

# **China Fangda Group Co., Ltd.**

## **2025 Financial Statements**

**August 2025**

## I. Auditor's report

Whether the interim report is audited

☐ Yes ☒ No

The financial statements for H1 2014 have not been audited.

## II. Financial statements

Unit for statements in notes to financial statements: RMB yuan

### 1. Consolidated Balance Sheet

Prepared by: China Fangda Group Co., Ltd.

30 June 2025

In RMB

Item	Closing balance	Opening balance
Current asset:		
Monetary capital	1,111,019,576.80	1,491,777,341.84
Settlement provision		
Outgoing call loan		
Transactional financial assets		
Derivative financial assets	77,600.00	
Notes receivable	76,607,851.56	73,887,694.24
Account receivable	963,449,533.00	1,123,506,196.98
Receivable financing	387,988.26	4,568,000.10
Prepayment	30,675,952.37	23,355,036.11
Insurance receivable		
Reinsurance receivable		
Provisions of Reinsurance contracts receivable		
Other receivables	159,021,678.10	168,322,524.80
Including: interest receivable		
Dividend receivable		
Repurchasing of financial assets		
Inventory	745,574,640.16	705,666,408.74
Among them: data resources		
Contract assets	2,281,362,840.37	2,247,698,479.96
Assets held for sales		
Non-current assets due in 1 year		
Other current assets	335,210,547.69	307,777,143.14
Total current assets	5,703,388,208.31	6,146,558,825.91
Non-current assets:		
Loan and advancement provided		

Debt investment		
Other debt investment		
Long-term receivables		
Long-term share equity investment	56,655,809.72	56,690,973.97
Investment in other equity tools		
Other non-current financial assets	6,523,233.73	6,519,740.17
Investment real estate	5,825,827,116.96	5,835,036,098.20
Fixed assets	932,515,821.46	940,894,344.39
Construction in process	4,883,219.33	7,265,104.44
Productive biological assets		
Gas & petrol		
Use right assets	13,754,144.30	15,683,121.04
Intangible assets	84,772,216.52	124,052,394.79
Among them: data resources		
R&D expense		
Among them: data resources		
Goodwill		
Long-term amortizable expenses	7,266,036.25	4,041,025.70
Deferred income tax assets	224,341,239.43	205,986,926.71
Other non-current assets	257,954,632.36	212,658,669.89
Total of non-current assets	7,414,493,470.06	7,408,828,399.30
Total of assets	13,117,881,678.37	13,555,387,225.21
Current liabilities		
Short-term loans	1,210,526,332.23	1,663,696,422.48
Loans from Central Bank		
Call loan received		
Transactional financial liabilities		
Derivative financial liabilities		1,520,625.00
Notes payable	603,861,371.35	681,188,127.97
Account payable	1,873,559,610.98	2,146,594,890.57
Prepayment received	3,669,703.07	1,513,398.39
Contract liabilities	257,088,867.81	268,594,041.26
Selling of repurchased financial assets		
Deposit received and held for others		
Entrusted trading of securities		
Entrusted selling of securities		
Employees' wage payable	35,101,505.56	76,243,647.97
Taxes payable	43,963,840.71	48,847,117.19
Other payables	120,776,692.65	120,918,002.02
Including: interest payable		
Dividend payable		
Fees and commissions payable		

Reinsurance fee payable		
Liabilities held for sales		
Non-current liabilities due in 1 year	370,920,660.14	131,374,661.05
Other current liabilities	73,433,099.23	50,835,559.67
Total current liabilities	4,592,901,683.73	5,191,326,493.57
Non-current liabilities:		
Insurance contract provision		
Long-term loans	1,325,000,000.00	1,137,000,000.00
Bond payable		
Including: preferred stock		
Perpetual bond		
Lease liabilities	8,538,021.61	10,652,607.48
Long-term payable		
Long-term employee benefits payable		
Anticipated liabilities	1,733,574.95	1,286,391.72
Deferred earning	27,481,194.67	10,669,612.13
Deferred income tax liabilities	1,022,644,068.29	1,030,341,141.92
Other non-current liabilities		
Total of non-current liabilities	2,385,396,859.52	2,189,949,753.25
Total liabilities	6,978,298,543.25	7,381,276,246.82
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	4,357,948.33
Less: Shares in stock		
Other miscellaneous income	160,264,035.45	158,405,014.52
Special reserves		
Surplus reserve	83,974,716.22	83,974,716.22
Common risk provisions		
Undistributed profit	4,768,787,887.16	4,805,192,000.28
Total of owner's equity belong to the parent company	6,091,258,814.16	6,125,803,906.35
Minor shareholders' equity	48,324,320.96	48,307,072.04
Total of owners' equity	6,139,583,135.12	6,174,110,978.39
Total of liabilities and owner's interest	13,117,881,678.37	13,555,387,225.21

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

## 2. Balance Sheet of the Parent Company

In RMB

Item	Closing balance	Opening balance
Current asset:		
Monetary capital	53,944,770.59	45,751,906.05
Transactional financial assets		
Derivative financial assets		

Notes receivable		
Account receivable	3,966,591.37	2,885,125.35
Receivable financing		
Prepayment		145,287.27
Other receivables	1,222,140,569.04	1,622,103,166.85
Including: interest receivable		
Dividend receivable		
Inventory		
Among them: data resources		
Contract assets		
Assets held for sales		
Non-current assets due in 1 year		
Other current assets	2,268,228.33	2,081,838.29
Total current assets	1,282,320,159.33	1,672,967,323.81
Non-current assets:		
Debt investment		
Other debt investment		
Long-term receivables		
Long-term share equity investment	1,657,062,530.00	1,657,062,530.00
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	380,644,350.00
Fixed assets	45,850,490.60	46,688,469.68
Construction in process		
Productive biological assets		
Gas & petrol		
Use right assets	4,829,479.27	8,030,919.38
Intangible assets	1,375,439.88	1,200,848.82
Among them: data resources		
R&D expense		
Among them: data resources		
Goodwill		
Long-term amortizable expenses	151,346.82	285,478.52
Deferred income tax assets		
Other non-current assets		
Total of non-current assets	2,119,913,637.57	2,123,912,597.40
Total of assets	3,402,233,796.90	3,796,879,921.21
Current liabilities		
Short-term loans		
Transactional financial liabilities		
Derivative financial liabilities		
Notes payable		

Account payable	1,148,635.91	873,640.82
Prepayment received	936,173.09	749,684.15
Contract liabilities		
Employees' wage payable	1,057,751.61	2,834,942.51
Taxes payable	849,136.20	286,140.09
Other payables	1,077,973,149.44	1,437,682,555.06
Including: interest payable		
Dividend payable		
Liabilities held for sales		
Non-current liabilities due in 1 year	2,785,166.41	3,531,740.50
Other current liabilities	195,500.18	164,239.72
Total current liabilities	1,084,945,512.84	1,446,122,942.85
Non-current liabilities:		
Long-term loans		
Bond payable		
Including: preferred stock		
Perpetual bond		
Lease liabilities	2,160,836.77	4,614,693.40
Long-term payable		
Long-term employee benefits payable		
Anticipated liabilities		
Deferred earning		
Deferred income tax liabilities	42,437,940.19	42,909,713.11
Other non-current liabilities		
Total of non-current liabilities	44,598,776.96	47,524,406.51
Total liabilities	1,129,544,289.80	1,493,647,349.36
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	39,731,740.46
Special reserves		
Surplus reserve	83,974,716.22	83,974,716.22
Undistributed profit	1,074,747,987.90	1,105,291,052.65
Total of owners' equity	2,272,689,507.10	2,303,232,571.85
Total of liabilities and owner's interest	3,402,233,796.90	3,796,879,921.21

### 3. Consolidated Income Statement

In RMB

Item	H1 2025	H1 2024
1. Total revenue	1,598,286,450.04	2,133,845,587.76
Incl. Business income	1,598,286,450.04	2,133,845,587.76

Interest income		
Insurance fee earned		
Fee and commission received		
2. Total business cost	1,536,129,791.61	1,985,288,554.65
Incl. Business cost	1,307,537,649.28	1,737,599,184.98
Interest expense		
Fee and commission paid		
Insurance discharge payment		
Net claim amount paid		
Net insurance policy responsibility reserves provided		
Insurance policy dividend paid		
Reinsurance expenses		
Taxes and surcharges	16,691,311.31	22,159,952.79
Sales expense	22,633,578.48	23,558,271.96
Administrative expense	90,172,531.38	84,841,558.95
R&D cost	61,514,176.71	85,639,602.88
Financial expenses	37,580,544.45	31,489,983.09
Including: interest cost	36,331,469.54	29,211,652.87
Interest income	5,980,063.68	11,466,633.99
Add: other gains	6,902,959.39	11,462,337.51
Investment gains ("-" for loss)	-680,394.74	-2,082,121.20
Incl. Investment gains from affiliates and joint ventures	-35,164.25	-34,959.52
Financial assets derecognized as a result of amortized cost	-696,903.65	-1,123,208.42
Exchange gains ("—" for loss)		
Net open hedge gains ("-" for loss)		
Gains from change of fair value ("-" for loss)	2,766,545.64	558,364.87
Credit impairment ("-" for loss)	-59,005,981.56	-7,874,799.00
Investment impairment loss ("-" for loss)	4,589,393.55	-15,876,085.85
Investment gains ("-" for loss)	-1,522,602.22	-1,490.22
3. Operating profit ("-" for loss)	15,206,578.49	134,743,239.22
Plus: non-operational income	219,391.05	178,760.55
Less: non-operational expenditure	576,871.24	535,703.48
4. Gross profit ("-" for loss)	14,849,098.30	134,386,296.29
Less: Income tax expenses	-2,457,491.76	16,519,019.26
5. Net profit ("-" for net loss)	17,306,590.06	117,867,277.03
(1) By operating consistency		
1. Net profit from continuous operation ("-" for net loss)	17,306,590.06	117,867,277.03
2. Net profit from discontinuous operation ("-" for net loss)		
(2) By ownership		
1. Net profit attributable to the shareholders of the parent company ("-" for net loss)	17,289,598.23	116,795,117.62
2. Gains and losses of minority shareholders ("-" for net loss)	16,991.83	1,072,159.41
6. After-tax net amount of other misc. incomes	1,859,278.02	28,588,475.40
After-tax net amount of other misc. incomes attributed to parent's	1,859,020.93	28,592,893.06

owner		
(1) Other misc. incomes that cannot be re-classified into gain and loss		
1. Re-measure the change in the defined benefit plan		
2. Other comprehensive income that cannot be transferred to profit or loss under the equity method		
3. Fair value change of investment in other equity tools		
4. Fair value change of the Company's credit risk		
5. Others		
(2) Other misc. incomes that will be re-classified into gain and loss	1,859,020.93	28,592,893.06
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	1,358,491.26	-676,913.84
6. Translation difference of foreign exchange statement	578,581.44	-320,041.06
7. Others	-78,051.77	29,589,847.96
After-tax net of other misc. income attributed to minority shareholders	257.09	-4,417.66
7. Total of misc. incomes	19,165,868.08	146,455,752.43
Total of misc. incomes attributable to the owners of the parent company	19,148,619.16	145,388,010.68
Total misc gains attributable to the minor shareholders	17,248.92	1,067,741.75
8. Earnings per share:		
(1) Basic earnings per share	0.0161	0.1088
(2) Diluted earnings per share	0.0161	0.1088

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

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

#### 4. Income Statement of the Parent Company

In RMB

Item	H1 2025	H1 2024
1. Turnover	11,205,926.52	10,908,179.61
Less: Operation cost	0.00	38,387.33
Taxes and surcharges	631,890.33	800,435.12
Sales expense		
Administrative expense	13,655,557.07	14,985,010.04
R&D cost		
Financial expenses	-140,903.66	4,743,454.39
Including: interest cost	133,932.04	4,028,333.33
Interest income	200,370.07	176,948.43
Add: other gains	58,615.83	92,490.50
Investment gains ("-" for loss)	25,548,151.98	62,189,550.62
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)		
Credit impairment ("-" for loss)	-26,336.24	-87,996.70
Investment impairment loss ("-" for loss)		
Investment gains ("-" for loss)	32,377.91	1,053,415.23
2. Operational profit ("-" for loss)	22,672,192.26	53,588,352.38
Plus: non-operational income	6,681.42	5,025.00
Less: non-operational expenditure		5,000.00
3. Gross profit ("-" for loss)	22,678,873.68	53,588,377.38
Less: Income tax expenses	-471,772.92	-1,493,380.54
4. Net profit ("-" for net loss)	23,150,646.60	55,081,757.92
(1) Net profit from continuous operation ("-" for net loss)	23,150,646.60	55,081,757.92
(2) Net profit from discontinuous operation ("-" for net loss)		
5. After-tax net amount of other misc. incomes		28,392,754.08
(1) Other misc. incomes that cannot be re-classified into gain and loss		
1. Re-measure the change in the defined benefit plan		
2. Other comprehensive income that cannot be transferred to profit or loss under the equity method		
3. Fair value change of investment in other equity tools		
4. Fair value change of the Company's credit risk		
5. Others		
(2) Other misc. incomes that will be re-classified into gain and loss		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	23,150,646.60	83,474,512.00
7. Earnings per share:		
(1) Basic earnings per share		
(2) Diluted earnings per share		

## 5. Consolidated Cash Flow Statement

In RMB

Item	H1 2025	H1 2024
1. Net cash flow from business operations:		
Cash received from sales of products and providing of services	1,644,864,672.27	2,015,279,577.92
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	3,765,227.06	3,542,492.79
Other cash received from business operation	76,539,611.68	43,910,264.70
Sub-total of cash inflow from business operations	1,725,169,511.01	2,062,732,335.41
Cash paid for purchasing products and services	1,406,952,767.91	1,575,961,682.07
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	266,473,149.48	265,431,660.16
Taxes paid	87,939,225.95	80,833,799.58
Other cash paid for business activities	230,151,595.52	312,036,191.81
Sub-total of cash outflow from business operations	1,991,516,738.86	2,234,263,333.62
Cash flow generated by business operations, net	-266,347,227.85	-171,530,998.21
2. Cash flow generated by investment:		
Cash received from investment recovery		985,601.68
Cash received as investment profit	54,562.28	101,435.57
Net cash retrieved from disposal of fixed assets, intangible assets, and other long-term assets	47,639,388.99	266,715.00
Net cash received from disposal of subsidiaries or other operational units		
Other investment-related cash received		
Sub-total of cash inflow generated from investment	47,693,951.27	1,353,752.25
Cash paid for construction of fixed assets, intangible assets and other long-term assets	15,143,990.05	167,181,373.04
Cash paid as investment		
Net increase of loan against pledge		
Net cash paid for acquiring subsidiaries and other operational units		
Other cash paid for investment		890,803.00
Subtotal of cash outflows	15,143,990.05	168,072,176.04
Cash flow generated by investment activities, net	32,549,961.22	-166,718,423.79
3. Cash flow generated by financing activities:		
Cash received from investment	15.06	
Incl. Cash received from investment attracted by subsidiaries from minority shareholders		
Cash received from borrowed loans	1,893,093,229.99	2,253,971,200.00
Other cash received from financing activities	191,000,000.00	330,600,944.44
Subtotal of cash inflow from financing activities	2,084,093,245.05	2,584,572,144.44
Cash paid to repay debts	1,947,980,500.00	1,769,800,000.00
Cash paid as dividend, profit, or interests	88,294,367.10	124,740,119.51
Incl. Dividend and profit paid by subsidiaries to minority shareholders		
Other cash paid for financing activities	89,650,891.23	224,565,671.40
Subtotal of cash outflow from financing activities	2,125,925,758.33	2,119,105,790.91
Net cash flow generated by financing activities	-41,832,513.28	465,466,353.53
4. Influence of exchange rate changes on cash and cash equivalents	3,502,591.55	1,584,220.89
5. Net increase in cash and cash equivalents	-272,127,188.36	128,801,152.42
Plus: Balance of cash and cash equivalents at the beginning of term	1,031,725,216.34	779,661,118.42

6. Balance of cash and cash equivalents at the end of the period	759,598,027.98	908,462,270.84
--	----------------	----------------

## 6. Cash Flow Statement of the Parent Company

In RMB

Item	H1 2025	H1 2024
1. Net cash flow from business operations:		
Cash received from sales of products and providing of services	7,261,020.96	14,751,757.54
Tax refunded		
Other cash received from business operation	559,232,320.99	1,300,660,929.18
Sub-total of cash inflow from business operations	566,493,341.95	1,315,412,686.72
Cash paid for purchasing products and services	1,382,148.25	1,426,152.31
Cash paid to and for the staff	9,831,037.86	9,514,951.33
Taxes paid	561,987.88	760,711.10
Other cash paid for business activities	516,801,634.20	808,337,232.77
Sub-total of cash outflow from business operations	528,576,808.19	820,039,047.51
Cash flow generated by business operations, net	37,916,533.76	495,373,639.21
2. Cash flow generated by investment:		
Cash received from investment recovery		235,323,000.00
Cash received as investment profit	25,551,041.10	47,167.38
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	25,551,041.10	235,370,167.38
Cash paid for construction of fixed assets, intangible assets and other long-term assets	79,143.94	26,733.00
Cash paid as investment		365,554,277.00
Net cash paid for acquiring subsidiaries and other operational units		
Other cash paid for investment		
Subtotal of cash outflows	79,143.94	365,581,010.00
Cash flow generated by investment activities, net	25,471,897.16	-130,210,842.62
3. Cash flow generated by financing activities:		
Cash received from investment		
Cash received from borrowed loans		
Other cash received from financing activities		
Subtotal of cash inflow from financing activities		
Cash paid to repay debts		300,000,000.00
Cash paid as dividend, profit, or interests	53,693,711.35	90,940,972.34
Other cash paid for financing activities	51,209,383.00	
Subtotal of cash outflow from financing activities	104,903,094.35	390,940,972.34
Net cash flow generated by financing activities	-104,903,094.35	-390,940,972.34
4. Influence of exchange rate changes on cash and cash equivalents	79,727.97	17,360.14
5. Net increase in cash and cash equivalents	-41,434,935.46	-25,760,815.61
Plus: Balance of cash and cash equivalents at the beginning of term	45,501,906.05	45,676,194.32
6. Balance of cash and cash equivalents at the end of the period	4,066,970.59	19,915,378.71

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

Amount of the Current Term

In RMB

Item	H1 2025		
	Owners' Equity Attributable to the Parent Company		Tota
		Min	

	Share capital	Other equity tools			Capital reserves	Less : Shares in stock	Other miscellaneous income	Special reserves	Surplus reserve	Common risk provisions	Undistributed profit	Others	Subtotal	or shareholders' equity	Total of owners' equity
		Preferred share	Perpetual bond	Others											
1. Balance at the end of last year	1,073,874,227.00				4,357,948.33		158,405,014.52		83,974,716.22		4,805,192,000.28		6,125,803,906.35	48,307,072.04	6,174,110,978.39
2. Balance at the beginning of current year	1,073,874,227.00				4,357,948.33		158,405,014.52		83,974,716.22		4,805,192,000.28		6,125,803,906.35	48,307,072.04	6,174,110,978.39
3. Change amount in the current period ("-" for decrease)							1,859,020.93				-36,404,113.12		-34,545,092.19	17,248.92	-34,527,843.27
(1) Total of misc. incomes							1,859,020.93				17,289,598.23		19,148,619.16	17,248.92	19,165,868.08
(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. Common risk provision															
3. Distribution to owners (or shareholders)											-53,693,711.35		-53,693,711.35		-53,693,711.35
(4) Internal carry-over of owners' equity															
(5) Special reserves															
(6) Others															
4. Balance at	1,073,874,227.00				4,357,948.33		160,264,035.45		83,974,716.22		4,766,988,791.53		6,099,732,739.68	48,307,072.04	6,138,049,811.72

the end of this period	3,87 4,22 7.00				7,94 8.33		264, 035. 45		74,7 16.2 2		8,78 7,88 7.16		1,25 8,81 4.16	24,3 20.9 6	9,58 3,13 5.12
---------------------------	----------------------	--	--	--	--------------	--	--------------------	--	-------------------	--	----------------------	--	----------------------	-------------------	----------------------

Amount of Last Year

In RMB

Item	H1 2024														
	Owners' Equity Attributable to the Parent Company													Min 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	Undistributed profit	Others	Subtotal		
		Preferred share	Perpetual bond	Others											
1. Balance at the end of last year	1,07 3,87 4,22 7.00				11,4 59,5 88.4 0		23,1 21,8 70.7 9		79,3 24,9 40.4 3		4,77 2,35 9,94 0.45		5,96 0,14 0,56 7.07	74,6 55,2 71.2 0	6,03 4,79 5,83 8.27
2. Balance at the beginning of current year	1,07 3,87 4,22 7.00				11,4 59,5 88.4 0		23,1 21,8 70.7 9		79,3 24,9 40.4 3		4,77 2,35 9,94 0.45		5,96 0,14 0,56 7.07	74,6 55,2 71.2 0	6,03 4,79 5,83 8.27
3. Change amount in the current period ("-" for decrease)					- 61,9 79.1 5		28,5 92,8 93.0 6				30,8 85,1 79.4 6		59,4 16,0 93.3 7	- 6,97 3,27 1.65	52,4 42,8 21.7 2
(1) Total of misc. incomes							28,5 92,8 93.0 6				116, 795, 117. 62		145, 388, 010. 68	1,06 7,74 1.75	146, 455, 752. 43
(2) Investment or decreasing of capital by owners															
(3) Profit allotment											- 85,9 09,9 38.1 6		- 85,9 09,9 38.1 6	- 6,96 2,73 2.02	- 92,8 72,6 70.1 8
1. Provision of surplus reserves															
2. Common risk provision															
3. Distribution to owners (or shareholders)											- 85,9 09,9 38.1 6		- 85,9 09,9 38.1 6	- 6,96 2,73 2.02	- 92,8 72,6 70.1 8

(4) Internal carry-over of owners' equity															
(5) Special reserves															
(6) Others					- 61,9 79.1 5							- 61,9 79.1 5	- 1,07 8,28 1.38	- 1,14 0,26 0.53	
4. Balance at the end of this period	1,07 3,87 4,22 7.00				11,3 97,6 09.2 5		51,7 14,7 63.8 5		79,3 24,9 40.4 3		4,80 3,24 5,11 9.91	6,01 9,55 6,66 0.44	67,6 81,9 99.5 5	6,08 7,23 8,65 9.99	

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

Amount of the Current Term

In RMB

Item	H1 2025											
	Share capital	Other equity tools			Capital reserves	Less: Shares in stock	Other miscellaneous income	Special reserves	Surplus reserve	Undistributed 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		39,731,740.46		83,974,716.22	1,105,291,052.65		2,303,232,571.85
2. Balance at the beginning of current year	1,073,874,227.00				360,835.52		39,731,740.46		83,974,716.22	1,105,291,052.65		2,303,232,571.85
3. Change amount in the current period ("-" for decrease)										-30,543,064.75		-30,543,064.75
(1) Total of misc. incomes										23,150,646.60		23,150,646.60
(2) Investment or decreasing of capital by owners												
(3) Profit allotment										-53,693,711.35		-53,693,711.35
1. Provision of surplus												

reserves												
2. Distribution to owners (or shareholders)										- 53,69 3,711. 35		- 53,69 3,711. 35
(4) Internal carry-over of owners' equity												
(5) Special reserves												
(6) Others												
4. Balance at the end of this period	1,073, 874,2 27.00				360,8 35.52		39,73 1,740. 46		83,97 4,716. 22	1,074, 747,9 87.90		2,272, 689,5 07.10

Amount of Last Year

In RMB

Item	H1 2024											
	Share capital	Other equity tools			Capital reserves	Less: Shares in stock	Other miscellaneous incomes	Special reserves	Surplus reserve	Undistributed profit	Others	Total of owners' equity
		Preferred share	Perpetual bond	Others								
1. Balance at the end of last year	1,073, 874,2 27.00				360,8 35.52		- 10,08 2,945. 37		79,32 4,940. 43	1,159, 988,4 98.20		2,303, 465,5 55.78
2. Balance at the beginning of current year	1,073, 874,2 27.00				360,8 35.52		- 10,08 2,945. 37		79,32 4,940. 43	1,159, 988,4 98.20		2,303, 465,5 55.78
3. Change amount in the current period ("-" for decrease)							28,39 2,754. 08			- 30,82 8,180. 24		- 2,435, 426.1 6
(1) Total of misc. incomes							28,39 2,754. 08			55,08 1,757. 92		83,47 4,512. 00
(2) Investment or decreasing of capital by owners												
(3) Profit allotment										- 85,90 9,938. 16		- 85,90 9,938. 16
1. Provision of surplus reserves												

2. Distribution to owners (or shareholders)										- 85,90 9,938. 16		- 85,90 9,938. 16
(4) Internal carry-over of owners' equity												
(5) Special reserves												
(6) Others												
4. Balance at the end of this period	1,073, 874,2 27.00				360,8 35.52		18,30 9,808. 71		79,32 4,940. 43	1,129, 160,3 17.96		2,301, 030,1 29.62

### 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 2016. 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 and the Board of Directors. 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 August 21, 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 for important accounts receivable in the current period; important accounts receivable write off	Amount greater than 5% of the total consolidated profit and greater than 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
Important joint operations	Individual Total Profit Exceeding 5% of Consolidated Total Profit and Greater than 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 entities with different accounting policies and periods from the Company prior to the business combination, accounting policies are unified based on the principle of materiality. This means adjusting the book value of the assets and liabilities of the combined

entity in accordance with 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 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 entities with different accounting policies and periods from the Company prior to the business combination, accounting policies are unified based on the principle of materiality. This means adjusting the book value of the assets and liabilities of the acquired entity in accordance with 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 combinations not under common control achieved through step-by-step transactions, see V, Important Accounting Policies and 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.

Before the acquirer obtains control of the acquiree, any recognized gains and losses, other comprehensive income, and changes in other owners' equity related to the equity investment held by the acquirer from the later of the date when the original equity was obtained or the date when both the acquirer and the acquiree were under the control of the same party until the acquisition date should be adjusted against the beginning retained earnings or the current profits and losses of the comparative statements separately.

#### A. Enterprise merger under common control through multiple transactions

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

In the consolidated financial statements, the equity held in the acquiree before the acquisition date is remeasured at its fair value on the acquisition date. If the equity held 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 book value is included in retained earnings, and the cumulative fair value changes previously included in other comprehensive income are transferred to retained earnings. If the equity held before the acquisition date is designated as a financial asset measured at fair value through profit or loss or as a long-term equity investment accounted for by the equity method, the difference between the fair value and its book value is included in the current period's investment income. For other comprehensive income and other changes in owners' equity under the equity method related to the equity held before the acquisition date, the related other comprehensive income is accounted for on the same basis as if the investee had directly disposed of the related assets or liabilities on the acquisition date, and the related other changes in owners' equity are transferred to the current period's investment income on the acquisition date.



## (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 consideration received from the disposal of equity plus the fair value of the remaining equity, minus the share of net assets and goodwill calculated based on the original shareholding ratio from the acquisition date or combination date to the disposal date, is included in the investment income for the period in which control is lost.

Other comprehensive income and other changes in owners' equity related to the equity investment in the original subsidiary are accounted for on the same basis as if the subsidiary had directly disposed of the related assets or liabilities when control is lost, and other changes in owners' equity under the equity method related to the original subsidiary are transferred to the current period's profit or loss when control is lost.

## 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

When other shareholders (minority shareholders) of a subsidiary increase their investment in the subsidiary, thereby diluting the parent company's equity proportion in the subsidiary. 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 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 non-monetary items measured at historical cost in foreign currencies, they are translated using the spot exchange rate on the transaction date. For inventories measured at the lower of cost and net realizable value, if the inventories were purchased in foreign currencies and their net realizable value is reflected in foreign currencies as of the balance sheet date, the net realizable value is first translated into the functional currency at the spot exchange rate on the balance sheet date, and then compared with the inventory cost reflected in the functional currency to determine the ending value of the inventories. Non-monetary items measured at fair value in foreign currencies are translated using the spot exchange rate on the date the fair value is determined. For financial assets measured at fair value with changes recognized in the current period's profit or loss, the difference between the translated amount in the functional currency and the original amount in the functional currency is recognized in the current period's profit or loss. For non-trading equity investments designated to be measured at fair value with changes recognized in other comprehensive income, the difference between the translated amount in the functional currency and the original amount in the functional currency is recognized 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 arising are presented under the "Other Comprehensive Income" item in the shareholders' 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 derecognises the financial liability (or part of the financial liability). When the Company (borrower) and lender enter into an agreement to replace the original financial liabilities by undertaking new financial liabilities and the contract terms for the new financial liabilities are essentially different from those for the original one, the original financial liabilities will be derecognized and new financial liabilities will be recognized. Where the Company makes substantial amendments to the contract terms of the original financial liability (or part thereof), it shall terminate the original financial liability and confirm a new financial liability in accordance with the amended terms.

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

### (2) Classification and subsequent measurement of financial assets

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

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

The subsequent measurement of financial assets depends on their classification:

① Financial assets measured at amortized cost

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

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

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

transferred to current gains and losses. However, the relevant interest income of the financial asset calculated by the actual interest rate method is included in the current profit and loss.

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

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

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

**(3) Classification and measurement of financial liabilities**

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

The subsequent measurement of financial liabilities depends on their classification:

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

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

② Loan commitments and financial security contractual liabilities

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

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

### ③ Financial liabilities measured at amortized cost

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

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

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

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

### **(4) Derivative financial instruments and embedded derivatives**

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

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

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

#### **(5) Financial instrument Less**

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

##### **① Measurement of expected credit losses of accounts receivable**

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

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



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

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

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

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

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

#### 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 V. Important accounting policies and accounting estimates.

## **11. Notes receivable**

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

## **12. Account receivable**

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

## **14. Other receivables**

See 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 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.

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

③ 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 consolidated financial statements on the merger date is costs; for long-term equity investment obtained by merger of enterprises not under common control, the merger cost is the investment cost. Adjust the capital reserve according to the difference between the initial investment cost of long-term equity investment and the total face value of the issued shares. If the capital reserve is insufficient to offset or reduce, the retained income shall be adjusted;

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

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

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

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

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

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

### **(3) Subsequent measurement and recognition of gain/loss**

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

#### **① Cost**

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

#### **Equity**

#### **Gains from long-term equity investment measured by equity**

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

When the equity method is used, the current investment gain is the share of the net gain realized in the current year that can be shared or borne, recognized as investment gain and other misc. income. The book value of the long-term equity investment is adjusted accordingly. The book value of the long-term equity investment should be accordingly decreased based on the share of profit or cash dividend announced by the invested entity; according to other changes in the owner's equity except for net profit and loss, other misc income and profit distribution of the invested entity, adjust the book value of the long-term equity investment and record it in the capital surplus (other capital surplus). When the share of the net gains that can be enjoyed is recognized, it is recognized after the net profit of the invested entity is adjusted based on the fair value of the recognizeable assets of the invested entity according to the Company's accounting policies and accounting period. Where the accounting policy and accounting period adopted by the Invested unit are inconsistent with the Company, the financial statements of the Invested unit shall be adjusted in accordance with the accounting policy and accounting period of the Company, and the investment income and other consolidated income shall be recognized. Internal transaction gain not realized between the Company and affiliates is measured according to the shareholding proportion and the investment gains is 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 V. Important accounting policies and accounting estimates.

### **XVIII. Investment Real Estates**

#### **(1) Classification of investment real estate**

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

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

#### **(2) Measurement of investment real estate**

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

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

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

obtained continuously and reliably by objective evidence, the real estate will be measured at cost basis until it is disposed and no residual value remains as assumed.

If the cost model is used for subsequent measurement of investment real estate, depreciation or amortization is calculated according to the straight-line method after the cost of investment real estate minus accumulated impairment and net residual value. See 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 years	Reference to determine the lifetime of a company for which it can bring economic benefits
Proprietary technology	10 years	Reference to determine the lifetime of a company for which it can bring economic benefits
Software	5. 10 years	Reference to determine the lifetime of a company for which it can bring economic benefits

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

(2) Intangible assets which cannot be foreseeable to bring economic benefits to enterprises shall be regarded as intangible assets whose useful life is uncertain. For intangible assets with uncertain service life, the Company reviews the service life of

intangible assets with uncertain service life at the end of each year. If it is still uncertain after rechecking, it shall conduct an impairment test on the balance sheet date.

### ③ Amortization of intangible assets

For intangible assets with finite useful lives, the Company determines their useful life upon acquisition and systematically amortizes them using the straight-line method over their useful life. The amortization amount is included in the current profit or loss of the benefiting project or added to the cost of the related asset. 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**

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

## **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 amortised by the effective interest method during the contract period. If

the interval between the control right transfer and the customer's payment is less than one year, the Company will not consider the financing component Points.

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

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

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

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

For the performance obligations performed within a certain period of time, the Company shall recognize the revenue according to the performance progress within that period, except that the performance progress cannot be reasonably determined. The Company determines the 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 amortised on the same basis as the income from goods or services related to the assets; however, if the amortization period of the contract acquisition cost is less than one year, the Company shall include it in the current profit and loss when it occurs.

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

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

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

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

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

of "other non current assets" when the amortization period exceeds one year or one normal business cycle at the time of initial recognition.

### **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 meet the above two conditions and result in equal taxable temporary differences and deductible temporary differences upon initial recognition of assets and liabilities, the exemption from initial recognition of deferred tax liabilities and deferred tax assets does not apply. For taxable temporary differences and deductible temporary differences arising from the initial recognition of assets and liabilities in such transactions, the Company recognizes the corresponding deferred tax liabilities and deferred tax assets at the time of the transaction.

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

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

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

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

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

## **(2) Deferred income tax assets**

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

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

A. Initial recognition of goodwill;

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

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

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

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

### **(3) Deferred income tax assets**

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

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

② Amount of shares paid and accounted as owners' equity

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

③ Compensation for losses and tax deductions

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

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

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

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

difference is recognized as the current profit and loss; except for the above circumstances, the deferred tax assets related to the business combination are recognized and included in the current profit and loss.

④ Temporary difference caused by merger offset

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

⑤ Share payment settled by equity

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

⑥ Dividends related to financial instruments classified as equity instruments

For financial instruments classified as equity instruments where the Company is the issuer, any dividend expenditure that is deductible for corporate income tax purposes according to tax policy is recognized for its income tax impact when the dividends payable are recognized. If the distributed profits originate from transactions or events previously affecting profit or loss, the income tax impact of such dividends is included in the current profit or loss. If the distributed profits originate from transactions or events previously recognized in equity, the income tax impact of such dividends is included in 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 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 lessor

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 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 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 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 hedge**



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: ① accumulated 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) Share Repurchase by the Company**

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.

#### ② Fair 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

#### (2) Changes in major accounting estimates

☐ Applicable ☒ Inapplicable

#### (3) Implementation of new accounting standards adjustment for the first time starting from 2025, 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%, 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		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)	25%
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%
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. (hereinafter referred to as Fangda Construction Technology Company)	25%
Fangda Facade Singapore Pte Ltd (hereinafter referred to as Curtain Wall Singapore Company)	17%
FANGDA FACADE PHILIPPINES INC. (hereinafter referred to as Curtain Wall Philippines Company)	20%
GENERAL RAIL TECHNOLOGY PHILIPPINES, INC. (hereinafter referred to as Zhiyuan Philippines Company)	25%
FANGDA GULF DMCC (hereinafter referred to as Curtain Wall Gulf Company)	9%
GLOBAL MEGA INTERNATIONAL HOLDINGS LIMITED (hereinafter referred to as GLOBAL MEGA INTERNATIONAL)	20%

## 2. Tax preference

(1) On December 26, 2024, the subsidiary Fangda Jianke obtained the certificate of high-tech enterprise jointly issued by the Industry and Information Technology Bureau of Shenzhen Municipality, Shenzhen Finance Bureau, State Administration of Taxation and Shenzhen Taxation Bureau. The certificate number is GR202444207062. Within three years after obtaining the qualification of high-tech enterprise (from 2024 to 2026), the income tax will be levied at 15%.

(2) On December 26, 2024, the subsidiary Fangda Zhiyuan Technology Co., Ltd. obtained the certificate of high tech enterprise jointly issued by the Industry and Information Technology Bureau of Shenzhen Municipality, Shenzhen Finance Bureau,

State Administration of Taxation and Shenzhen Taxation Bureau. The certificate number is GR202444201506. Within three years after obtaining the qualification of high tech enterprise (from 2024 to 2026), the income tax will be levied at 15%.

(3) 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%.

(4) 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%.

(5) 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%.

(6) 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%.

(7) According to the "Announcement on Further Supporting the Development of Small and Micro Enterprises and Individual Businesses with Relevant Tax and Fee Policies" (Announcement No. 12, 2023 of the Ministry of Finance and the State Taxation Administration), some companies qualify as small low-profit enterprises in 2025, and their income is subject to corporate income tax in accordance with the provisions of the aforementioned document.

## VII. Notes to the consolidated financial statements

### 1. Monetary capital

In RMB

Item	Closing balance	Opening balance
Inventory cash:	1,966.98	148.01
Bank deposits	791,773,791.12	1,052,461,034.10

Other monetary capital	319,243,818.70	439,316,159.73
Total	1,111,019,576.80	1,491,777,341.84
Including: total amount deposited in overseas	86,307,348.26	76,232,428.11

Others:

(1) Of the ending balance of bank deposits, RMB45,987,644.26 is restricted in use, including restricted deposits of RMB43,708,530.33 in special accounts, RMB2,246,354.74 frozen by judicial authorities, and RMB32,759.19 as stage guarantee deposits for commercial housing purchasers. Of the ending balance of other monetary funds, RMB305,433,904.56 is restricted in use, mainly including bill deposits, stage guarantee deposits, and guarantee deposits for issuing letters of guarantee. 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) Apart from the above, there are no other funds within the ending monetary funds that are restricted in use due to mortgage, pledge, or freeze, nor are there any with potential recovery risks.

## 2. Derivative financial assets

In RMB

Item	Closing balance	Opening balance
Futures hedging contract	77,600.00	0.00
Total	77,600.00	0.00

## 3. Notes receivable

### (1) Classification of notes receivable

In RMB

Item	Closing balance	Opening balance
Bank acceptance	62,587,051.95	39,584,331.31
Commercial acceptance	14,020,799.61	34,303,362.93
Total	76,607,851.56	73,887,694.24

### (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 debts by	76,810,399.16	100.00%	202,547.60	0.26%	76,607,851.56	74,530,950.99	100.00%	643,256.75	0.86%	73,887,694.24



portfolio										
Including:										
Bank acceptance	62,587,051.95	81.48%		0.00%	62,587,051.95	39,584,331.31	53.11%		0.00%	39,584,331.31
Commercial acceptance	14,223,347.21	18.52%	202,547.60	1.42%	14,020,799.61	34,946,619.68	46.89%	643,256.75	1.84%	34,303,362.93
Total	76,810,399.16	100.00%	202,547.60	0.26%	76,607,851.56	74,530,950.99	100.00%	643,256.75	0.86%	73,887,694.24

Provision for bad debts by category: bank acceptance bills

In RMB

Name	Closing balance		
	Remaining book value	Bad debt provision	Provision rate
Bank acceptance	62,587,051.95	0.00	0.00%
Total	62,587,051.95	0.00	

Provision for bad debts by category: commercial acceptance bills

In RMB

Name	Closing balance		
	Remaining book value	Bad debt provision	Provision rate
Commercial acceptance	14,223,347.21	202,547.60	1.42%
Total	14,223,347.21	202,547.60	

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	
Commercial acceptance	643,256.75	-440,709.15				202,547.60
Total	643,256.75	-440,709.15				202,547.60

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		48,339,576.30
Commercial acceptance		7,700,000.00
Total		56,039,576.30

#### 4. Account receivable

##### (1) Account age

In RMB

Age	Closing balance of book value	Opening balance of book value
Within 1 year (inclusive)	424,637,421.68	535,457,065.77
1-2 years	171,231,194.93	197,202,489.75
2-3 years	179,594,961.78	196,353,916.70
Over 3 years	620,691,779.98	568,801,528.90
3-4 years	133,947,260.94	173,116,205.07
4-5 years	168,151,943.98	134,492,519.77
Over 5 years	318,592,575.06	261,192,804.06
Total	1,396,155,358.37	1,497,815,001.12

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	106,278,399.14	72,225,885.93	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	28,485,318.01	Customer credit status deteriorates	Yes
Customer 4	26,594,327.13	5,896,959.04	Customer credit status deteriorates	Yes
Customer 5	26,558,000.66	17,835,228.98	Customer credit status deteriorates	Yes
Customer 6	24,724,675.20	5,999,812.01	Customer credit status deteriorates	Yes
Customer 7	20,777,818.40	8,103,943.07	Customer credit status deteriorates	Yes
Customer 8	19,541,985.85	16,037,781.34	Customer credit status deteriorates	Yes
Customer 9	17,374,148.42	17,374,148.42	Customer credit status deteriorates	Yes
Customer 10	16,492,469.99	6,319,513.32	Customer credit status deteriorates	Yes
Customer 11	13,461,834.96	13,461,834.96	Customer credit status deteriorates	Yes
Customer 12	12,262,317.09	2,658,157.26	Details of the final payment for customer projects are under negotiation	No
Customer 13	10,478,293.72	4,522,431.57	Details of the final payment for customer projects are under negotiation	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	128,130,519.79	9.18%	98,232,788.98	76.67%	29,897,730.81	127,640,916.83	8.51%	97,987,987.52	76.77%	29,652,929.31
Including:										
Customer 1	54,873,223.21	3.93%	54,873,223.21	100.00%	0.00	54,873,223.21	3.66%	54,873,223.21	100.00%	0.00
Customer 2	47,370,634.93	3.39%	23,685,317.46	50.00%	23,685,317.47	47,210,577.56	3.15%	23,605,288.79	50.00%	23,605,288.77
Customer 3	13,461,834.96	0.96%	13,461,834.96	100.00%	0.00	13,461,834.96	0.90%	13,461,834.96	100.00%	0.00
Customer 4	7,096,421.00	0.51%	3,548,210.50	50.00%	3,548,210.50	7,096,421.00	0.47%	3,548,210.50	50.00%	3,548,210.50
Customer 5	5,328,405.69	0.38%	2,664,202.85	50.00%	2,664,202.84	4,998,860.10	0.33%	2,499,430.06	50.00%	2,499,430.04
Account receivable for which bad debt provision is made by group	1,268,024,838.58	90.82%	334,473,036.39	26.38%	933,551,802.19	1,370,174,084.29	91.49%	276,320,816.62	20.17%	1,093,853,267.67
Including:										
1. Portfolio 1: Engineering operations section	1,111,558,865.41	79.62%	328,001,768.18	29.51%	783,557,097.23	1,201,581,352.19	80.23%	270,560,899.59	22.52%	931,020,452.60
2. Portfolio 2: Real estate business payments	68,496,857.59	4.91%	1,695,903.67	2.48%	66,800,953.92	87,166,812.19	5.82%	2,181,218.43	2.50%	84,985,593.76
3. Combination 3:	87,969,115.58	6.30%	4,775,364.54	5.43%	83,193,751.04	81,425,919.91	5.44%	3,578,698.60	4.40%	77,847,221.31

Other business models										
Total	1,396,155,358.37	100.00%	432,705,825.37	30.99%	963,449,533.00	1,497,815,001.12	100.00%	374,308,804.14	24.99%	1,123,506,196.98

Provision for bad debts by individual item: individual 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's credit condition has deteriorated, recovery is expected to be impossible
Customer 2	47,210,577.56	23,605,288.79	47,370,634.93	23,685,317.46	50.00%	Customer credit status deteriorates
Customer 3	13,461,834.96	13,461,834.96	13,461,834.96	13,461,834.96	100.00%	Customer's credit condition has deteriorated, recovery is expected to be impossible
Customer 4	7,096,421.00	3,548,210.50	7,096,421.00	3,548,210.50	50.00%	Customer credit status deteriorates
Customer 5	4,998,860.10	2,499,430.06	5,328,405.69	2,664,202.85	50.00%	Customer credit status deteriorates
Total	127,640,916.83	97,987,987.52	128,130,519.79	98,232,788.98		

Provision for bad debts by category: Portfolio 1: Engineering business payments

In RMB

Name	Closing balance		
	Remaining book value	Bad debt provision	Provision rate
Less than 1 year	340,124,968.71	6,666,449.38	1.96%
1-2 years	125,365,602.98	7,095,693.14	5.66%
2-3 years	152,886,370.41	19,508,300.87	12.76%
3-4 years	129,552,730.83	25,599,619.61	19.76%
4-5 years	166,251,737.01	71,754,249.71	43.16%
Over 5 years	197,377,455.47	197,377,455.47	100.00%
Total	1,111,558,865.41	328,001,768.18	

Group recognition basis:

See 10. Financial Tools in 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 category: Portfolio 2: Real estate business payments

In RMB

Name	Closing balance		
	Remaining book value	Bad debt provision	Provision rate
Less than 1 year	43,302,330.07	433,023.31	1.00%
1-2 years	14,625,805.49	731,290.27	5.00%
2-3 years	10,537,182.29	526,859.12	5.00%
3-4 years	31,539.74	4,730.97	15.00%

4-5 years			
Over 5 years			
Total	68,496,857.59	1,695,903.67	

Provision for bad debts by category: Portfolio 3: Other business payments

In RMB

Name	Closing balance		
	Remaining book value	Bad debt provision	Provision rate
Less than 1 year	41,040,452.65	299,595.30	0.73%
1-2 years	29,093,470.29	610,962.88	2.10%
2-3 years	12,420,031.33	1,045,766.63	8.42%
3-4 years	3,187,397.81	789,837.18	24.78%
4-5 years	1,467,560.66	1,268,999.71	86.47%
Over 5 years	760,202.84	760,202.84	100.00%
Total	87,969,115.58	4,775,364.54	

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	97,987,987.52	244,801.46				98,232,788.98
1. Portfolio 1: Engineering operations section	270,560,899.59	57,440,868.59				328,001,768.18
2. Portfolio 2: Real estate business payments	2,181,218.43	-485,314.76				1,695,903.67
3. Combination 3: Other business models	3,578,698.60	1,196,665.94				4,775,364.54
Total	374,308,804.14	58,397,021.23				432,705,825.37

### (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	3.03%	74,391,948.30
No.2	25,829,571.57	76,223,883.78	102,053,455.35	2.51%	2,665,176.43
No.3	29,563,417.95	65,143,365.63	94,706,783.58	2.33%	11,293,698.67
No.4	8,967,200.00	66,626,539.51	75,593,739.51	1.86%	5,979,383.88
No.5		68,332,277.37	68,332,277.37	1.68%	1,353,596.34
Total	187,792,813.51	276,326,066.29	464,118,879.80	11.41%	95,683,803.62

## 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	2,319,308,046.54	179,568,716.16	2,139,739,330.38	2,303,529,715.41	196,836,354.61	2,106,693,360.80
Quality guarantee deposit that fails to meet the collection conditions	313,714,238.38	37,106,000.07	276,608,238.31	262,289,726.50	24,254,807.14	238,034,919.36
Sales funds with conditional collection right	38,687,854.86	498,208.84	38,189,646.02	52,852,539.43	727,775.89	52,124,763.54
Less: Contract assets shown in other non-current assets	184,571,451.30	11,397,076.96	173,174,374.34	160,412,051.45	11,257,487.71	149,154,563.74
Total	2,487,138,688.48	205,775,848.11	2,281,362,840.37	2,458,259,929.89	210,561,449.93	2,247,698,479.96

### (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	33,045,969.58	This is mainly due to the unsettled project funds with conditional collection rights arising from the revenue recognized in the project contract this year
Quality guarantee deposit that fails to meet the collection conditions	38,573,318.95	Mainly due to the increase in warranty deposits that have not met the collection conditions
Sales funds with conditional collection right	-13,935,117.52	Due to a decrease in sales proceeds with conditional collection rights
Less: Contract assets shown in other non-current assets	24,019,810.60	Mainly due to the increase in warranty deposits for completed projects that have not yet matured
Total	33,664,360.41	—

### (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	
Separate bad debt provision	15,959,030.94	0.64%	8,868,474.41	55.57%	7,090,556.53	16,288,576.53	0.66%	9,033,247.20	55.46%	7,255,329.33
Including:										
Customer 1	14,181,113.07	0.57%	7,090,556.54	50.00%	7,090,556.53	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	2,471,179,657.55	99.36%	196,907,373.70	7.97%	2,274,272,283.85	2,441,971,353.36	99.34%	201,528,202.73	8.25%	2,240,443,150.63
Including:										
Completed and unsettled project funds that fail to meet the collection conditions	2,303,349,015.61	92.61%	170,700,241.75	7.41%	2,132,648,773.86	2,286,329,426.34	93.01%	187,097,333.23	8.18%	2,099,232,093.11
Quality guarantee deposit that fails to meet the collection conditions	129,142,787.08	5.19%	25,708,923.11	19.91%	103,433,863.97	102,789,387.59	4.18%	13,703,093.61	13.33%	89,086,293.98
Sales funds with conditional collection right	38,687,854.86	1.56%	498,208.84	1.29%	38,189,646.02	52,852,539.43	2.15%	727,775.89	1.38%	52,124,763.54
Total	2,487,138,688.49	100.00%	205,775,848.11	8.27%	2,281,362,840.38	2,458,259,929.89	100.00%	210,561,449.93	8.57%	2,247,698,479.96

Provision for bad debts by individual item: individual provision

In RMB

Name	Opening balance		Closing balance			
	Remaining book value	Bad debt provision	Remaining book value	Bad debt provision	Provision rate	Reason
Customer	14,510,658.66	7,255,329.33	14,181,113.07	7,090,556.54	50.00%	Customer credit

1						status deteriorates
Customer 2	1,777,917.87	1,777,917.87	1,777,917.87	1,777,917.87	100.00 %	Customer's credit condition has deteriorated, recovery is expected to be impossible
Total	16,288,576.53	9,033,247.20	15,959,030.94	8,868,474.41		

Provision for bad debts by category: Sales proceeds with conditional collection rights

In RMB

Name	Closing balance		
	Remaining book value	Bad debt provision	Provision rate
Sales funds with conditional collection right	38,687,854.86	498,208.84	1.29%
Total	38,687,854.86	498,208.84	

Group recognition basis:

See 10. Financial Tools in 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 category: Completed but unsettled engineering payments that have not met 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	2,303,349,015.61	170,700,241.75	7.41%
Total	2,303,349,015.61	170,700,241.75	

Provision for bad debts by category: Warranty deposits that have not met 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	129,142,787.08	25,708,923.11	19.91%
Total	129,142,787.08	25,708,923.11	

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
Separate bad debt provision	-164,772.79			
Provision for bad debts	-4,620,829.03			



by combination				
Total	-4,785,601.82			

## 6. Receivable financing

### (1) Presentation of receivables financing classification

In RMB

Item	Closing balance	Opening balance
Notes receivable	387,988.26	4,568,000.10
Total	387,988.26	4,568,000.10

### (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	
Provision for bad debts by combination	387,988.26	100.00%	0.00	0.00%	387,988.26	4,568,000.10	100.00%	0.00	0.00%	4,568,000.10
Including:										
Bank acceptance	387,988.26	100.00%	0.00	0.00%	387,988.26	4,568,000.10	100.00%	0.00	0.00%	4,568,000.10
Total	387,988.26	100.00%	0.00	0.00%	387,988.26	4,568,000.10	100.00%	0.00	0.00%	4,568,000.10

Provision for bad debts by category: bank acceptance bills

In RMB

Name	Closing balance		
	Remaining book value	Bad debt provision	Provision rate
Bank acceptance	387,988.26	0.00	0.00%
Total	387,988.26	0.00	

Group recognition basis:

See 10. Financial Tools in V, Important Accounting Policies and Accounting Estimates for the recognition criteria and instructions for withdrawing bad debt reserves by portfolio

### (3) Receivables financing endorsed or discounted by the Company and not yet due as of the balance sheet date

In RMB

Item	De-recognized amount	Not de-recognized amount
Bank acceptance	20,218,009.94	

Total	20,218,009.94	
-------	---------------	--

## 7. Other receivables

In RMB

Item	Closing balance	Opening balance
Other receivables	159,021,678.10	168,322,524.80
Total	159,021,678.10	168,322,524.80

### (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	92,302,799.58	101,364,611.15
Construction borrowing and advanced payment	39,555,845.35	39,950,652.16
Staff borrowing and petty cash	3,859,640.71	3,221,577.94
VAT refund receivable	1,669,026.05	642,493.02
Refundable advance payments	18,688,485.50	18,884,265.12
Others	12,055,952.72	12,294,754.02
Total	168,131,749.91	176,358,353.41

### (2) Account age

In RMB

Age	Closing balance of book value	Opening balance of book value
Within 1 year (inclusive)	38,057,107.79	45,432,663.12
1-2 years	5,088,714.70	11,015,466.34
2-3 years	3,402,846.21	4,495,902.18
Over 3 years	121,583,081.21	115,414,321.77
3-4 years	3,507,438.00	3,882,310.18
4-5 years	2,699,084.63	9,518,614.26
Over 5 years	115,376,558.58	102,013,397.33
Total	168,131,749.91	176,358,353.41

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
Customer 2	1,586,520.17	23,639.15	Performance bond	No
Total	3,556,902.06	1,994,021.04		

**(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	168,131,749.91	100.00%	9,110,071.81	5.42%	159,021,678.10	176,358,353.41	100.00%	8,035,828.61	4.56%	168,322,524.80
Including:										
First stage	158,161,485.57	94.07%	2,357,587.33	1.49%	155,803,898.24	167,771,508.00	95.13%	2,498,265.50	1.49%	165,273,242.50
Second stage	3,317,298.83	1.97%	99,518.97	3.00%	3,217,779.86	3,143,590.00	1.78%	94,307.70	3.00%	3,049,282.30
Third stage	6,652,965.51	3.96%	6,652,965.51	100.00%	0.00	5,443,255.41	3.09%	5,443,255.41	100.00%	0.00
Total	168,131,749.91	100.00%	9,110,071.81	5.42%	159,021,678.10	176,358,353.41	100.00%	8,035,828.61	4.56%	168,322,524.80

Provision for bad debts by category: Portfolio 1: Stage one

In RMB

Name	Closing balance		
	Remaining book value	Bad debt provision	Provision rate
Portfolio 1: First stage	158,161,485.57	2,357,587.33	1.49%
Total	158,161,485.57	2,357,587.33	

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 category: Portfolio 2: Stage two

In RMB

Name	Closing balance		
	Remaining book value	Bad debt provision	Provision rate
Portfolio 2: Second stage	3,317,298.83	99,518.97	3.00%
Total	3,317,298.83	99,518.97	

Provision for bad debts by category: Portfolio 3: Stage three

In RMB

Name	Closing balance		
	Remaining book value	Bad debt provision	Provision rate
Portfolio 3: Third stage	6,652,965.51	6,652,965.51	100.00%
Total	6,652,965.51	6,652,965.51	

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 Wednesday, January 1, 2025	2,498,265.50	94,307.70	5,443,255.41	8,035,828.61
Balance on Wednesday, January 1, 2025 in the current period				
Provision	-141,170.07	5,211.27	1,209,710.10	1,073,751.30
Other change	491.90			491.90
Balance on Monday, June 30, 2025	2,357,587.33	99,518.97	6,652,965.51	9,110,071.81

Criteria for stage division and provision ratios for bad debts

First stage	Payments not overdue or overdue for less than 30 days	1.49%	
Second stage	Payments excluding those in Stage One and Stage Three	3.00%	
Third stage	Payments overdue for more than 90 days and have incurred credit impairment	Individual recognition	Determined based on the actual loss rate calculated for individual items
		Others	100%

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	8,035,828.61	1,073,751.30			491.90	9,110,071.81
Total	8,035,828.61	1,073,751.30			491.90	9,110,071.81

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

In RMB

Entity	By nature	Closing balance	Age	Percentage (%)	Balance of bad debt provision at the end of the period
Shenzhen Yikang Real Estate Co.	Margin and	6,000,000.00	2-3 years	45.24%	1,133,333.87

Ltd.	current account	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	11.90%	298,000.00
Jiangxi Yajinghong Trading Co., Ltd.	Refundable advance payments	16,215,255.00	Less than 1 year	9.64%	241,607.30
Shenzhen Henggang Dakang Co., Ltd.	Deposit	8,000,000.00	Over 5 years	4.76%	119,200.00
Shenzhen Ganshang Joint Investment Co., Ltd.	Others	3,791,089.25	Over 5 years	2.25%	56,487.23
Total		124,069,020.08		73.79%	1,848,628.40

## 8. Prepayment

### (1) Account ages of prepayments

In RMB

Age	Closing balance		Opening balance	
	Amount	Proportion	Amount	Proportion
Less than 1 year	25,027,812.41	81.59%	17,938,392.45	76.81%
1-2 years	1,197,822.36	3.90%	1,949,630.86	8.35%
2-3 years	1,959,235.04	6.39%	1,404,616.03	6.01%
Over 3 years	2,491,082.56	8.12%	2,062,396.77	8.83%
Total	30,675,952.37		23,355,036.11	

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 RMB9,376,206.65, accounting for 30.57% 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	Book value	Remaining book value	Provision for inventory depreciation or contract	Book value

		performance cost impairment provision			performance cost impairment provision	
Development cost	232,850,833.28		232,850,833.28	230,990,938.09		230,990,938.09
Development products	123,294,948.03		123,294,948.03	124,380,755.91		124,380,755.91
Contract performance costs	87,870,860.04		87,870,860.04	102,358,825.07		102,358,825.07
Raw materials	137,241,926.40		137,241,926.40	110,961,372.14		110,961,372.14
Product in process	92,784,395.99		92,784,395.99	91,796,788.96		91,796,788.96
Finished goods in stock	43,889,520.00		43,889,520.00	8,694,704.45		8,694,704.45
Low price consumable	182,549.71		182,549.71	178,098.23		178,098.23
OEM materials	14,107,387.38		14,107,387.38	13,483,327.00		13,483,327.00
Goods delivered	13,352,219.33		13,352,219.33	20,251,212.30		20,251,212.30
Materials in transit				2,570,386.59		2,570,386.59
Total	745,574,640.16		745,574,640.16	705,666,408.74		705,666,408.74

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

In RMB

Item	Starting time	Estimated finish time	Estimated total investment	Opening balance	Transferred to development product in this period	Other decrease in this period	Increase (development cost) in this period	Closing balance	Accumulative capitalized interest	Including: capitalized interest for the current period	Capital source
Dakang Village Project in Shenzhen	1 December 2028	December 31, 2034	3,600,000,000.00	201,016,423.09			310,330.19	201,326,753.28			Bank loans and own funds
Fangda Bangshen Industry Park	1 December 2025	December 31, 2026	870,000,000.00	29,974,515.00			1,549,565.00	31,524,080.00			
Total			4,470,000,000.00	230,990,938.09			1,859,895.19	232,850,833.28			

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

In RMB

Item	Completion time	Opening balance	Increase	Decrease	Closing balance	Accumulative capitalized	Including: capitalized
------	-----------------	-----------------	----------	----------	-----------------	--------------------------	------------------------

						interest	interest for the current period
Phase I of Fangda Town	December 29, 2016	15,532,505.9 7			15,532,505.9 7	549,009.88	
Nanchang Fangda Center	April 27, 2021	108,848,249. 94		1,085,807.88	107,762,442. 06	4,179,820.41	
Total		124,380,755. 91		1,085,807.88	123,294,948. 03	4,728,830.29	

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

As of June 30, 2025, the capitalization amount of borrowing costs in the ending inventory balance is RMB4,728,830.29.

## 10. Other current assets

In RMB

Item	Closing balance	Opening balance
Reclassification of VAT debit balance	319,957,156.93	292,626,079.84
Overpayment and prepayment of income tax	11,338,103.87	11,197,246.58
Payment to be collected on behalf of suppliers	3,003,841.89	3,003,841.89
Prepaid other taxes and fees	911,445.00	949,974.83
Total	335,210,547.69	307,777,143.14

## 11. 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	2,402,841.50				245.35						2,403,086.85	

Jiangxi Busine ss Innova tive Proper ty Joint Stock Co., Ltd.	54,288 ,132.4 7				- 35,409 .60						54,252 ,722.8 7	
Subtot al	56,690 ,973.9 7				- 35,164 .25						56,655 ,809.7 2	
Total	56,690 ,973.9 7				- 35,164 .25						56,655 ,809.7 2	

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

## 12. 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	6,523,233.73	6,519,740.17
Total	6,523,233.73	6,519,740.17

## 13. Investment real estates

### (1) Investment real estate measured at costs

☐ Applicable ☒ Inapplicable

### (2) Investment real estate measured at fair value

☒ Applicable ☐ Inapplicable

In RMB

Item	Houses & buildings	Total
I. Opening balance	5,835,036,098.20	5,835,036,098.20
II. Change in this period	-9,208,981.24	-9,208,981.24
Add: external purchase		
Transfer-in from inventory\fixed assets\construction in progress		
Less: disposal	9,261,764.55	9,261,764.55
Change in fair value	52,783.31	52,783.31



III. Closing balance	5,825,827,116.96	5,825,827,116.96
----------------------	------------------	------------------

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

Item	Location	Completion time	Building area (m <sup>2</sup> )	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	36,729,288.57	4,816,996,153.02	4,816,996,153.02	0.00%	
Fangda Building	Shenzhen	28 December 2002	20,464.75	7,703,010.96	380,644,350.00	380,644,350.00	0.00%	
Nanchang Fangda Center	Nanchang	December 10, 2020	38,165.36	6,838,442.83	415,552,403.00	415,552,403.00	0.00%	
Nanchang Fangda Technology Park	Nanchang	2 August 2005	85,472.88	2,685,475.32	185,877,848.00	185,877,848.00	0.00%	
Others	Guangzhou, Zhuhai, Shaoguan, etc.		2,847.06	39,779.85	35,965,344.18	26,756,362.94	-25.61%	Due to the disposal of some properties during the period
Total			239,420.63	53,995,997.53	5,835,036,098.20	5,825,827,116.96	-0.16%	

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

☐ Yes ☒ No

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

☐ Yes ☒ No

### (3) Investment real estate without ownership certificate

In RMB

Item	Book value	Reason
Five units at Lanzhou Rail Transit-City Dawn	4,584,155.96	The developer is completing the relevant procedures

## 14. Fixed assets

In RMB

Item	Closing balance	Opening balance
Fixed assets	932,515,821.46	939,548,074.59

Disposal of fixed assets		1,346,269.80
Total	932,515,821.46	940,894,344.39

**(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	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
2. Increase in this period	1,039,788.14	8,258,788.93	227,633.25	1,779,787.33		11,305,997.65
(1) Purchase	8,397.00	8,258,788.93	227,633.25	1,779,787.33		10,274,606.51
(2) Transfer-in of construction in progress	1,031,391.14					1,031,391.14
3. Decrease in this period	11,149.00	18,500.00	365,300.34	443,040.30		837,989.64
(1) Disposal or retirement	11,149.00	18,500.00	360,130.54	441,855.32		831,634.86
(2) Other decrease			5,169.80	1,184.98		6,354.78
4. Closing balance	857,189,853.49	137,125,893.05	21,182,610.10	52,697,002.83	129,754,129.46	1,197,949,488.93
II. Accumulative depreciation						
1. Opening 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
2. Increase in this period	9,725,673.83	3,732,462.31	434,138.64	1,270,673.61	3,077,964.96	18,240,913.35
(1) Provision	9,725,673.83	3,732,462.31	434,138.64	1,270,673.61	3,077,964.96	18,240,913.35
3. Decrease in this period	3,930.14	16,650.00	324,117.49	395,954.58		740,652.21
(1) Disposal or retirement	3,930.14	16,650.00	324,117.49	395,954.58		740,652.21
4. Closing balance	97,375,313.99	63,002,312.39	15,702,764.57	33,316,225.87	56,031,969.45	265,428,586.27
III. Impairment provision						
1. Opening balance		5,081.20				5,081.20
2. Increase in this period						

3. Decrease in this period						
4. Closing balance		5,081.20				5,081.20
IV. Book value						
1. Closing book value	759,814,539.50	74,118,499.46	5,479,845.53	19,380,776.96	73,722,160.01	932,515,821.46
2. Opening 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) Fixed assets without ownership certificate**

In RMB

Item	Book value	Reason
Yuehai Office Building C 502	97,241.85	Historical reasons

**(3) Disposal of fixed assets**

In RMB

Item	Closing balance	Opening balance
Disposal of fixed assets		1,346,269.80
Total		1,346,269.80

**15. Construction in process**

In RMB

Item	Closing balance	Opening balance
Construction in process	4,883,219.33	7,265,104.44
Total	4,883,219.33	7,265,104.44

**(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-Carbon Intelligent Manufacturing Base Exhibition Hall and Installation Equipment	4,390,931.22		4,390,931.22	7,018,372.92		7,018,372.92
Songshan lake production base exhibition hall renovation	407,009.63		407,009.63	246,731.52		246,731.52
Others	85,278.48		85,278.48			

Total	4,883,219.33		4,883,219.33	7,265,104.44		7,265,104.44
-------	--------------	--	--------------	--------------	--	--------------

**(2) Impairment testing of construction in progress**

☐ Applicable ☒ Inapplicable

**16. Use right assets****(1) Right-to-use assets**

In RMB

Item	Houses & buildings	Transportation facilities	Total
I. Original book value:			
1. Opening balance	17,835,398.71	9,285,061.69	27,120,460.40
2. Increase in this period	1,774,021.98	358,600.31	2,132,622.29
3. Decrease in this period	3,687,980.46	1,459,531.04	5,147,511.50
4. Closing balance	15,921,440.23	8,184,130.96	24,105,571.19
II. Accumulative depreciation			
1. Opening balance	9,589,374.43	1,847,964.93	11,437,339.36
2. Increase in this period	2,846,270.52	906,821.82	3,753,092.34
(1) Provision	2,846,270.52	906,821.82	3,753,092.34
3. Decrease in this period	3,490,935.35	1,348,069.46	4,839,004.81
(1) Disposal	3,490,935.35	1,348,069.46	4,839,004.81
4. Closing balance	8,944,709.60	1,406,717.29	10,351,426.89
III. Impairment provision			
1. Opening balance			
2. Increase in this period			
3. Decrease in this period			
4. Closing balance			
IV. Book value			
1. Closing book value	6,976,730.63	6,777,413.67	13,754,144.30
2. Opening book value	8,246,024.28	7,437,096.76	15,683,121.04

**(2) Impairment testing of right-of-use assets**

☐ Applicable ☒ Inapplicable

**17. Intangible assets****(1) Intangible assets**

In RMB

Item	Land using right	Software	Trademarks, patents, proprietary technologies, and others	Total
I. Book value				
1. Opening balance	142,009,721.92	24,267,321.82	9,779,872.37	176,056,916.11

2. Increase in this period		4,589,209.42	1,350.00	4,590,559.42
(1) Purchase		4,589,209.42	1,350.00	4,590,559.42
3. Decrease in this period	48,330,450.00	1,954,433.04	57,905.00	50,342,788.04
(1) Disposal	48,330,450.00	1,954,433.04	57,905.00	50,342,788.04
4. Closing balance	93,679,271.92	26,902,098.20	9,723,317.37	130,304,687.49
II. Accumulative amortization				
1. Opening balance	24,105,634.24	15,108,511.74	8,946,369.49	48,160,515.47
2. Increase in this period	2,048,865.16	1,194,847.43	95,518.42	3,339,231.01
(1) Provision	2,048,865.16	1,194,847.43	95,518.42	3,339,231.01
3. Decrease in this period	3,955,162.47	1,954,433.04	57,680.00	5,967,275.51
(1) Disposal	3,955,162.47	1,954,433.04	57,680.00	5,967,275.51
4. Closing balance	22,199,336.93	14,348,926.13	8,984,207.91	45,532,470.97
III. Impairment provision				
1. Opening balance	3,844,005.85			3,844,005.85
2. Increase in this period				
3. Decrease in this period	3,844,005.85			3,844,005.85
4. Closing balance				
IV. Book value				
1. Closing book value	71,479,934.99	12,553,172.07	739,109.46	84,772,216.52
2. Opening book value	114,060,081.83	9,158,810.08	833,502.88	124,052,394.79

**(2) Impairment test of intangible assets**

☐ Applicable ☒ Inapplicable

**18. 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	860,222.42		28,050.78		832,171.64
Sporadic decoration and renovation costs of Fangda Town	1,142,235.22	348,296.00	722,273.27		768,257.95
Sporadic decoration and renovation costs of Fangda Center	367,433.90		210,458.87		156,975.03
Environmental protection service fees		3,131,349.06	521,891.52		2,609,457.54
Nanchang Fangda Technology Park plant maintenance and renovation		1,629,423.90	213,045.64		1,416,378.26
Others	1,671,134.16	632,403.63	820,741.96		1,482,795.83
Total	4,041,025.70	5,741,472.59	2,516,462.04		7,266,036.25

**19. 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	216,867,647.55	33,126,289.85	227,880,793.93	35,025,619.90
Credit impairment provision	447,553,075.02	70,697,757.98	382,932,070.72	60,483,324.52
Unrealizable gross profit	114,814,567.82	27,540,022.30	108,593,435.66	26,573,799.68
Deductible loss	338,802,776.49	76,884,614.94	286,565,331.75	67,193,424.59
Anticipated liabilities	2,787,964.34	418,194.65	4,191,535.03	628,730.25
Unrealized investment income	283,670,426.45	56,136,538.46	281,712,399.15	55,842,834.35
Deferred earning	22,906,370.60	3,582,586.79	5,946,064.06	1,041,584.25
Change in fair value	5,848,556.53	877,283.45	8,623,065.19	1,303,042.83
Lease liabilities	11,178,785.24	1,749,382.05	15,352,065.96	2,788,081.55
Accrued and unpaid land tax	16,012,293.28	4,003,073.33	16,012,293.28	4,003,073.33
Reserved expense	36,589,539.42	5,488,430.92	36,589,539.42	5,488,430.92
Tax and accounting differences for overseas subsidiaries	8,951,298.84	2,685,389.63	8,617,276.57	2,585,182.97
<b>Total</b>	<b>1,505,983,301.58</b>	<b>283,189,564.35</b>	<b>1,383,015,870.72</b>	<b>262,957,129.14</b>

**(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	4,291,784,723.01	1,071,484,258.17	4,296,974,960.10	1,071,313,064.75
Acquire premium to form inventory	1,535,605.48	383,901.37	1,535,605.48	383,901.37
Use right assets	11,440,452.47	1,870,523.49	15,683,121.04	2,901,986.66
Estimated gross margin when Fangda Town records income, but does not reach the taxable income level	19,716,135.04	4,929,033.76	24,131,708.41	6,032,927.10
Rental income	11,298,705.70	2,824,676.43	26,717,859.03	6,679,464.47
<b>Total</b>	<b>4,335,775,621.70</b>	<b>1,081,492,393.22</b>	<b>4,365,043,254.06</b>	<b>1,087,311,344.35</b>

**(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	Deferred income tax assets and liabilities at the beginning of the	Offset balance of deferred income tax assets or liabilities after
------	---	---	--	---

		offsetting	period	offsetting
Deferred income tax assets	58,848,324.93	224,341,239.43	56,970,202.43	205,986,926.71
Deferred income tax liabilities	58,848,324.93	1,022,644,068.29	56,970,202.43	1,030,341,141.92

**(4) Details of unrecognized deferred income tax assets**

In RMB

Item	Closing balance	Opening balance
Deductible temporary difference	307,077.18	434,437.85
Deductible loss	385,869.43	383,366.61
Total	692,946.61	817,804.46

**(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
2025	2,679.34	2,679.34	
2026	449.91	449.91	
2027	125,759.62	125,759.62	
2028	122,872.18	122,872.18	
2029	131,605.56	131,605.56	
2030 and later	2,502.82		
Total	385,869.43	383,366.61	

**20. 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	184,571,451.30	11,397,076.96	173,174,374.34	160,412,051.45	11,257,487.71	149,154,563.74
Prepaid house and equipment amount	84,780,258.02		84,780,258.02	63,504,106.15		63,504,106.15
Total	269,351,709.32	11,397,076.96	257,954,632.36	223,916,157.60	11,257,487.71	212,658,669.89

**21. 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	351,421,548.82	351,421,548.82	For pledge or restricted use	Various deposits	460,052,125.50	460,052,125.50	For pledge or restricted use	Various deposits
Notes	56,039,576.	55,952,616.	For	Bills	34,500,685.	34,490,806.	For	Bills

receivable	30	30	endorsement or discounting	endorsed or discounted but not yet due	65	03	endorsement or discounting	endorsed or discounted but not yet due
Fixed assets	420,916,516.86	407,640,671.99	Used as collateral	Loan by pledge	362,760,741.16	355,978,425.04	Used as collateral	Loan by pledge
Intangible assets	24,179,649.75	22,970,667.15	Used as collateral	Loan by pledge	24,179,649.75	23,212,463.67	Used as collateral	Loan by pledge
Account receivable	18,855,961.07	18,571,850.64	For pledge	Loan by pledge	34,364,041.60	33,851,277.04	For pledge	Loan by pledge
Investment real estate	3,469,098,906.24	3,469,098,906.24	Used as collateral	Loan by pledge	1,822,483,172.10	1,822,483,172.10	Used as collateral	Loan by pledge
Equity pledge	200,000,000.00	200,000,000.00	For pledge	100% stake in Fangda Property Development held by the Company	200,000,000.00	200,000,000.00	For pledge	100% stake in Fangda Property Development held by the Company
Total	4,540,512,159.04	4,525,656,261.14			2,938,340,415.76	2,930,068,269.38		

## 22. Short-term borrowings

### (1) Classification of short-term borrowings

In RMB

Item	Closing balance	Opening balance
Guarantee loan	756,848,890.56	720,642,744.49
Guarantee and pledge loan	453,677,441.67	943,053,677.99
Total	1,210,526,332.23	1,663,696,422.48

Explanation of Short-Term Loan Classification: The ending balance of guaranteed loans of RMB756,848,890.56 is guaranteed by the Company for its subsidiaries; the ending balance of guaranteed and pledged loans of RMB453,677,441.67 is guaranteed by the Company for its subsidiaries and secured by the subsidiaries' deposits or intellectual property.

## 23. Derivative financial liabilities

In RMB

Item	Closing balance	Opening balance
Futures contracts	0.00	1,520,625.00
Total	0.00	1,520,625.00

## 24. Notes payable

In RMB

Type	Closing balance	Opening balance
Commercial acceptance	105,101.24	8,958,406.41
Bank acceptance	603,756,270.11	672,229,721.56
Total	603,861,371.35	681,188,127.97



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

## 25. Account payable

### (1) Account payable

In RMB

Item	Closing balance	Opening balance
Account repayable and engineering repayable	1,341,231,699.80	1,528,510,873.88
Payable installation and implementation fees	459,827,730.31	558,215,149.23
Construction payable	37,848,289.19	27,062,009.47
Others	34,651,891.68	32,806,857.99
Total	1,873,559,610.98	2,146,594,890.57

### (2) Significant accounts payable older than one year or past due

In RMB

Item	Ending balance of accounts aged over one year	Reason
Supplier 1	26,099,922.27	Completion settlement procedures not yet finalized
Total	26,099,922.27	

## 26. Other payables

In RMB

Item	Closing balance	Opening balance
Other payables	120,776,692.65	120,918,002.02
Total	120,776,692.65	120,918,002.02

### (1) Other payables

#### 1) Other payables presented by nature

In RMB

Item	Closing balance	Opening balance
Performance and quality deposit	38,607,530.17	42,955,873.85
Deposit	36,889,443.77	22,843,813.76
Reserved expense	506,099.93	5,336,051.21
Others	44,773,618.78	49,782,263.20
Total	120,776,692.65	120,918,002.02

### (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
-------	---------------

**27. Prepayment received****(1) Prepayment received**

In RMB

Item	Closing balance	Opening balance
Rent received in advance	3,669,703.07	1,513,398.39
Total	3,669,703.07	1,513,398.39

**28. Contract liabilities**

In RMB

Item	Closing balance	Opening balance
Project funds collected in advance	253,906,485.13	259,315,011.77
Real estate sales payment	1,121,660.56	
Material loan	1,396,228.73	8,934,838.06
Others	664,493.39	344,191.43
Total	257,088,867.81	268,594,041.26

**29. Employees' wage payable****(1) Employees' wage payable**

In RMB

Item	Opening balance	Increase	Decrease	Closing balance
1. Short-term remuneration	69,946,623.12	236,570,591.43	272,340,927.80	34,176,286.75
2. Retirement pension program-defined contribution plan	762,569.73	15,900,506.69	16,203,201.21	459,875.21
3. Dismiss compensation	5,534,455.12	4,349,301.26	9,418,412.78	465,343.60
Total	76,243,647.97	256,820,399.38	297,962,541.79	35,101,505.56

**(2) Short-term remuneration**

In RMB

Item	Opening balance	Increase	Decrease	Closing balance
1. Wage, bonus, allowance and subsidies	68,590,093.96	220,840,671.79	256,595,401.61	32,835,364.14
2. Employee welfare	227,864.06	4,707,857.15	4,793,343.65	142,377.56
3. Social insurance	187,229.50	5,221,752.52	5,256,394.54	152,587.48
Including: medical insurance	170,309.99	4,133,473.70	4,165,252.96	138,530.73
Labor injury insurance	10,483.12	504,458.97	507,029.63	7,912.46
Breeding insurance	6,436.39	351,603.17	351,895.27	6,144.29
Medical insurance		232,216.68	232,216.68	
4. Housing fund	73,372.23	5,411,736.70	5,270,788.32	214,320.61
5. Labor union budget and staff	329,829.09	388,573.27	399,509.35	318,893.01

education fund				
6. Short-term paid leave	538,234.28		25,490.33	512,743.95
Total	69,946,623.12	236,570,591.43	272,340,927.80	34,176,286.75

**(3) Defined contribution plan**

In RMB

Item	Opening balance	Increase	Decrease	Closing balance
1. Basic pension	750,906.10	15,385,220.76	15,683,461.54	452,665.32
2. Unemployment insurance	11,663.63	515,285.93	519,739.67	7,209.89
Total	762,569.73	15,900,506.69	16,203,201.21	459,875.21

**30. Taxes payable**

In RMB

Item	Closing balance	Opening balance
VAT	5,688,349.69	5,252,317.56
Enterprise income tax	11,982,655.51	22,749,953.33
Personal income tax	1,064,595.82	1,436,564.89
City maintenance and construction tax	312,003.37	442,894.30
Land using tax	494,804.97	342,015.86
Property tax	8,572,987.21	1,433,309.14
Education surtax	140,072.45	194,329.75
Local education surtax	93,381.66	129,553.00
Land VAT	15,027,533.81	16,012,293.28
Others	587,456.22	853,886.08
Total	43,963,840.71	48,847,117.19

**31. Non-current liabilities due within 1 year**

In RMB

Item	Closing balance	Opening balance
Long-term loans due within 1 year	364,576,203.33	123,355,127.55
Lease liabilities due within one year	5,294,272.00	5,114,390.19
Provisions expected to mature within one year	1,050,184.81	2,905,143.31
Total	370,920,660.14	131,374,661.05

**32. Other current liabilities**

In RMB

Item	Closing balance	Opening balance
Untermiated notes receivable	56,039,576.30	21,426,278.75
Substituted money on VAT	17,393,522.93	29,409,280.92
Total	73,433,099.23	50,835,559.67

### 33. Long-term borrowings

#### (1) Classification of long-term borrowings

In RMB

Item	Closing balance	Opening balance
Guarantee, mortgage and pledge loan	1,689,576,203.33	1,260,355,127.55
Less: Long-term loans due within 1 year	364,576,203.33	123,355,127.55
Total	1,325,000,000.00	1,137,000,000.00

Explanation of Long-Term Loan Classification: Among the aforementioned guaranteed, mortgaged, and pledged loans, an amount of RMB1,101,100,000.00 is guaranteed by the Company for its subsidiary, Fangda Real Estate Company, with 100% equity of the subsidiary pledged, part of Fangda Town properties mortgaged, and rental receivables pledged. An amount of RMB290,233,333.33 is guaranteed by the Company for its subsidiary, Fangda Intelligent Manufacturing Company, with the subsidiary's fixed assets and industrial land provided as mortgage security. An amount of RMB298,242,870 is guaranteed by the Company for its subsidiary, Fangda Construction Technology Company.

Other Notes: The interest rate for long-term loans ranges from 2.5% to 5%.

### 34. Lease liabilities

In RMB

Item	Closing balance	Opening balance
Lease payments	14,784,665.89	18,828,149.71
Less: unrecognized financing expenses	952,372.28	3,061,152.04
Less: lease liabilities due within one year	5,294,272.00	5,114,390.19
Total	8,538,021.61	10,652,607.48

### 35. Anticipated liabilities

In RMB

Item	Closing balance	Opening balance	Reason
Product quality warranty	1,364,246.50	917,063.27	Maintenance fee
Loss contract to be executed	369,328.45	369,328.45	
Total	1,733,574.95	1,286,391.72	

### 36. Deferred earning

In RMB

Item	Opening balance	Increase	Decrease	Closing balance	Reason
Government subsidy	10,669,612.13	17,776,306.00	964,723.46	27,481,194.67	See the following table
Total	10,669,612.13	17,776,306.00	964,723.46	27,481,194.67	

Others:

Item	December 31, 2024	Amount of new subsidy	Amount included in non-operating revenue	Other misc. gains recorded in this period	Other change	June 30, 2025	Related to assets/earning

Major investment project prize from Industry and Trade Development Division of Dongguan Finance Bureau	1,338,095.90			28,571.40		1,309,524.50	Assets-related
Distributed PV power generation project subsidy sponsored by Dongguan Reform and Development Commission	268,750.37			12,499.98		256,250.39	Assets-related
Subsidized land transfer	158,650.67			1,862.82		156,787.85	Assets-related
Special subsidy for industrial transformation, upgrading and development	998,949.15			75,869.58		923,079.57	Assets-related
Enterprise informationization subsidy project of Shenzhen Small and Medium Enterprise Service Agency	228,000.00			24,000.00		204,000.00	Assets-related
National Industry Revitalization and Technology Renovation Project fund	4,454,797.70			153,864.30		4,300,933.40	Assets-related
Subsidy for new plant	908,496.70			13,071.90		895,424.80	Assets-related
Land subsidy	2,313,871.64	1,927,944.00		30,790.38		4,211,025.26	Assets-related
Central air pollution control fund award and subsidy		10,234,100.00		524,825.64		9,709,274.36	Assets-related
Equipment special subsidy		5,614,262.00		99,367.46		5,514,894.54	Assets-related
Total	10,669,612.13	17,776,306.00		964,723.46		27,481,194.67	

### 37. Capital share

In RMB

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

**38. Capital reserve**

In RMB

Item	Opening balance	Increase	Decrease	Closing balance
Capital premium (share capital premium)	2,903,850.98			2,903,850.98
Other capital reserves	1,454,097.35			1,454,097.35
Total	4,357,948.33			4,357,948.33

**39. 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 cannot be reclassified into profit or loss	- 3,779,277.52							- 3,779,277.52
Fair value change of investment in other equity tools	- 3,779,277.52							- 3,779,277.52
2. Other misc. incomes that will be re-classified into gain and loss	162,184,292.04	2,177,063.53	91,825.61		225,959.90	1,859,020.93	257.09	164,043,312.97
Cash flow hedge reserve	- 1,269,329.14	1,598,225.00			239,733.74	1,358,491.26		89,162.12
Translation difference of foreign exchange statement	- 533,034.30	578,838.53				578,581.44	257.09	45,547.14

Investment real estate measured at fair value	163,986,655.48		91,825.61		-13,773.84	-78,051.77		163,908,603.71
Other miscellaneous income	158,405,014.52	2,177,063.53	91,825.61		225,959.90	1,859,020.93	257.09	160,264,035.45

#### 40. Surplus reserves

In RMB

Item	Opening balance	Increase	Decrease	Closing balance
Statutory surplus reserves	83,974,716.22			83,974,716.22
Total	83,974,716.22			83,974,716.22

#### 41. Retained profit

In RMB

Item	Current period	Last period
Adjustment on retained profit of previous period	4,805,192,000.28	4,772,359,940.45
Retained profit adjusted at beginning of year	4,805,192,000.28	4,772,359,940.45
Plus: Net profit attributable to owners of the parent	17,289,598.23	116,795,117.62
Common share dividend payable	53,693,711.35	85,909,938.16
Closing undistributed profit	4,768,787,887.16	4,803,245,119.91

#### 42. Operational revenue and costs

In RMB

Item	Amount occurred in the current period		Occurred in previous period	
	Income	Cost	Income	Cost
Main business	1,576,352,547.18	1,287,281,242.59	2,115,537,007.16	1,724,711,866.23
Other businesses	21,933,902.86	20,256,406.69	18,308,580.60	12,887,318.75
Total	1,598,286,450.04	1,307,537,649.28	2,133,845,587.76	1,737,599,184.98

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	1,184,916,485.51	1,055,106,425.59	316,923,499.00	226,276,904.92	79,515,183.06	22,323,987.11	9,228,271.51	3,830,331.66	7,703,010.96	0.00	1,598,286,450.04	1,307,537,649.28
Including:												

Curtain wall system and materials	1,184,916,485.51	1,055,106,425.59									1,184,916,485.51	1,055,106,425.59
Subway screen door and service			316,923,499.00	226,276,904.92							316,923,499.00	226,276,904.92
Real estate rental and sales and property services					79,515,183.06	22,323,987.11					79,515,183.06	22,323,987.11
PV power generation products							9,228,271.51	3,830,331.66			9,228,271.51	3,830,331.66
Others									7,703,010.96	0.00	7,703,010.96	0.00
By operating region	1,184,916,485.51	1,055,106,425.59	316,923,499.00	226,276,904.92	79,515,183.06	22,323,987.11	9,228,271.51	3,830,331.66	7,703,010.96	0.00	1,598,286,450.04	1,307,537,649.28
Including:												
Domestic revenue	1,168,592,022.61	1,043,842,539.72	194,343,292.37	151,957,254.67	79,515,183.06	22,323,987.11	9,228,271.51	3,830,331.66	7,703,010.96	0.00	1,459,381,780.51	1,221,954,113.16
Overseas revenue	16,324,462.90	11,263,885.87	122,580,206.63	74,319,650.25							138,904,669.53	85,583,536.12
Classified by timing of goods transfer	1,184,916,485.51	1,055,106,425.59	316,923,499.00	226,276,904.92	79,515,183.06	22,323,987.11	9,228,271.51	3,830,331.66	7,703,010.96		1,598,286,450.04	1,307,537,649.28
Including:												
Revenue recognized at a certain	65,290,099.04	61,738,645.95	63,009,900.50	41,757,364.58	5,666,572.47	1,050,507.21	9,228,271.51	3,830,331.66			143,194,843.52	108,376,849.40



point in time												
Revenue recognized over a period of time	1,119, 626,38 6.47	993,36 7,779. 64	253,91 3,598. 50	184,51 9,540. 34	73,848 ,610.5 9	21,273 ,479.9 0			7,703, 010.96		1,455, 091,60 6.52	1,199, 160,79 9.88
Total	1,184, 916,48 5.51	1,055, 106,42 5.59	316,92 3,499. 00	226,27 6,904. 92	79,515 ,183.0 6	22,323 ,987.1 1	9,228, 271.51	3,830, 331.66	7,703, 010.96	0.00	1,598, 286,45 0.04	1,307, 537,64 9.28

## (1) 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.

## (2) Information related to remaining performance obligations

As of June 30, 2025, 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.

Information related to the transaction price allocated to remaining performance obligations: As of the end of this reporting period, the revenue amount corresponding to signed contracts that have not yet been performed or not yet fully performed is RMB7,261,365,734.90, of which RMB2,129,172,779.98 is expected to be recognized in the second half of 2025, RMB2,646,082,333.78 is expected to be recognized in 2026, and RMB2,486,110,621.13 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.	Item	Balanace
1	Fangda Town	67,545,399.85
2	Nanchang Fangda Center	9,454,141.51

## 43. Taxes and surcharges

In RMB

Item	Amount occurred in the current period	Occurred in previous period
City maintenance and construction tax	2,501,285.91	3,231,945.08
Education surtax	1,646,183.83	2,248,674.08
Property tax	10,156,874.34	9,979,214.78
Land using tax	951,661.75	952,023.94

Vehicle usage tax	8,280.00	8,760.00
Stamp tax	1,207,094.02	2,082,243.80
Land VAT	29,663.90	3,489,085.76
Others	190,267.56	168,005.35
Total	16,691,311.31	22,159,952.79

#### 44. Management expense

In RMB

Item	Amount occurred in the current period	Occurred in previous period
Labor costs	62,759,919.24	57,329,867.92
Agencies	3,730,819.57	2,839,264.19
Depreciation and amortization	7,662,755.81	7,207,803.35
Office expense	5,757,836.53	4,020,332.41
Entertainment expense	2,885,580.60	5,332,709.90
Amortization of right of use assets and lease fees	2,048,192.67	2,246,218.58
Lawsuit	984,435.34	38,842.74
Travel expense	1,161,746.58	2,010,823.16
Others	3,181,245.04	3,815,696.70
Total	90,172,531.38	84,841,558.95

#### 45. Sales expense

In RMB

Item	Amount occurred in the current period	Occurred in previous period
Labor costs	14,739,070.64	12,788,956.33
Sales agency fee	527,851.65	982,162.22
Entertainment expense	3,155,262.57	2,417,855.86
Travel expense	1,771,703.48	1,410,466.32
Advertisement and promotion fee	522,748.38	1,313,336.10
Amortization of right of use assets and lease fees	426,382.65	684,175.82
Others	1,490,559.11	3,961,319.31
Total	22,633,578.48	23,558,271.96

#### 46. R&D cost

In RMB

Item	Amount occurred in the current period	Occurred in previous period
Labor costs	44,988,433.44	50,364,726.96
Material costs	10,230,946.89	26,975,019.70
Agencies	3,892,085.12	4,956,566.33
Depreciation costs	639,840.42	840,171.99
Amortization of intangible assets	210,522.27	509,458.78
Others	1,552,348.57	1,993,659.12
Total	61,514,176.71	85,639,602.88

#### 47. Financial expense

In RMB

Item	Amount occurred in the current period	Occurred in previous period
Interest expense	36,331,469.54	29,211,652.87
Less: Interest income	5,980,063.68	11,466,633.99
Acceptant discount	5,957,956.12	12,789,518.90
Exchange gain/loss	-393,308.06	-1,419,923.57
Commission charges and others	1,664,490.53	2,375,368.88
Total	37,580,544.45	31,489,983.09

**48. Other gains**

In RMB

Source	Amount occurred in the current period	Occurred in previous period
Government subsidies related to deferred income (related to assets)	964,723.46	313,198.25
Government subsidies directly included in current profits and losses (related to income)	4,611,992.33	8,287,811.03
Other items related to daily activities and included in other income	1,326,243.60	2,861,328.23
Total	6,902,959.39	11,462,337.51

**49. 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	2,763,052.08	555,662.75
Other non-current financial assets	3,493.56	2,702.12
Total	2,766,545.64	558,364.87

**50. Investment income**

In RMB

Item	Amount occurred in the current period	Occurred in previous period
Gains from long-term equity investment measured by equity	-35,164.25	-34,959.52
Investment income from disposal of trading financial assets		-890,803.00
Financial assets derecognized as a result of amortized cost	-696,903.65	-1,123,208.42
Investment gain of financial products	50,293.81	
Others	1,379.35	-33,150.26
Total	-680,394.74	-2,082,121.20

**51. Credit impairment loss**

In RMB

Item	Amount occurred in the current period	Occurred in previous period
------	---------------------------------------	-----------------------------

Bad debt loss of other receivables	-1,073,751.30	-781,873.49
Bad debt loss of accounts receivable and notes receivable	-57,932,230.26	-7,092,925.51
Total	-59,005,981.56	-7,874,799.00

**52. Assets impairment loss**

In RMB

Item	Amount occurred in the current period	Occurred in previous period
Contract asset impairment loss	4,589,393.55	-15,876,085.85
Total	4,589,393.55	-15,876,085.85

**53. 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, construction in progress, productive biological assets and intangible assets	-1,119,266.83	3,289.78
Including: Fixed assets	-487,985.15	3,289.78
Intangible assets	-631,281.68	
Disposal of use right assets	3,981.41	-4,780.00
Disposal of other non-current assets	-407,316.80	
Total	-1,522,602.22	-1,490.22

**54. 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	71,985.44	58,348.90	71,985.44
Compensation received	37,250.00	46,335.00	37,250.00
Others	110,155.61	74,076.65	110,155.61
Total	219,391.05	178,760.55	219,391.05

**55. 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	530,000.00	50,000.00	530,000.00
Loss from retirement os damaged non-current assets	20,260.37	136,535.83	20,260.37
Penalty and overdue fine	6,018.23	84,167.14	6,018.23
Others	20,592.64	265,000.51	20,592.64
Total	576,871.24	535,703.48	576,871.24

**56. 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	23,819,854.49	25,927,934.50
Deferred income tax expenses	-26,277,346.25	-9,408,915.24
Total	-2,457,491.76	16,519,019.26

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

In RMB

Item	Amount occurred in the current period
Total profit	14,849,098.30
Income tax expenses calculated based on the legal (or applicable) tax rates	3,712,274.57
Impacts of different tax rates applicable for some subsidiaries	1,386,093.20
Impacts of income tax before adjustment	724,411.22
Impact of non-taxable income	-52,123.31
Impacts of non-deductible cost, expense and loss	1,395,221.69
Deductible temporary difference and deductible loss of unrecognized deferred income tax assets	625.71
Profit and loss of associates and joint ventures calculated using the equity method	8,791.06
Impact of tax rate change on the opening balance of deferred income tax	-1,003,679.47
Taxation impact of R&D expense and (presented with "-")	-8,629,106.43
Income tax expenses	-2,457,491.76

**57. Other miscellaneous income**

See Note 39 Other comprehensive income in this section for details.

**58. 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	4,751,884.25	6,489,453.44
Subsidy income	20,397,030.14	9,451,485.75
Retrieving of bidding deposits	23,759,323.07	22,816,388.75
Other operating accounts	27,631,374.22	5,152,936.76
Total	76,539,611.68	43,910,264.70

Other cash paid for business operations

In RMB

Item	Amount occurred in the current period	Occurred in previous period
Oocket expenses	23,490,472.45	27,505,053.77
Bidding deposit paid	14,048,043.41	18,891,370.53
Net draft deposit net paid	180,847,576.76	261,383,332.31
Other trades	11,765,502.90	4,256,435.20
Total	230,151,595.52	312,036,191.81

## (2) 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	191,000,000.00	
Principal and interest of pledged large fixed-term certificates of deposit due		330,600,944.44
Total	191,000,000.00	330,600,944.44

Other cash paid related to financing activities

In RMB

Item	Amount occurred in the current period	Occurred in previous period
Financing fee	1,692,816.72	
Principal and interest of lease liabilities	4,272,274.51	10,536,884.00
Bill discount financing deposit	83,685,800.00	115,912,636.08
Payment for repurchase of equity interest in Fangda Zhiyuan		98,116,151.32
Total	89,650,891.23	224,565,671.40

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	1,663,696,422.48	793,093,229.99	64,345,920.20	1,297,534,833.54	13,074,406.90	1,210,526,332.23
Dividend payable			53,693,711.35	53,693,711.35		
Non-current liabilities due in 1 year	128,469,517.74		370,796,591.63	129,295,566.20	100,067.84	369,870,475.33
Long-term loans	1,137,000,000.00	1,100,000,000.00		560,000,000.00	352,000,000.00	1,325,000,000.00
Lease liabilities	10,652,607.48		1,841,843.99		3,956,429.86	8,538,021.61
Total	2,939,818,547.70	1,893,093,229.99	490,678,067.17	2,040,524,111.09	369,130,904.60	2,913,934,829.17

**(3) 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			

**59. 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	17,306,590.06	117,867,277.03
Plus: Asset impairment provision	54,416,588.01	23,750,884.85
Fixed asset depreciation, gas and petrol depreciation, production goods depreciation	18,240,913.35	15,141,781.37
Depreciation of right to use assets	3,753,092.34	7,908,083.39
Amortization of intangible assets	3,339,231.01	3,687,708.38
Amortization of long-term amortizable expenses	2,516,462.04	1,985,263.44
Loss from disposal of fixed assets, intangible assets, and other long-term assets ("-" for gains)	1,522,602.22	1,490.22
Loss from fixed asset discard ("-" for gains)	20,260.37	136,535.83
Loss from fair value fluctuation ("-" for gains)	-2,766,545.64	-558,364.87
Financial expenses ("-" for gains)	42,289,425.66	42,001,171.77
Investment losses ("-" for gains)	-16,508.91	958,912.78
Decrease of deferred income tax asset ("-" for increase)	-18,354,312.72	-6,770,444.84
Increase of deferred income tax asset ("-" for increase)	-7,697,073.63	7,104,496.65
Decrease of inventory ("-" for increase)	-39,908,231.42	2,846,757.44
Decrease of operational receivable items ("-" for increase)	23,553,621.51	-307,138,399.56
Increase of operational receivable items ("-" for decrease)	-367,876,286.41	-56,399,743.16
Others	3,312,944.31	-24,054,408.93
Cash flow generated by business operations, net	-266,347,227.85	-171,530,998.21
2. Major investment and financing activities with no cash involved:		
Debt transferred to assets		
Convertible corporate bonds due within one year		
Fixed assets under finance leases		
3. Net change in cash and cash equivalents:		
Balance of cash at period end	759,598,027.98	908,462,270.84
Less: Initial balance of cash	1,031,725,216.34	779,661,118.42
Add: Ending balance of cash equivalents		

Less: Ending balance of cash equivalents		
Net increase in cash and cash equivalents	-272,127,188.36	128,801,152.42

## (2) Composition of cash and cash equivalents

In RMB

Item	Closing balance	Opening balance
I. Cash	759,598,027.98	1,031,725,216.34
Including: Cash in stock	1,966.98	148.01
Bank savings can be used at any time	745,786,146.86	1,024,641,201.90
Other monetary capital can be used at any time	13,809,914.14	7,083,866.43
III. Balance of cash and cash equivalents at end of term	759,598,027.98	1,031,725,216.34
Including: restricted cash and cash equivalent used by parent company or subsidiaries in the Group	0.00	0.00

## (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	351,421,548.82	776,544,406.75	Use restricted
Total	351,421,548.82	776,544,406.75	

## (4) Supplier Financing Arrangements

### ① Terms and Conditions of Supplier Financing Arrangements

Supplier Financing Arrangement 1: The Company handles reverse factoring business through the "e-Xintong" supply chain financial service platform provided in collaboration with CCB Trust Co., Ltd. and China Construction Bank Corporation Shenzhen Branch (hereinafter referred to as "CCB"), offering services to suppliers holding electronic debt certificates on the "e-Xintong" platform with payments due from the Company. Suppliers transfer their accounts receivable under the Company's electronic debt certificates to CCB and apply for "e-Xintong" business services from CCB. After analysis and evaluation, CCB provides "e-Xintong" business services to suppliers if conditions are met. 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 transfer of the electronic debt certificates. The Company will not claim offsets or defenses regarding this payment obligation. The Company will transfer an amount equal to the amount under the electronic debt certificates on the committed payment date according to the "e-Xintong" platform business rules.

Supplier Financing Arrangement 2: The Company handles reverse factoring business through the "e-Zhangtong" supply chain financial service platform provided by Agricultural Bank of China Limited Shenzhen Overseas Chinese Town Branch (hereinafter referred to as "ABC"), offering services to suppliers holding electronic debt certificates on the "e-Zhangtong" platform with payments due from the Company. Suppliers transfer their accounts receivable under the Company's electronic debt certificates to ABC and apply for "e-Zhangtong" business services from ABC. After analysis and evaluation, ABC provides "e-Zhangtong" business services to suppliers if conditions are met. 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 transfer of the electronic debt certificates. The Company will not claim offsets or defenses regarding this payment obligation. The Company



will transfer an amount equal to the amount under the electronic debt certificates on the committed payment date according to the "e-Zhangtong" platform business rules.

Supplier Financing Arrangement 3: The Company has signed a "Payment Agency Cooperation Agreement" with China Merchants Bank Co., Ltd. Shenzhen Branch, authorizing the bank to deduct payments from the payment account on the dates specified in the "Detailed Payment Agency List" provided by the Group. When suppliers initiate financing applications, China Merchants Bank Co., Ltd. Shenzhen Branch uses the Company's credit line to handle domestic factoring for suppliers. After the factoring matures, the Company only needs to pay the factoring financing amount to China Merchants Bank Co., Ltd. Shenzhen Branch, without interest.

Supplier Financing Arrangement 4: The Company handles reverse factoring (Easy Credit) business through the supply chain financial service platform provided by Bank of China Shenzhen Futian Branch (hereinafter referred to as "BOC"), offering services to suppliers holding electronic debt certificates with payments committed by the Company. Suppliers transfer their accounts receivable under the Company's electronic debt certificates to BOC and apply for Easy Credit business services from BOC. After analysis and evaluation, BOC provides Easy Credit business services to suppliers if conditions are met. 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 transfer of the electronic debt certificates. The Company will not claim offsets or defenses regarding this payment obligation. The Company will transfer an amount equal to the amount under the electronic debt certificates on the committed payment date according to the supply chain financial service platform business rules.

② Financial liabilities under supplier financing arrangements presented in the balance sheet and the carrying amount, as well as the amounts received by suppliers from financing providers

In RMB

Item	June 30, 2025	December 31, 2024
Account payable	465,305,815.99	465,016,938.13
Including: Amounts received by suppliers	315,304,662.49	341,199,057.49

③ Payment due date range for financial liabilities under supplier financing arrangements

Item	June 30, 2025
Financial liabilities under supplier financing arrangements	90-300 days from invoice receipt
Comparable accounts payable not under supplier financing arrangements	0-180 days from invoice receipt

## 60. Foreign currency monetary items

### (1) Foreign currency monetary items

In RMB

Item	Closing foreign currency balance	Exchange rate	Closing RMB balance
Monetary capital			199,780,751.65
Including: USD	16,257,483.15	7.1586	116,380,571.18

Euro	1,156,121.23	8.4024	9,714,200.00
HK Dollar	37,950,585.16	0.9120	34,609,036.14
INR	14,157,376.31	0.0838	1,185,963.41
Vietnamese currency	1,531,120,078.00	0.0003	420,029.72
SGD	1,770,233.18	5.6179	9,944,992.98
AUD	5,553,815.13	4.6817	26,001,296.29
Philippine Peso	10,971,452.59	0.1267	1,389,677.10
UAE Dirham	69,191.87	1.9509	134,984.83
Account receivable			20,126,604.81
Including: USD	480,640.49	7.1586	3,440,713.01
HK Dollar	8,514,295.26	0.9120	7,764,611.56
AUD	1,890,732.62	4.6817	8,851,842.90
INR	1.15	0.0838	0.10
Singapore Dollar	12,360.00	5.6179	69,437.24
Contract assets			113,417,652.34
Including: USD	8,334,017.05	7.1586	59,659,894.46
INR	20,547,248.31	0.0838	1,721,242.99
Euro	70.00	8.4024	588.17
HK Dollar	50,953,571.19	0.9120	46,467,109.24
AUD	409,965.37	4.6817	1,919,334.87
Singapore Dollar	649,616.87	5.6179	3,649,482.61
Other receivables			4,334,617.42
Including: USD	118,488.82	7.1586	848,214.06
HK Dollar	998,610.75	0.9120	910,683.07
INR	357,010.62	0.0838	29,906.78
SGD	403,494.80	5.6179	2,266,793.44
AUD	47,070.32	4.6817	220,369.12
Philippine Peso	221,398.00	0.1267	28,042.94
UAE Dirham	1,000.00	1.9509	1,950.88
Saudi Riyal	15,000.00	1.9105	28,657.13
Account payable			6,632,014.37
Including: USD	185,209.24	7.1586	1,325,838.87
HK Dollar	358,374.35	0.9120	326,819.49
INR	12,128,944.33	0.0838	1,016,041.66
AUD	840,724.58	4.6817	3,936,020.27
Philippine Peso	40,000.00	0.1267	5,066.52
Singapore Dollar	3,956.56	5.6179	22,227.56
Other payables			2,025,808.08
Including: USD	274,166.77	7.1586	1,962,650.24
HK Dollar	1,175.27	0.9120	1,071.79
AUD	13,195.15	4.6817	61,775.73
Philippine Peso	2,450.00	0.1267	310.32

**(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

## 61. Leasing

### (1) The Company is the lessee

☒ 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

Item	January-June 2025
Short term lease expenses with simplified treatment included in current profit and loss	26,564,504.32
Lease expenses of low value assets with simplified treatment included in current profit and loss (except short-term lease)	106,130.57
Interest expense on lease liabilities	308,146.38
Total cash outflow related to leasing	29,068,766.82

### (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	54,112,963.67	153,945.42
Total	54,112,963.67	153,945.42

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	123,502,534.17	134,938,024.44
Second year	88,545,985.75	106,208,000.52
Third year	55,421,714.07	72,916,499.50
Fourth year	33,329,146.31	53,731,466.05
Fifth year	24,669,166.20	32,774,253.57
Total undiscounted lease receipts after five years	91,134,256.21	89,046,751.97

## VIII. R&D expenses

In RMB

Item	Amount occurred in the current period	Occurred in previous period
Labor costs	44,988,433.44	50,364,726.96
Material costs	10,230,946.89	26,975,019.70
Agencies	3,892,085.12	4,956,566.33
Depreciation costs	639,840.42	840,171.99
Amortization of intangible assets	210,522.27	509,458.78
Others	1,552,348.57	1,993,659.12
Total	61,514,176.71	85,639,602.88
Including: Expensed R&D expenditure	61,514,176.71	85,639,602.88

## IX. Change to Consolidation Scope

There were no changes in the scope of consolidation for the Company during the reporting period.

## 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
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

Chengda 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., Ltd.	3,000,000.00	Vietnam	Vietnam	Designing, manufacturing, and installation of curtain walls		100.00%	Incorporation
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
Chengda 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.,	10,000,000.00	Pingxiang	Pingxiang	Design and construction of PV power plants		100.00%	Incorporation

Ltd.							
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
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	10,000,000.00	Shenzhen	Shenzhen	Property		100.00%	Incorporation

Fangda Property Management Co., Ltd.	0			management			
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	50,000,000.00	Shenzhen	Shenzhen	Installation and sales of building curtain walls		100.00%	Non-business combination

Co., Ltd.							
Fangda Facade Singapore Pte Ltd	1,596,420.00	Singapore	Singapore	Installation and sales of building curtain walls		100.00%	Incorporation
FANGDA FACADE PHILIPPINE S INC.	1,437,680.00	Philippine	Philippine	Installation and sales of building curtain walls		99.00%	Incorporation
GENERAL RAIL TECHNOLOGY PHILIPPINE S, INC.	1,437,680.00	Philippine	Philippine	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

**(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%	17,830.73		48,325,841.67

**(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	209,698,970.53	32,350.00	209,731,320.53	102,340,561.26		102,340,561.26	209,711,213.30	31,600.00	209,742,813.30	102,391,677.87		102,391,677.87

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	55,045.86	39,623.84	39,623.84	-	55,045.86	-5,060.33	-5,060.33	3,614.11



Litai				313,172.02				
-------	--	--	--	------------	--	--	--	--

## 2. Interests in joint ventures or associates

### (1) Financial summary of insignificant joint ventures and associates

In RMB

	Closing balance/amount occurred in this period	Opening balance/amount occurred in previous period
Associate:		
Total book value of investment	56,655,809.72	56,690,973.97
Total shareholding		
Net profit	-35,164.25	-34,959.52
--Total of misc. incomes	-35,164.25	-34,959.52

## XI. Government Subsidies

### 1. Governmental subsidy recognized as receivable at the end of the report period

☒ Applicable ☐ Inapplicable

Closing balance of accounts receivable: RMB1,669,026.05.

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/earnings-related
Deferred earnings	10,669,612.13	17,776,306.00		964,723.46		27,481,194.67	Assets-related
Total	10,669,612.13	17,776,306.00		964,723.46		27,481,194.67	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	5,576,715.79	8,601,009.28
Total	5,576,715.79	8,601,009.28

## 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 21.63% of the total accounts receivable (beginning of the period: 20.50%); among other receivables, other receivables from top 5 customers account for 73.79% of the total other receivables (beginning of the period: 71.82%).

## 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 payment terms, thereby alleviating the Company's cash flow pressure.

As of June 30, 2025, the maturity of the Company's financial liabilities is as follows:

In RMB10,000

Item	June 30, 2025			
	Less than 1 year	Within 1-3 years	Over 3 years	Total
Short-term loans	121,052.63			121,052.63
Notes payable	60,386.14			60,386.14
Account payable	184,836.74	1,878.48	640.74	187,355.96
Other payables	5,519.25	1,738.33	4,820.09	12,077.67
Non-current liabilities due in 1 year	37,092.07			37,092.07
Other current liabilities	7,343.31			7,343.31
Long-term loans		22,250.00	110,250.00	132,500.00
Lease liabilities		788.56	65.24	853.80
Total liabilities	416,230.14	26,655.37	115,776.07	558,661.58

(Continued)

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

#### 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 Monday, June 30, 2025, the foreign currency financial assets and foreign currency financial liabilities of the Company at the end of the period are listed in the description of foreign currency monetary items in Note VII, 60.

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 June 30, 2025, with all other risk variables remaining constant, if the borrowing interest rate calculated on a floating rate basis were to increase or decrease by 50 basis points, the Company's annual net profit would decrease or increase by RMB6,624,000 (December 31, 2024: RMB4,800,000).

## 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	The Company uses aluminum futures to hedge aluminum-related raw materials in its prospective	The underlying variables are standard aluminum prices, and the values of hedged items and hedging	The Company has established relevant internal management systems for aluminum futures	Buy or sell corresponding aluminum futures contracts to hedge the risk exposure existing in the spot

	hedging business to reasonably avoid the risks brought about by fluctuations in the prices of relevant raw materials to its operations, to enhance the Company's overall ability to withstand risks and to strengthen the robustness of its operating activities.	procurement business. The Company adopts the strategy of dynamic hedging of commodity price risk exposure by adjusting its 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.	instruments change in opposite directions due to facing the same hedged risks, and there is a relationship of mutual hedging of risks.	hedging business, continuously evaluates hedge effectiveness to ensure that the hedging relationship is effective during the designated accounting periods. This controls the risk of raw material procurement price fluctuations within a reasonable range, enhances the Company's risk resistance capability, and increases the stability of operating activities.	business side.
--	---	---	--	--	----------------

**(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	77,600.00	Inapplicable	Relevance of hedged items to hedging instruments	Derivative financial assets: RMB77,600.00, other comprehensive income: RMB65,960.00, deferred income tax liabilities: RMB11,640.00, cost of sales: RMB-348,601.81.
Type				
Cash flow hedging	77,600.00	Inapplicable	Relevance of hedged items to hedging instruments	Derivative financial assets: RMB77,600.00, other comprehensive income: RMB65,960.00, deferred income tax liabilities: RMB11,640.00, cost of sales: RMB-348,601.81.

**(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 discounting	Outstanding promissory notes in notes receivable	56,039,576.30	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 untransferred
Endorsement	Outstanding bankers' acceptances in receivables financing	20,218,009.94	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	23,631,496.06	Derecognition	Non-recourse factoring
Total		99,889,082.30		

#### (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	20,218,009.94	
Account receivable	Factoring	23,631,496.06	-696,903.65
Total		43,849,506.00	-696,903.65

#### (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) Derivative financial assets		77,600.00		77,600.00
(2) Receivables financing		387,988.26		387,988.26
(3) Other non-current financial assets			6,523,233.73	6,523,233.73
(4) Investment properties of which: leased buildings			5,825,827,116.96	5,825,827,116.96
Including: leased buildings			5,825,827,116.96	5,825,827,116.96
Total assets measured at fair value continuously		465,588.26	5,832,350,350.69	5,832,815,938.95
Total assets measured at fair value continuously	0.00	0.00	0.00	0.00
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. Continuous third level fair value measurement items, adjustment information between opening and closing book values and sensitivity analysis of unobservable parameters

None



**6. 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.

**7. Changes in valuation techniques during the period and reasons for the changes**

None

**8. 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, contract assets, 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 million	10.41%	10.41%

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.

(3) 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, rights and interests in other entities.

**3. Joint ventures and associates**

There are no important joint ventures or associates in 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
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 current period	Occurred in previous period
Qijian Technology	Property service and sales of goods	14,291.81	0.00

##### (2) Related leasing

The Company is the lessor:

In RMB

Name of the leasee	Category of asset for lease	Rental recognized in the period	Rental recognized in the period
Qijian Technology	Houses & buildings	43,428.57	0.00

##### (3) Related guarantees

The Company is the guarantor:

In RMB10,000

Beneficiary party	Amount guaranteed	Start date	Due date	Completed or not
Fangda Jianke	93,000.00	December 28, 2023	Three years after the expiration date of debt performance	Yes
Fangda Jianke	24,000.00	27 May 2024	Three years after the expiration date of debt performance	Yes
Fangda Jianke	4,000.00	20 June 2024	Three years after the expiration date of debt performance	Yes
Fangda Jianke	39,000.00	January 24, 2024	Three years after the expiration date of debt performance	Yes
Fangda Jianke	30,000.00	October 20, 2023	Three years after the expiration date of debt performance	Yes
Fangda Jianke	30,000.00	December 21, 2023	Three years after the expiration date of debt performance	Yes
Fangda Zhiyuan	36,000.00	27 June 2024	Three years after the expiration date of debt performance	Yes
Fangda Zhiyuan	15,000.00	30 May 2024	Three years after the expiration date of debt performance	Yes
Fangda Zhiyuan	10,000.00	September 25, 2023	Three years after the expiration	Yes

			date of debt performance	
Fangda Zhiyuan	10,000.00	December 21, 2023	Three years after the expiration date of debt performance	Yes
Fangda Property	135,000.00	February 25, 2020	Three years after the expiration date of debt performance	Yes
Fangda New Material	10,000.00	July 8, 2024	Three years after the expiration date of debt performance	Yes
Fangda New Material	8,500.00	November 2, 2023	Three years after the expiration date of debt performance	Yes
Fangda Zhijian	7,000.00	8 May 2024	Three years after the expiration date of debt performance	Yes
Fangda Yunzhu	1,000.00	07 May 2024	Three years after the expiration date of debt performance	Yes
Fangda Yunzhu	1,000.00	28 June 2024	Three years after the expiration date of debt performance	Yes
Fangda Yunzhu	600.00	03 June 2024	Three years after the expiration date of debt performance	Yes
Fangda Dongguan New Material	5,000.00	26 August 2024	Three years after the expiration date of debt performance	Yes
Total amount of guarantee fulfilled	459,100.00			
Fangda Jianke	103,000.00	January 17, 2025	Three years after the expiration date of debt performance	No
Fangda Jianke	39,000.00	January 14, 2025	Three years after the expiration date of debt performance	No
Fangda Jianke	15,000.00	11 May 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	25,000.00	January 10, 2025	Three years after the expiration date of debt performance	No
Fangda Jianke	4,900.00	28 April 2025	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	27 June 2024	Three years after the expiration date of debt performance	No
Fangda Jianke	35,000.00	21 April 2025	Three years after the expiration date of debt performance	No
Fangda Jianke	30,000.00	27 March 2025	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 Zhijian	7,000.00	30 June 2025	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	35,800.00	19 June 2025	Three years after the expiration date of debt performance	No

Fangda Zhiyuan	20,000.00	21 April 2025	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	11 May 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 Zhiyuan	15,000.00	January 13, 2025	Three years after the expiration date of debt performance	No
Fangda Yunzhu	1,000.00	25 March 2025	Three years after the expiration date of debt performance	No
Fangda Yunzhu	700.00	21 April 2025	Three years after the expiration date of debt performance	No
Fangda New Material	8,500.00	27 February 2025	Three years after the expiration date of debt performance	No
Fangda Property	110,000.00	02 April 2025	Three years after the expiration date of debt performance	No
Fangda Intelligent Manufacturing	30,000.00	22 February 2024	Three years after the expiration date of debt performance	No
Fangda Zhiyuan	31,896.02	17 February 2024	Date of project contract completion	No
Fangda Zhiyuan	24,885.16	17 February 2024	Date of project contract completion	No
Total amount of guarantee being performed	914,631.18			

Explanation of related party guarantees: All the above related party guarantees are between internal equity entities of the Company.

#### (4) Remuneration of key management

In RMB

Item	Amount occurred in the current period	Occurred in previous period
Key management personnel compensation	5,025,036.51	5,313,183.00

#### (5) Other related party transactions

None

### 6. Receivable and payables due with related parties

#### (1) Receivable interest

In RMB

Item	Affiliated party	Closing balance		Opening balance	
		Remaining book value	Bad debt provision	Remaining book value	Bad debt provision
Account receivable	Qijian Technology	28,580.84	285.81	85,792.00	857.92
Other receivables	Ganshang Joint	3,791,089.25	56,487.23	3,791,089.25	56,487.23

	Investment				
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

Item	Affiliated party	Closing balance of book value	Opening balance of book value
Other payables	Shenzhen Yikang Real Estate Co. Ltd.	26,159,711.72	26,159,711.72
Other payables	Qijian Technology	4,560.00	19,760.00
Other payables	Ganshang Joint Investment	3,355.36	3,355.36

## XV. Commitment and Contingent Events

### 1. Major commitments

On November 6, 2017, Fangda Real Estate Co., Ltd., a subsidiary of the Company, and Bangshen Electronics (Shenzhen) Co., Ltd. signed the "Joint Development Agreement on Fangda Bangshen Industrial Park (Temporary Name) Urban Renewal Project", and the two parties agreed to develop cooperatively. In order to develop urban renewing projects such as a "renovation project", Fangda Real Estate provided Party A with property compensation through renovating and renovating the property allocation terms agreed upon by both parties, and obtained independent development rights of the project. As of June 30, 2025, 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 June 30, 2025, 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 RMB81,126,200 of other related payments.

The Company has no other commitments that should be disclosed by June 30, 2025.

### 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

In August 2024, Fangda Construction Technology Company filed a lawsuit with the People's Court of Longgang District, Shenzhen, requesting South China International Industrial Raw Materials City (Shenzhen) Co., Ltd. and South China City Holdings Ltd. to pay Fangda Construction Technology Company the principal and interest of the project payment for the South China International Electronic Industrial Raw Materials Logistics Zone (Phase I), totaling RMB46,004,481.42. The company also claimed the priority right of compensation for construction project payments. As of the disclosure date of this report, the case is still under trial.

②

In December 2024, Fangda Construction Technology Company filed a lawsuit with the People's Court of Futian District, Shenzhen, requesting Shenzhen Suhao Investment Co., Ltd. (hereinafter referred to as "Suhao Company") and Zhang Shengjie to pay Fangda Construction Technology Company the principal and interest of the project payment for the Ziyuan Building curtain wall project, totaling RMB18,600,899.46. The company also claimed the priority right of compensation for construction project payments. As of the disclosure date of this report, a first-instance judgment has been issued, ruling that Suhao Company must pay Fangda Construction Technology Company RMB18,171,796.03 and overdue interest (the overdue interest is calculated based on RMB17,814,305.41 at a rate of 0.03% per day from November 1, 2024, until the actual date of settlement, with the RMB110,000 already paid by Suhao Company to be deducted from the interest). Zhang Shengjie is jointly liable for the debt owed by Suhao Company. It was also confirmed that Fangda Construction Technology Company holds the priority right of compensation for the curtain wall project of the Ziyuan Building. Currently, both parties are in communication for a settlement.

③ On June 19, 2019, Langfang Aomei Jiye Real Estate Development Co., Ltd. filed a lawsuit against Fangda Construction Technology Company with the People's Court of Langfang Development Zone, requesting the termination of the construction contract, compensation for delay and quality breach penalties totaling RMB13,721,315.00, double the return of the project payment amounting to RMB6,000,000, and later added claims for repair project payments of RMB22,935,269.98. On September 11, 2019, Fangda Construction Technology Company filed a counterclaim, requesting payment for project payments and other amounts totaling RMB13,939,863.27. As of the disclosure date of this report, the case is still under trial.

④ In March 2022, Xiangheng Real Estate (Jinan) Co., Ltd. filed for arbitration with the Jinan Arbitration Commission, later amending the arbitration request to demand that Fangda Construction Technology Company bear costs due to quality issues in the supply and installation of aluminum alloy doors, windows, louvers, and curtain walls for the Jinan Kerry Integrated Development Project (Phases I and II). These costs included deductions and expenses for repair, rectification, and rework totaling RMB8,995,672.29, dismantling fees for construction gondolas of RMB4,000, quality inspection and assessment fees for project defects of RMB323,271.91, and attorney fees of RMB690,000.00. In April 2022, Fangda Construction Technology Company filed a counter-arbitration application, requesting Xiangheng Real Estate (Jinan) Co., Ltd. to pay project payments and expenses totaling RMB18,062,462.28. As of the disclosure date of this report, the Jinan Arbitration Commission has issued a preliminary ruling on the undisputed portion of the counter-arbitration application filed by Fangda Construction Technology Company, requiring Xiangheng Real Estate (Jinan) Co., Ltd. to first pay Fangda Construction Technology Company RMB5,073,672.92 and interest. Fangda Construction Technology Company has applied for compulsory enforcement of this portion. The remaining parts of the case are being consolidated for trial.

## (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 regarding the Jiuzuan Plot 05 project has concluded with both first and second instance judgments. The first instance judgment ruled that Longguang Company must pay Fangda Construction Technology Company project payments of RMB7,709,679.55, a quality guarantee deposit of RMB6,033,911.38, and corresponding interest, while also granting priority compensation rights on the proceeds from the sale or auction of the curtain wall fabrication and installation project. The second instance judgment upheld the first instance decision regarding the project payments, quality guarantee deposit, corresponding interest, and priority compensation rights, and additionally ruled that Shenzhen Longguang Junjing Real Estate Development Co., Ltd., the owner of the Longguang Jiuzuan Plot 05 project, is jointly liable for the debt to Fangda Construction Technology Company. The case has entered the enforcement stage. As of the disclosure date of this report, the case regarding the Jiuzuan Plot 09 project has concluded with both first and second instance judgments. The first instance judgment ruled that Longguang Company must pay Fangda Construction Technology Company project payments of RMB9,166,924.08, a quality guarantee deposit of RMB4,875,762.96, and corresponding interest, while also granting priority compensation rights on the proceeds from the sale or auction of the curtain wall fabrication and installation project. The second instance judgment upheld the first instance decision regarding the project payments, quality guarantee deposit, corresponding interest, and priority compensation rights, and additionally ruled that Shenzhen Longguang Junjing Real Estate Development Co., Ltd., the owner of the Longguang Jiuzuan Plot 09 project, is jointly liable for the debt to Fangda Construction Technology Company. The case has entered the enforcement stage.

④ In November 2023, Fangda Construction Technology Company filed a lawsuit with the People's Court of Honggutan District, Nanchang City, requesting Jiangxi Huilian Real Estate Co., Ltd. and Jiangxi Boneng Industrial Group Co., Ltd. to pay the project payments and interest totaling RMB45,309,399.07 for the Nanchang Shangle Center project and claimed priority compensation rights for the project payments. The first instance judgment ruled that Jiangxi Huilian Real Estate Co., Ltd. must pay Fangda Construction Technology Company RMB38,800,206.53 and interest, and that Jiangxi Boneng Industrial Group Co., Ltd. is jointly liable for RMB37,563,144.42 of the project payments and interest. However, the court did not support the request for the accelerated maturity of the quality guarantee deposit and the priority compensation rights for the project payments. Fangda Construction Technology Company appealed, and the second instance judgment supported the priority compensation rights. As of the disclosure date of this report, the case has entered the enforcement stage.

(3) Contingent liabilities and their financial impact arising from providing debt guarantees for other entities.

By June 30, 2025, the Company has provided loan guarantees for the following entities:

Name of guaranteed entity	Guarantee	Amount (in RMB10,000)	Term
Fangda Property	Guarantee and mortgage guarantee	110,000.00	2025.04.02-2040.03.28
Fangda Intelligent Manufacturing	Guarantee	29,000.00	2024.03.15-2030.03.14
Fangda Jianke	Guarantee	10,500.00	2025.03.19-2026.03.18
Fangda Jianke	Guarantee	4,000.00	2025.03.21-2026.03.21
Fangda Jianke	Guarantee	5,000.00	2025.06.17-2026.06.16
Fangda Jianke	Guarantee	4,900.00	2025.05.23-2026.05.18
Fangda Jianke	Guarantee	29,800.00	2024.06.26-2026.06.25
Fangda Jianke	Guarantee	4,000.00	2025.06.30-2026.06.17
Fangda Yunzhu	Guarantee	600.00	2025.03.25-2026.03.24
Fangda Zhiyuan	Guarantee	2,400.00	2024.07.12-2025.07.11
Fangda Zhiyuan	Guarantee	1,200.00	2025.03.31-2026.03.30
Fangda Zhiyuan	Guarantee	4,000.00	2025.06.20-2026.06.19
Total		205,400.00	

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 June 30, 2025, the Company's outstanding amount for the above-mentioned phased guarantees was RMB4,000,000.

#### (4) Other contingent liabilities and their influences

As of June 30, 2025, the Company has no other significant contingencies that need to be disclosed.

### 3. Others

Status of non-revocation of company as at June 30, 2025:

Currency	Guarantee balance (original currency)	Deposit (RMB)	Credit line used (RMB)
CNY	844,513,604.71	835,397.96	843,678,206.75
INR	38,164,259.78	561,489.69	2,635,530.35
Hong Kong dollars (HKD)	22,259,665.45	15,000,000.00	6,301,285.82
United States dollars (USD)	3,562,595.83	1,395,593.19	24,107,605.31
SGD	25,299,268.00		142,128,757.70
AUD	7,335,850.00		34,344,248.95
EUR	3,771,764.01		31,691,869.92
Total		17,792,480.84	1,084,887,504.80



## XVI. Post-balance-sheet Events

### 1. Notes to other issues in post balance sheet period

As of August 21, 2025 (the report approval date by the Board of Directors), the Company has no post-balance sheet events that need to be disclosed.

## 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 Company's management regularly evaluates the operating results of these reporting segments to decide on the allocation of resources and to assess 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	1,193,676,485.00	316,923,499.00	83,542,188.71	9,604,344.88	11,201,355.09	16,661,422.63	1,598,286,450.04
Including: external transaction	1,184,916,485.51	316,923,499.00	79,515,183.06	9,228,271.51	7,703,010.96	0.00	1,598,286,450.04

income							
Inter-segment transaction income	8,759,999.49	0.00	4,027,005.65	376,073.37	3,498,344.13	16,661,422.63	0.00
Including: major business turnover	1,175,962,701.41	310,463,389.65	83,447,773.41	9,604,344.88	11,201,355.09	14,327,017.26	1,576,352,547.18
Operating cost	1,062,221,650.88	228,052,956.28	22,396,659.04	3,830,331.66	0.00	8,963,948.59	1,307,537,649.28
Including: major business cost	1,049,353,888.21	220,362,627.52	22,396,659.04	3,830,331.66	0.00	8,662,263.85	1,287,281,242.59
Operation cost	178,995,753.62	29,168,076.16	34,297,614.01	1,070,929.96	-11,309,441.74	-43,319,290.26	275,542,222.27
Operating profit/(loss)	-47,540,919.51	59,702,466.56	26,847,915.66	4,703,083.26	22,510,796.83	51,016,764.31	15,206,578.49
Total assets	6,662,743,578.38	979,218,834.10	6,128,721,855.46	300,049,542.75	3,451,377,038.24	4,404,229,170.55	13,117,881,678.37
Total liabilities	4,182,723,420.06	584,041,716.43	3,272,488,349.07	165,035,015.97	1,200,770,457.95	2,426,760,416.23	6,978,298,543.25

### (3) Others

Regional information on operating revenues:

In RMB

Item	H1 2025	H1 2024
In China	1,459,381,780.51	1,955,457,106.44
Out of China	138,904,669.53	178,388,481.32
Total	1,598,286,450.04	2,133,845,587.76

## 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)	3,965,412.17	2,857,394.06
Over 3 years	359,129.89	359,129.89
Including: 4-5 years	222,666.00	359,129.89
Over 5 years	136,463.89	
Total	4,324,542.06	3,216,523.95

**(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	4,324,542.06	100.00%	357,950.69	8.28%	3,966,591.37	3,216,523.95	100.00%	331,398.60	10.30%	2,885,125.35
Including:										
Portfolio 3. Others	4,324,542.06	100.00%	357,950.69	8.28%	3,966,591.37	3,216,523.95	100.00%	331,398.60	10.30%	2,885,125.35
Total	4,324,542.06	100.00%	357,950.69	8.28%	3,966,591.37	3,216,523.95	100.00%	331,398.60	10.30%	2,885,125.35

Provision for bad debts by category: Portfolio 3: Others

In RMB

Name	Closing balance		
	Remaining book value	Bad debt provision	Provision rate
Less than 1 year	3,965,412.17	28,947.51	0.73%
1-2 years			
2-3 years			
3-4 years			
4-5 years	222,666.00	192,539.29	86.47%
Over 5 years	136,463.89	136,463.89	100.00%
Total	4,324,542.06	357,950.69	

Group recognition basis:

See 10. Financial Tools in V, Important Accounting Policies and Accounting Estimates for the recognition criteria and instructions for withdrawing bad debt reserves by portfolio

If the provision for bad debts 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	
Combination 3: Other	331,398.60	26,552.09				357,950.69

business models						
Total	331,398.60	26,552.09				357,950.69

**(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	1,899,593.71		1,899,593.71	43.93%	13,867.03
No.2	1,846,249.87		1,846,249.87	42.69%	13,477.62
No.3	359,129.89		359,129.89	8.30%	329,003.18
No.4	171,325.71		171,325.71	3.96%	1,250.68
No.5	16,470.00		16,470.00	0.38%	120.23
Total	4,292,769.18		4,292,769.18	99.26%	357,718.74

**2. Other receivables**

In RMB

Item	Closing balance	Opening balance
Other receivables	1,222,140,569.04	1,622,103,166.85
Total	1,222,140,569.04	1,622,103,166.85

**(1) Other receivables****1) Other receivables are disclosed by nature**

In RMB

By nature	Closing balance of book value	Opening balance of book value
Others	48,350.46	62,836.90
Accounts between related parties within the scope of consolidation	1,222,092,939.00	1,622,041,266.22
Total	1,222,141,289.46	1,622,104,103.12

**(2) Account age**

In RMB

Age	Closing balance of book value	Opening balance of book value
Within 1 year (inclusive)	84,998,873.24	53,408,271.79
1-2 years	300,592,240.88	642,978,380.00
2-3 years	390,808,980.00	92,577,980.00
Over 3 years	445,741,195.34	833,139,471.33
Including: 3-4 years	340,082,699.86	680,897,404.79
4-5 years	105,658,495.48	152,242,066.54
Total	1,222,141,289.46	1,622,104,103.12

## (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	
Provision for bad debts by combination	1,222,141,289.46	100.00%	720.42	0.00%	1,222,140,569.04	1,622,104,103.12	100.00%	936.27	0.00%	1,622,103,166.85
Including:										
First stage	48,350.46	0.00%	720.42	1.49%	47,630.04	62,836.90	0.00%	936.27	1.49%	61,900.63
Accounts between related parties within the scope of consolidation	1,222,092,939.00	100.00%	0.00	0.00%	1,222,092,939.00	1,622,041,266.22	100.00%	0.00	0.00%	1,622,041,266.22
Total	1,222,141,289.46	100.00%	720.42	0.00%	1,222,140,569.04	1,622,104,103.12	100.00%	936.27	0.00%	1,622,103,166.85

Provision for bad debts by category: Stage one

In RMB

Name	Closing balance		
	Remaining book value	Bad debt provision	Provision rate
First stage	48,350.46	720.42	1.49%
Total	48,350.46	720.42	

Provision for bad debts by category name: Intercompany transactions within the consolidation scope

In RMB

Name	Closing balance		
	Remaining book value	Bad debt provision	Provision rate
Accounts between related parties within the scope of consolidation	1,222,092,939.00	0.00	0.00%
Total	1,222,092,939.00	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 Wednesday, January 1, 2025	936.27			936.27
Balance on Wednesday, January 1, 2025 in the current period				
Provision	-215.85			-215.85
Balance on Monday, June 30, 2025	720.42			720.42

The basis for stage division and the provision ratio for bad debts are detailed in VII of the Notes to the Consolidated Financial Statements, under "Other Receivables."

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	936.27	-215.85				720.42
Total	936.27	-215.85				720.42

#### 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.	Accounts between related parties within the scope of consolidation	5,645,294.16	Less than 1 year	76.25%	
		300,592,240.88	1-2 years		
		373,808,980.00	2-3 years		
		251,883,997.46	3-4 years		
Fangda (Jiangxi) Property Development Co., Ltd.	Accounts between related parties within the scope of consolidation	17,000,000.00	2-3 years	14.76%	
		88,198,702.40	3-4 years		
		75,198,702.39	4-5 years		
Shenzhen Fangda Jianke Group Co., Ltd.	Accounts between related parties within the scope of consolidation	79,140,814.32	Less than 1 year	6.48%	
Shihui International Holding Co., Ltd.	Accounts between related parties within the scope of consolidation	30,459,793.09	4-5 years	2.49%	
Shenzhen Fangda Jianchuang	Accounts between related parties within the scope of	126,000.00	Less than 1 year	0.01%	

Technology Co., Ltd.	consolidation				
Total		1,222,054,524.70		99.99%	

### 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	1,657,062,530.00		1,657,062,530.00
Total	1,657,062,530.00		1,657,062,530.00	1,657,062,530.00		1,657,062,530.00

#### (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 Intelligent Manufacturing	198,000,000.00						198,000,000.00	
Fangda Zhiyuan	237,554,277.00						237,554,277.00	
Total	1,657,062,530.00						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	11,205,926.52		10,908,179.61	38,387.33
Total	11,205,926.52		10,908,179.61	38,387.33

Breakdown of operating revenues and operating costs:

In RMB

Contract classification	Others		Total	
	Turnover	Operating cost	Turnover	Operating cost
Business type	11,205,926.52	0.00	11,205,926.52	0.00
Including: Other businesses	11,205,926.52	0.00	11,205,926.52	0.00
By operating region	11,205,926.52	0.00	11,205,926.52	0.00
Including: in China	11,205,926.52	0.00	11,205,926.52	0.00
Classified by timing of goods transfer	11,205,926.52	0.00	11,205,926.52	0.00
Including: Revenue recognized over a period of time	11,205,926.52	0.00	11,205,926.52	0.00
Total	11,205,926.52	0.00	11,205,926.52	0.00

Information related to the transaction price allocated to remaining performance obligations: As of the end of this reporting period, the revenue amount corresponding to signed lease contracts that have not yet been performed or not yet fully performed is RMB67,713,499.64, of which RMB11,001,470.15 is expected to be recognized in the second half of 2025, RMB12,383,593.06 is expected to be recognized in 2026, and RMB44,328,436.43 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
Gains from long-term equity investment measured by costs	25,500,000.00	62,142,383.24
Investment gain obtained from disposal of long-term equity investment		47,167.38
Others	48,151.98	
Total	25,548,151.98	62,189,550.62

## XIX. Supplementary Materials

### 1. Detailed accidental gain/loss

☒ Applicable ☐ Inapplicable

In RMB

Item	Amount	Notes
Gain/loss of non-current assets	-1,522,602.22	
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)	3,459,933.02	



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	55,166.72	
One-time expenses incurred by the enterprise due to the discontinuation of related business activities, such as expenditures for employee placement.	-1,145,361.48	Expenditures for employee placement incurred due to 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	2,763,052.08	Accumulated fair value changes transferred due to the disposal of investment properties.
Other non-business income and expenditures other than the above	-357,480.19	
Less: Influenced amount of income tax	346,644.61	
Impact on minority interests (after tax).	-38.58	
Total	2,906,101.90	--

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	0.28%	0.0161	0.0161
Net profit attributable to the common owners of the PLC after deducting of non-recurring gains/losses	0.23%	0.0134	0.0134

## 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