682.61		

(2) Financial assets derecognized due to transfers

☑ Applicable □ Inapplicable

In RMB

Item	Transfer method of financial assets	Amount of financial assets derecognized	Gain or loss related to the de-recognition

Outstanding bankers' acceptances in receivables financing	Endorsement or discount	65,199,427.07	-154,143.85
Account receivable	Factoring	87,143,569.89	-2,538,217.26
Total		152,342,996.96	-2,692,361.11

(3) Transfer of financial assets with continuing involvement in assets

□ Applicable ☑ Inapplicable

XIII. Fair Value

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

In RMB

Item	Closing fair value			
	First level fair value	Second level fair value	Third level fair value	Total
1. Continuous fair value measurement	--	--	--	--
(1) Investment real estate			5,835,036,098.20	5,835,036,098.20
1. Leased building			5,835,036,098.20	5,835,036,098.20
(2) Receivable financing		4,568,000.10		4,568,000.10
(iii) Other non-current financial assets			6,519,740.17	6,519,740.17
Total assets measured at fair value continuously		4,568,000.10	5,841,555,838.37	5,846,123,838.47
(iv) Financial liabilities held for trading		1,520,625.00		1,520,625.00
1. Derivative financial liabilities		1,520,625.00		1,520,625.00
Total assets measured at fair value continuously		1,520,625.00		1,520,625.00
2. Discontinuous fair value measurement	--	--	--	--

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

For the financial instruments traded in the active market, the Company determines their fair value based on their quoted prices in the active market; for the financial instruments not traded in the active market, the Company adopts valuation technology to determine their 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.

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

For derivative financial assets and derivative financial liabilities with fair value of forward exchange contracts, the fair value is determined based on the market value of expected earnings at the balance sheet date.

Receivables financed at fair value through other comprehensive income are notes receivable, for which the fair value is determined based on the book value due to the short remaining maturity.

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

Investment properties measured at fair value are appraised using the comparative and income approaches. Comparison method: It selects a certain number of comparable examples, compares them with the valuation object and processes the comparable instance transaction prices according to the difference to obtain the value or price of the valuation object. The income approach is a method of predicting the future earnings of the object of valuation, and using the rate of compensation or capitalization rate, income multiplier to convert the future earnings into value to get the value or price of the object of valuation.

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

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

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

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

XIV. 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	HKD1,000,000	10.25%	10.25%

Particulars about the parent of the Company

① All of the investors of Shenzhen Banglin Technology Development Co., Ltd., the holding shareholder of the Company, are natural persons. Among them, Chairman Xiong Jianming is holding 85％ shares, and Mr. Xiong Xi is holding 15% of the shares.

② Among the top 10 shareholders, Shenzhen Banglin Technology Development Co., Ltd. and Shengjiu Investment Co., Ltd. are acting in concert.

The final controller of the Company is Xiong Jianming.

2. Subsidiaries of the Company

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

3. Joint ventures and associates

The enterprise has no significant joint ventures or associates this year.

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

Joint venture or associate	Relationship with the Company
Ganshang Joint Investment	Affiliates of the Company

4. Other associates

Other related parties	Relationship with the Company
Jiangxi Business Innovative Property Joint Stock Co., Ltd.	Affiliates of the Company
Shenyang Fangda	Subsidiary in liquidation
Shenzhen Yikang Real Estate Co. Ltd.	Controlled subsidiaries
Shenzhen Qijian Technology Co., Ltd. (Qijian Technology)	Common actual controller
Director, manager and secretary of the Board	Key management

5. Related transactions

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

Sales of goods and services

In RMB

Affiliated party	Related transaction	Amount occurred in the	Occurred in previous period

		current period	
Qijian Technology	Property service and sales of goods	17,392.00	181,132.08

(2) Related leasing

The Company is the leasor:

In RMB

Name of the leasee	Category of asset for lease	Rental recognized in the period	Rental recognized in the period
Qijian Technology	Houses & buildings	86,857.15	868,571.40

(3) Related guarantees

The Company is the guarantor:

In RMB10,000

Beneficiary party	Amount guaranteed	Start date	Due date	Completed or not
Fangda Jianke	24,000.00	May 5, 2023	Three years after the expiration date of debt performance	Yes
Fangda Jianke	15,000.00	May 25, 2022	Three years after the expiration date of debt performance	Yes
Fangda Jianke	4,000.00	May 15, 2023	Three years after the expiration date of debt performance	Yes
Fangda Jianke	30,000.00	September 25, 2023	Three years after the expiration date of debt performance	Yes
Fangda Jianke	48,000.00	December 15, 2023	Three years after the expiration date of debt performance	Yes
Fangda Jianke	20,000.00	October 9, 2023	Three years after the expiration date of debt performance	Yes
Fangda Jianke	50,000.00	September 28, 2023	Three years after the expiration date of debt performance	Yes
Fangda Jianke	60,000.00	January 21, 2023	Three years after the expiration date of debt performance	Yes
Fangda Jianke	20,000.00	March 31, 2023	Three years after the expiration date of debt performance	Yes
Fangda Jianke	20,000.00	November 2, 2023	Three years after the expiration date of debt performance	Yes
Fangda Zhiyuan	10,000.00	May 25, 2022	Three years after the expiration date of debt performance	Yes
Fangda Zhiyuan	20,000.00	October 7, 2023	Three years after the expiration date of debt performance	Yes
Fangda Zhiyuan	18,000.00	December 15, 2023	Three years after the expiration date of debt performance	Yes
Fangda Zhiyuan	15,000.00	September 25, 2023	Three years after the expiration date of debt performance	Yes
Fangda Zhiyuan	36,000.00	June 20, 2023	Three years after the expiration date of debt performance	Yes
Fangda Zhiyuan	15,000.00	May 5, 2023	Three years after the expiration date of debt performance	Yes
Fangda New Material	10,000.00	April 18, 2023	Three years after the expiration date of debt performance	Yes
Fangda Zhijian	7,000.00	May 15, 2023	Three years after the expiration date of debt performance	Yes
Fangda Yunzhu	1,000.00	March 30, 2023	Three years after the expiration date of debt performance	Yes
Fangda Yunzhu	600.00	May 11, 2023	Three years after the expiration	Yes

			date of debt performance	
Fangda Jianke	39,000.00	December 9, 2022	Three years after the expiration date of debt performance	Yes
Total amount of guarantee fulfilled	462,600.00			
Fangda Jianke	93,000.00	December 28, 2023	Three years after the expiration date of debt performance	No
Fangda Jianke	39,000.00	January 24, 2024	Three years after the expiration date of debt performance	No
Fangda Jianke	15,000.00	May 11, 2024	Three years after the expiration date of debt performance	No
Fangda Jianke	48,000.00	December 15, 2024	Three years after the expiration date of debt performance	No
Fangda Jianke	11,400.00	August 16, 2023	Three years after the expiration date of debt performance	No
Fangda Jianke	50,000.00	September 4, 2024	Three years after the expiration date of debt performance	No
Fangda Jianke	30,000.00	November 11, 2024	Three years after the expiration date of debt performance	No
Fangda Jianke	30,000.00	October 20, 2023	Three years after the expiration date of debt performance	No
Fangda Jianke	4,000.00	June 20, 2024	Three years after the expiration date of debt performance	No
Fangda Jianke	20,000.00	November 4, 2024	Three years after the expiration date of debt performance	No
Fangda Jianke	60,000.00	June 27, 2024	Three years after the expiration date of debt performance	No
Fangda Jianke	24,000.00	May 27, 2024	Three years after the expiration date of debt performance	No
Fangda Jianke	30,000.00	December 21, 2023	Three years after the expiration date of debt performance	No
Fangda Jianke	20,000.00	December 27, 2024	Three years after the expiration date of debt performance	No
Fangda Jianke	60,000.00	December 19, 2024	Three years after the expiration date of debt performance	No
Fangda Zhiyuan	10,000.00	September 25, 2023	Three years after the expiration date of debt performance	No
Fangda Zhijian	7,000.00	May 17, 2024	Three years after the expiration date of debt performance	No
Fangda Zhiyuan	10,000.00	December 21, 2023	Three years after the expiration date of debt performance	No
Fangda Zhiyuan	18,000.00	December 15, 2024	Three years after the expiration date of debt performance	No
Fangda Zhiyuan	36,000.00	June 27, 2024	Three years after the expiration date of debt performance	No
Fangda Zhiyuan	15,000.00	May 30, 2024	Three years after the expiration date of debt performance	No
Fangda Zhiyuan	20,000.00	November 11, 2024	Three years after the expiration date of debt performance	No
Fangda Zhiyuan	15,000.00	September 4, 2024	Three years after the expiration date of debt performance	No
Fangda Zhiyuan	10,000.00	May 11, 2024	Three years after the expiration date of debt performance	No
Fangda Zhiyuan	15,550.00	November 21, 2023	Three years after the expiration date of debt performance	No
Fangda Yunzhu	1,000.00	May 7, 2024	Three years after the expiration date of debt performance	No
Fangda Yunzhu	1,000.00	June 28, 2024	Three years after the expiration date of debt performance	No
Fangda Yunzhu	600.00	June 3, 2024	Three years after the expiration date of debt performance	No
Fangda New Material	10,000.00	July 8, 2024	Three years after the expiration date of debt performance	No
Fangda New Material	8,500.00	November 2, 2023	Three years after the expiration date of debt performance	No

Fangda Dongguan New Material	5,000.00	August 26, 2024	Three years after the expiration date of debt performance	No
Fangda Property	135,000.00	February 25, 2020	Three years after the expiration date of debt performance	No
Fangda Intelligent Manufacturing	30,000.00	February 22, 2024	Three years after the expiration date of debt performance	No
Fangda Zhiyuan	31,896.02	February 17, 2024	Date of completion of project contract	No
Fangda Zhiyuan	24,885.16	February 17, 2024	Date of completion of project contract	No
Total amount of guarantee being performed	938,831.18			

Description of related party guarantee: The above-mentioned guarantees are all associated guarantees within interested entities of the Company.

6. Receivable and payables due with related parties

(1) Receivable interest

In RMB

Project name	Affiliated party	Closing balance		Opening balance	
		Remaining book value	Bad debt provision	Remaining book value	Bad debt provision
Account receivable	Qijian Technology	85,792.00	857.92	4,763.36	47.63
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.	76,062,675.83	1,133,333.87	76,062,675.83	1,133,333.87

(2) Receivable interest

In RMB

Project name	Affiliated party	Closing balance of book value	Opening balance of book value
Other payables	Shenzhen Yikang Real Estate Co. Ltd.	26,159,711.72	26,102,009.60
Other payables	Qijian Technology	19,760.00	400.00
Other payables	Ganshang Joint Investment	3,355.36	

XV. Commitment and Contingent Events

1. Major commitments

(1) On November 6, 2017, Fangda Real Estate Co., Ltd., a subsidiary of the Company, and Bangshen Electronics (Shenzhen) Co., Ltd. signed the "Joint Development Agreement on Fangda Bangshen Industrial Park (Temporary Name) Urban Renewal Project", and the two parties agreed to develop cooperatively. In order to develop urban renewing projects such as a "renovation

project", Fangda Real Estate provided Party A with property compensation through renovating and renovating the property allocation terms agreed upon by both parties, and obtained independent development rights of the project. As of December 31, 2024, Fangda Real Estate has paid a deposit of RMB20 million and a transitional compensation of RMB5 million.

(2) In July 2018 ,the Company's subsidiary Fangda Real Estate Co. Ltd. (Party A) signed a contract with Shenzhen Yikang Real Estate Co. Ltd. (Party B1) and Shenzhen Qianhai Zhongzheng Dingfeng No. 6 Investment Enterprise (Limited Partnership) (Party B2), "Shenzhen Henggang Dakang Village Project Cooperation Agreement". Party B agrees to transfer the entire equity of the project company it holds and the entire development interest of the project to Party A. Party A shall pay Party B a total of RMB600 million for the cooperation price. As of December 31, 2024, Fangda Property has paid Party B and the project company RMB50 million of security deposit, RMB20 million of service fee, RMB61,937,200 of equity transfer and RMB79,362,900 of other related payments.

The Company has no other commitments that should be disclosed by December 31, 2024.

2. Contingencies

Significant contingencies on the balance sheet date:

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

① On June 19, 2019, Langfang Aomei Jiyuan Real Estate Development Co., Ltd. filed a lawsuit against Fangda Jianke Company at the People's Court of Langfang Development Zone, requesting the termination of the construction contract, compensation for delay and quality breach penalties of RMB13,721,315.00, double return of the project payment of RMB6,000,000, and later added a claim for repair project costs of RMB22,935,269.98; Fangda Jianke filed a counterclaim on September 11, 2019, requesting payment for project costs and others totaling RMB13,939,863.27. As of the disclosure date of this report, the case is still under trial.

② In March 2022, Xiangheng Real Estate (Jinan) Co., Ltd. filed an arbitration with the Jinan Arbitration Commission, requesting Fangda Jianke to bear the deduction, maintenance, rectification and rework costs of RMB8,956,563.81 and lawyer's fees of RMB350,000.00 caused by the quality problems of the supply and installation of aluminum alloy doors and windows, louvers and curtain walls of Jinan Kerry comprehensive development project (phase I and II); In April 2022, Fangda Construction Technology Co., Ltd. filed an anti arbitration application, requiring Xiangheng Real Estate (Jinan) Co., Ltd. to pay a total of RMB18,062,462.28 for the project funds and project expenses. As of the date of this report, the two cases are under joint trial.

③ In August 2024, Fangda Jianke filed a lawsuit with the People's Court of Longgang District, Shenzhen, requesting South China International Industrial Raw Material City (Shenzhen) Co., Ltd. and South China City Holdings Co., Ltd. to pay Fangda Jianke the principal and interest of the project payment for the South China International Electronic Industrial Raw Materials Logistics Zone (Phase I) in the amount of RMB46,004,481.42, and asserted the priority right of compensation for construction project payment. As of the disclosure date of this report, the court has filed and accepted the case, and is awaiting a hearing.

④ In October 2024, Fangda Jianke filed a lawsuit with the People's Court of Qingyang District, Chengdu, requesting Chengdu Zhongda Investment Co., Ltd. to pay Fangda Jianke the principal and interest of the project payment for the Fengde Chengda Center Project in the amount of RMB10,134,822.27, and asserted the priority right of compensation for construction project payment. Chengdu Zhongda Investment Co., Ltd. has filed a counterclaim application, demanding that Fangda Jianke pay a total of RMB9,089,237.21 in liquidated damages for project delay, fines for delayed parallel acceptance, and compensation for delayed entry losses. As of the disclosure date of this report, the case is still under trial.

⑤ In October 2024, Fangda Jianke filed a lawsuit with the Nanshan District People's Court of Shenzhen City, requesting Shenzhen Energy Environmental Protection Co., Ltd. to pay Fangda Jianke the principal and interest of the project payment for the curtain wall engineering of the Shenzhen Mawan Urban Energy Ecological Park Project, amounting to RMB13,346,184.19, and asserted the priority right of compensation for construction project payments. As of the disclosure date of this report, the court has filed and accepted the case, and is awaiting a hearing.

⑥ In December 2024, Fangda Jianke filed a lawsuit with the Futian District People's Court of Shenzhen, requesting Shenzhen Suhao Investment Co., Ltd. and Zhang Shengjie to pay Fangda Jianke the principal and interest of the project payment for the Ziyuanyuan Building curtain wall project, amounting to RMB18,600,899.46, and asserted the priority right of compensation for construction project payments. As of the disclosure date of this report, the court has filed and accepted the case, and is awaiting a hearing.

(2) Pending major lawsuits

① In September 2022, Fangda Real Estate Co., Ltd. filed a lawsuit to the People's Court of Nanshan District, Shenzhen, requiring Shenzhen Hongtao Group Co., Ltd. to pay the total principal and interest of Fangda Real Estate Co., Ltd. to Fangda Real Estate Co., Ltd. for the purchase of building 3 # in Fangda City, amounting to RMB56,527,427.01, and Hongtao Company's counterclaim party, Dada Real Estate Co., Ltd., requested to cancel the signed Supplementary Agreement on Real Estate Sales and pay the liquidated damages of RMB44,046,859.04 for overdue certificate processing. The court has issued a first instance judgment, ruling that Hongtao Company shall pay Fangda Real Estate Company the purchase price of RMB40,127,678.19 and overdue payment interest (temporarily calculated as RMB8,418,135.54 until June 30, 2022). The subsequent interest shall be calculated based on RMB40,127,678.19 and continue to be calculated until the actual payment date according to the loan market quotation interest rate standard published by the National Interbank Funding Center. Reject all counterclaim requests from Hongtao Company. Both parties later filed an appeal. As of the disclosure date of this report, the second instance judgment has been issued and the original judgment has been upheld. Currently, the case has entered the execution stage.

② In April 2023, Fangda Jianke filed a lawsuit with the Guangzhou Intermediate People's Court, demanding the termination of the construction contract signed with Guangzhou Kaidar Investment Co., Ltd. for the Kaidar Hub International Plaza project, and requiring Guangzhou Kaidar Investment Co., Ltd. to pay the principal amount of the project payment of RMB113,529,244.60 and interest to Fangda Jianke, and claiming the priority right to receive compensation for the construction project price. As of the date of this report, the court has issued a first instance judgment, stating that Kedar is required to pay the principal amount of the project payment of RMB113， 529， 244.60 and corresponding interest to Fangda Jianke, and has the priority right to be compensated for the discount or auction price of the project curtain wall. Currently, the case has entered the execution stage.

③ In September 2022, Fangda Jianke Co., Ltd. filed a lawsuit to the People's Court of Longhua District, requiring Longguang Engineering Construction Co., Ltd. to pay the total principal and interest of the project funds of Longguang Jiuzuan Project Plot 05 and Plot 09 to Fangda Construction Technology Co., Ltd., totaling RMB33,197,543.00. As of the disclosure date of this report, the case concerning the Jiuzuan Plot 05 project has resulted in both first-instance and second-instance judgments: The first-instance judgment ordered Longguang Company to pay Fangda Jianke the project payment of RMB7,709,679.55, the quality assurance deposit of RMB6,033,911.38, and the corresponding interest, while granting the priority right of compensation from the proceeds of the sale or auction of the curtain wall production and installation project. The second-instance judgment upheld the first-instance decision regarding the project payment, quality assurance deposit, corresponding interest, and the priority right of compensation, and additionally ruled that the owner of the Longguang Jiuzuan Project Plot 05, Shenzhen Longguang Junjing Real Estate Development Co., Ltd., bears joint and several liability for the payment to Fangda Jianke. Fangda Jianke has applied for compulsory enforcement. As of the disclosure date of this report, the case concerning the Jiuzuan Plot 09 project has resulted in both first-instance and second-instance judgments: The first-instance judgment ordered Longguang Company to pay Fangda Jianke the project payment of RMB9,166,924.08, the quality assurance deposit of RMB4,875,762.96, and the corresponding interest, while granting the priority right of compensation from the proceeds of the sale or auction of the curtain wall production and installation project. The second-instance judgment upheld the first-instance decision regarding the project payment, quality assurance deposit, corresponding interest, and the priority right of compensation, and additionally ruled that the owner of the Longguang Jiuzuan Project Plot 09, Shenzhen Longguang Junjing Real Estate Development Co., Ltd., bears joint and several liability for the payment to Fangda Jianke. Fangda Jianke has applied for compulsory enforcement.

④ In November 2023, Fangda Jianke filed a lawsuit with the People's Court of Honggutan District, Nanchang, requesting Jiangxi Huilian Real Estate Co., Ltd. and Jiangxi Boneng Industrial Group Co., Ltd. to pay the project payment and interest for the Nanchang Shanglian Center Project, totaling RMB45,309,399.07, and asserted the priority right of compensation for the project payment. The first-instance judgment ruled that Jiangxi Huilian Real Estate Co., Ltd. should pay Fangda Jianke RMB38,800,206.53 and interest, and that Jiangxi Boneng Industrial Group Co., Ltd. should bear joint and several liability for RMB37,563,144.42 of the project payment and interest. The request for accelerated maturity of the quality assurance deposit and the priority right of compensation for the project payment was not supported, leading Fangda Jianke to file an appeal. The second-instance judgment supported the priority right of compensation. As of the disclosure date of this report, Fangda Jianke has applied to the court for compulsory enforcement.

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

By December 31, 2024, the Company has provided loan guarantees for the following entities:

Name of guaranteed entity	Guarantee	Amount (RMB10,000)	Term	Remarks
Fangda Property	Guarantee and mortgage guarantee	66,000.00	2020.03.13-2030.03.12	
Fangda Intelligent Manufacturing	Guarantee	30,000.00	2024.03.15-2030.03.14	
Fangda Jianke	Guarantee	10,500.00	2024.06.05-2025.03.05	
Fangda Jianke	Guarantee	4,000.00	2024.03.14-2025.03.14	
Fangda Jianke	Guarantee	5,000.00	2024.05.17-2025.05.16	
Fangda Jianke	Guarantee	5,000.00	2024.11.29-2025.05.29	
Fangda Jianke	Guarantee	4,000.00	2024.06.20-2025.06.15	

Fangda Jianke	Guarantee	29,900.00	2024.06.26-2026.06.25	
Fangda Yunzhu	Guarantee	1,000.00	2024.06.28-2025.06.23	
Fangda Zhiyuan	Guarantee	2,000.00	2024.06.21-2025.06.21	
Fangda Zhiyuan	Guarantee	4,000.00	2024.06.24-2025.06.24	
Fangda Zhiyuan	Guarantee	2,400.00	2024.07.12-2025.07.11	
Fangda Jianke	Guarantee	3,000.00	2024.08.13-2025.07.13	
Fangda Jianke	Guarantee	5,000.00	2024.08.14-2025.08.13	
Total		171,800.00		

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

Notes 2: The Company's property business provides periodic mortgage guarantee for property purchasers. The term of the periodic guarantee lasts from the effectiveness of guarantee contracts to the completion of mortgage registration and transfer of housing ownership certificates to banks. As of December 31, 2024, the Company has undertaken the above phased guarantee amount of RMB3.94 million.

(4) Other contingent liabilities and their influences

As of December 31, 2024, the Company has no other significant contingencies that need to be disclosed.

3. Others

Status of non-revocation of company as at December 31, 2024:

Currency	Guarantee balance (original currency)	Deposit (RMB)	Credit line used (RMB)
CNY	963,954,497.55	845,397.96	963,109,099.59
INR	38,164,259.78	46,099.32	3,161,110.58
HKD	22,259,665.45	15,000,000.00	5,613,340.59
USD	3,562,595.83	1,475,777.51	24,133,586.35
SGD	15,681,338.00		83,700,709.71
AUD	2,232,300.00	234,364.00	9,826,612.10

EUR	3,771,764.01		28,385,164.41
Total		17,601,638.79	1,117,929,623.33

XVI. Post-balance-sheet Events

1. Profit distribution

Proposed dividend per 10 shares (RMB)	0.50
Dividend per 10 shares declared and approved for distribution (RMB)	0.50
Profit distribution plan	On April 18, 2025, the Company held the 13th meeting of the 10th Board of Directors and passed the *Proposal on the 2024 Annual Profit Distribution*. According to the 13th meeting of the 10th Board of Directors, based on the total share capital of 1,073,874,227 shares as of December 31, 2024, the Company plans to distribute a cash dividend of RMB0.50 (inclusive of tax) for every 10 shares to all shareholders, totaling RMB53,693,711.35. No dividend share or capitalization share was issued in the year.

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 April 18, 2025 (report date approved by the Board of Directors).

XVII. Other material events

1. Segment information

(1) Recognition basis and accounting policy for segment report

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

The reporting segments are:

① Curtain wall division: production and sales of curtain wall materials, design, production and installation of building curtain walls, curtain wall testing and maintenance services;

② Rail transit branch: assembly and processing of subway screen doors, screen door detection and maintenance services;

(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	3,561,702,648.49	612,820,581.01	230,469,222.06	19,026,115.66	22,532,419.32	22,326,788.83	4,424,224,197.71
Including: external transaction income	3,555,996,915.26	612,820,581.01	222,272,168.63	18,259,004.01	14,875,528.80		4,424,224,197.71
Inter-segment transaction income	5,705,733.23		8,197,053.43	767,111.65	7,656,890.52	22,326,788.83	
Including: major business turnover	3,507,442,041.54	612,264,588.95	229,870,892.86	19,026,115.66	22,532,419.32	18,016,623.58	4,373,119,434.75
Operating cost	3,091,539,824.79	438,654,376.83	61,531,185.13	8,032,304.65	81,137.33	11,696,532.25	3,588,142,296.48
Including: major business cost	3,047,951,367.08	438,554,056.89	61,531,185.13	8,032,304.65	81,137.33	10,755,162.77	3,545,394,888.31
Operation cost	429,824,307.98	78,706,103.75	106,801,017.62	611,754.43	-32,044,875.40	-92,308,898.05	676,207,206.43
Operating profit/(loss)	40,338,515.72	95,460,100.43	62,137,019.31	10,382,056.58	54,496,157.39	102,939,154.63	159,874,694.80
Total assets	7,532,568,590.72	1,032,310,791.63	6,175,077,185.56	135,707,679.69	3,854,072,616.26	5,174,349,638.65	13,555,387,225.21
Total liabilities	5,019,209,775.53	637,907,745.67	3,341,408,537.22	4,400,541.98	1,564,868,771.71	3,186,519,125.29	7,381,276,246.82

Note: Based on the business development situation, the Company has reported the rental income of real estate from the real estate segment under main business revenue for this period.

(3) Others

Regional information on operating revenues:

In RMB

Item	2024	2023
In China	4,027,988,850.55	3,886,216,878.96
Out of China	396,235,347.16	405,987,837.05
Total	4,424,224,197.71	4,292,204,716.01

XVIII. Notes to Financial Statements of the Parent

1. Account receivable

(1) Account age

In RMB

Age	Closing balance of book value	Opening balance of book value
Within 1 year (inclusive)	2,857,394.06	416,495.45
Over 3 years	359,129.89	359,129.89
3-4 years		359,129.89
4-5 years	359,129.89	
Total	3,216,523.95	775,625.34

(2) Disclosure by bad debt accrual method

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 provisio	3,216,523.95	100.00%	331,398.60	10.30%	2,885,125.35	775,625.34	100.00%	92,032.81	11.87%	683,592.53

n is made by group										
Including:										
Portfolio 3. Others	3,216,523.95	100.00%	331,398.60	10.30%	2,885,125.35	775,625.34	100.00%	92,032.81	11.87%	683,592.53
Total	3,216,523.95	100.00%	331,398.60	10.30%	2,885,125.35	775,625.34	100.00%	92,032.81	11.87%	683,592.53

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	2,857,394.06	20,858.98	0.73%
1-2 years			
2-3 years			
3-4 years			
4-5 years	359,129.89	310,539.62	86.47%
Over 5 years			
Total	3,216,523.95	331,398.60	

Explanation of the basis for determining the provision: For the recognition criteria and explanation of the bad debt provision for the portfolio, see Section X, V, Important Accounting Policies and Accounting Estimates, item 10, Financial Instruments.

If the provision for bad debts on accounts receivable is being made based on the expected credit loss general model:

□ Applicable ☑ Inapplicable

(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	
Portfolio 3. Others	92,032.81	239,365.79				331,398.60
Total	92,032.81	239,365.79				331,398.60

(4) Accounts receivable and contract assets with the top-5 ending balances, grouped by party owed

In RMB

Entity	Closing balance of accounts receivable	Closing balance of contract assets	Closing balance of accounts receivable and contract assets	Percentage of total ending balance of accounts receivable and contract assets	Closing balance of provision for bad debts on accounts receivable and impairment of contract assets
No.1	1,564,854.29		1,564,854.29	48.65%	11,423.44
No.2	1,117,948.18		1,117,948.18	34.76%	8,161.02
No.3	359,129.89		359,129.89	11.17%	310,539.62
No.4	150,805.71		150,805.71	4.69%	1,100.88
No.5	8,785.28		8,785.28	0.27%	64.13

Total	3,201,523.35		3,201,523.35	99.54%	331,289.09

2. Other receivables

In RMB

Item	Closing balance	Opening balance
Other receivables	1,622,103,166.85	1,684,718,397.92
Total	1,622,103,166.85	1,684,718,397.92

In RMB

(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		80,000.00
Others	62,836.90	57,199.41
Accounts between related parties within the scope of consolidation	1,622,041,266.22	1,684,583,242.78
Total	1,622,104,103.12	1,684,720,442.19

(2) Account age

In RMB

Age	Closing balance of book value	Opening balance of book value
Within 1 year (inclusive)	53,408,271.79	692,784,064.86
1-2 years	642,978,380.00	92,578,310.00
2-3 years	92,577,980.00	694,397,404.79
Over 3 years	833,139,471.33	204,960,662.54
3-4 years	680,897,404.79	204,960,662.54
4-5 years	152,242,066.54	
Total	1,622,104,103.12	1,684,720,442.19

(3) Disclosure by bad debt accrual method

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:										
Provision for bad debts by	1,622,104,103.12	100.00%	936.27	0.00%	1,622,103,166.85	1,684,720,442.19	100.00%	2,044.27	0.00%	1,684,718,397.92

combination										
Including:										
First stage	62,836.90	0.00%	936.27	1.49%	61,900.63	137,199.41	0.01%	2,044.27	1.49%	135,155.14
Related party funds within the scope of consolidation	1,622,041,266.22	100.00%	0.00	0.00%	1,622,041,266.22	1,684,583,242.78	99.99%	0.00	0.00%	1,684,583,242.78
Total	1,622,104,103.12	100.00%	936.27	0.00%	1,622,103,166.85	1,684,720,442.19	100.00%	2,044.27	0.00%	1,684,718,397.92

Provision for bad debts by portfolio: Portfolio 1: stage one

In RMB

Name	Closing balance		
	Remaining book value	Bad debt provision	Provision rate
Portfolio 1: First stage	62,836.90	936.27	1.49%
Total	62,836.90	936.27	

Description of the basis for determining the portfolio: Provision for bad debts is made on the basis of the general model of expected credit losses.

Provision for bad debts by portfolio: Portfolio 4: Amounts from related parties within the scope of consolidation

In RMB

Name	Closing balance		
	Remaining book value	Bad debt provision	Provision rate
Portfolio 4: related party funds within the scope of consolidation	1,622,041,266.22	0.00	0.00%
Total	1,622,041,266.22	0.00	

Provision for bad debts based on general model of expected credit losses

In RMB

Bad debt provision	First stage	Second stage	Third stage	Total
	Expected credit losses in the next 12 months	Expected credit loss for the entire duration (no credit impairment)	Expected credit loss for the entire duration (credit impairment has occurred)	
Balance on January 1, 2024	2,044.27	0.00	0.00	2,044.27
Balance on January 1, 2024 in the current period				
Provision	-1,108.00			-1,108.00
Balance on December 31, 2024	936.27	0.00	0.00	936.27

Changes in book balances with significant changes in the current period

□ Applicable ☑ Inapplicable

4) 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	Write-off	Others	
Other receivables and bad debt provision	2,044.27	-1,108.00				936.27
Total	2,044.27	-1,108.00				936.27

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 Fangda Property Development Co., Ltd.	Related party funds within the scope of consolidation	53,345,434.89	Less than 1 year	87.00%	0.00
		625,478,380.00	1-2 years		
		72,577,980.00	2-3 years		
		538,000,000.00	3-4 years		
		121,782,273.45	4-5 years		
Fangda (Jiangxi) Property Development Co., Ltd.	Related party funds within the scope of consolidation	17,500,000.00	1-2 years	11.12%	0.00
		20,000,000.00	2-3 years		
		142,897,404.79	3-4 years		
Shihui International Holding Co., Ltd.	Related party funds within the scope of consolidation	30,459,793.09	3-4 years	1.88%	0.00
Reserve fund	Non-affiliated party	31,372.00	Less than 1 year	0.00	467.44
Social security fees	Non-affiliated party	27,410.63	Less than 1 year	0.00	408.42
Total		1,622,100,048.85		100.00%	875.86

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	1,657,062,530.00		1,657,062,530.00	1,526,831,253.00		1,526,831,253.00

Total	1,657,062,530.00		1,657,062,530.00	1,526,831,253.00		1,526,831,253.00

(1) Investment in subsidiaries

In RMB

Invested entity	Opening book value	Beginning balance of impairment provisions	Change (+,-)				Closing book value	Balance of impairment provision at the end of the period
			Increased investment	Decreased investment	Impairment provision	Others		
Fangda Jianke	751,950,000.00						751,950,000.00	
Fangda Jiangxi New Material	74,496,600.00						74,496,600.00	
Fangda Property	198,000,000.00						198,000,000.00	
Shihui International	61,653.00						61,653.00	
Fangda New Energy	99,000,000.00						99,000,000.00	
Fangda Hongjun Investment	98,000,000.00						98,000,000.00	
Fangda Investment	235,323,000.00			235,323,000.00			0.00	
Fangda Intelligent Manufacturing	70,000,000.00		128,000,000.00				198,000,000.00	
Fangda Zhiyuan			237,554,277.00				237,554,277.00	
Total	1,526,831,253.00		365,554,277.00	235,323,000.00			1,657,062,530.00	

4. Operational revenue and costs

In RMB

Item	Amount occurred in the current period		Occurred in previous period	
	Income	Cost	Income	Cost
Main business	22,532,419.32	81,137.33		
Other businesses			24,692,199.04	26,289.08
Total	22,532,419.32	81,137.33	24,692,199.04	26,289.08

Note: Based on the business development situation, the Company has reported the rental income of real estate from the parent company under main business revenue for this period.

Breakdown of operating revenues and operating costs:

In RMB

Contract classification	Others		Total	
	Turnover	Operating cost	Turnover	Operating cost
Business type				
Including: others	22,532,419.32	81,137.33	22,532,419.32	81,137.33
Total	22,532,419.32	81,137.33	22,532,419.32	81,137.33

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 RMB65,594,370.96, of which RMB13,587,159.35 is expected to be recognized in 2025, and RMB9,355,837.91 is expected to be recognized in 2026, RMB42,651,373.70 is expected to be recognized in 2027 and beyond.

5. Investment income

In RMB

Item	Amount occurred in the current period	Occurred in previous period
Dividends distributed by subsidiaries	72,929,550.62	0.00
Total	72,929,550.62	0.00

XIX. Supplementary Materials

1. Detailed accidental gain/loss

☑ Applicable □ Inapplicable

In RMB

Item	Amount	Notes
Gain/loss of non-current assets	-1,101,723.90	
Government grants recognized in the current period's profit or loss (except for government grants that are closely related to the Company's normal business operations, in line with national policies and in accordance with defined criteria, and have a continuous impact on the Company's profit or loss)	12,652,732.81	
Gains and losses from changes in the fair value of financial assets and liabilities held by non-financial corporations and gains and losses from the disposal of financial assets and liabilities, except for effective hedging operations related to the Company's normal business operations	-1,663,158.03	
Gain/loss from debt reorganization	-118,701.78	
One-time expenses incurred by the Company due to discontinuation of certain business activities, such as expenditures for employee resettlement:	-10,301,966.12	This amount was spent on employee resettlement associated with the relocation of the Company's production site.
Gain/loss from change of fair value of investment property measured at fair value in follow-up measurement	-18,397,296.67	
Other non-business income and expenditures other than the above	87,650.88	

Less: Influenced amount of income tax	-3,890,432.45	
Influenced amount of minority shareholders' equity (after-tax)	12,674.24	
Total	-14,964,704.60	--

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

□ Applicable ☑ Inapplicable

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

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

□ Applicable ☑ Inapplicable

2. Net income on asset ratio and earning per share

Profit of the report period	Weighted average net income/asset ratio	Earning per share	
		Basic earnings per share (yuan/share)	Diluted Earnings per share (yuan/share)
Net profit attributable to common shareholders of the Company	2.41%	0.13	0.13
Net profit attributable to the common owners of the PLC after deducting of non-recurring gains/losses	2.66%	0.15	0.15

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