

Auditor's Report

China Fangda Group Co., Ltd.

RSM [2025] No.510Z0004

RSM China (Special General Partnership)

China · Beijing

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Auditors' Report

RSM [2025] No.510Z0004

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

1. Auditors' Opinions

We have audited the Financial Statements of China Fangda Group Co., Ltd. (“Fangda Group”) attached hereafter, including the Balance Sheet and Consolidated Balance Sheet ended December 31, 2024 and the Income Statement, Consolidated Income Statement, Cash Flow Statement, Consolidated Cash Flow Statement, Statement on Change of Shareholders’ Equity, Consolidated Statement on Change of Shareholders’ Equity of the year 2024, as well as the Notes to the Financial Statements.

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

2. Basis of the Opinions

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

that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

3. Key Audit Matters

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

(I) Income recognition

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

1. Description

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

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

revenue and total contract costs for the Engineering contracting contract and continue to assess and revise it during the contract implementation process, which involves significant accounting estimates of the management.

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

2. Audit response

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

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

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

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

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

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

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

(II) Measurement of fair value of investment real estate

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

1. Description

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

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

2. Audit response

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

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

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

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

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

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

1. Description

As of December 31, 2024, the total amount of accounts receivable of the Company was RMB1.498 billion, the provision for bad debts accrued was RMB374 million, the total amount of contract assets of the Company was RMB2.619 billion, the provision for impairment accrued was RMB222 million, and the total book value of accounts receivable and contract assets accounted for 25.97% of the total assets. Due

to the large amount of accounts receivable and contract assets of Fangda group, the management needs to use important accounting estimation and judgment when determining the expected recoverable amount of accounts receivable and contract assets, and the expected credit loss of accounts receivable and contract assets is important for financial statements. Therefore, we determine the measurement of expected credit loss of accounts receivable and contract assets as the key audit accounting matters.

2. Audit response

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

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

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

reserves is accurate; ② For accounts receivable and contract assets with individual provision for expected credit loss, review the accuracy and rationality of the information and relevant assumptions used by the management in the test process; Check the accuracy of the provision for impairment of accounts receivable and contract assets with long aging, accounts receivable and contract assets involving litigation matters.

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

4. Other information

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

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

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

Based on the work we have performed, if we determine that there is a material

misstatement of other information, we should report that fact. In this regard, we have nothing to report.

5. Executives' responsibilities on the Financial Statements

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

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

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

6. Auditor's responsibility for auditing financial statements

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

considered to be material.

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

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

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

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

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

available as of the date of the audit report. However, future events or circumstances may result in Fangda Group's inability to continue operating.

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

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

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

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

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

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

RSM China
(limited liability
partnership)

CPA: _____

Zhou Junchao (Project
Partner)

CPA: _____

Liu Gen

Beijing, China

CPA: _____

Hu Gaosheng

April 18, 2025

Consolidated Balance Sheet							
2024/12/31							
Prepared by: China Fangda Group Co., Ltd.							
				In RMB			
Item	Note	2024/12/31	2023/12/31	Item	Note	2024/12/31	2023/12/31
Current asset:				Current liabilities			
Monetary capital	V. 1	1,491,777,341.84	1,425,151,116.24	Short-term loans	V. 24	1,663,696,422.48	2,208,055,039.21
Transactional financial assets				Transactional financial liabilities			
Derivative financial assets	V. 2		173,737.06	Derivative financial liabilities	V. 25	1,520,625.00	
Notes receivable	V. 3	73,887,694.24	47,372,881.27	Notes payable	V. 26	681,188,127.97	868,886,946.79
Account receivable	V. 4	1,123,506,196.98	911,486,914.19	Account payable	V. 27	2,146,594,890.57	1,972,293,782.27
Receivable financing	V. 5	4,568,000.10	6,979,428.14	Prepayment received	V. 28	1,513,398.39	1,432,885.03
Prepayment	V. 6	23,355,036.11	33,976,569.36	Contract liabilities	V. 29	268,594,041.26	198,164,209.47
Other receivables	V. 7	168,322,524.80	145,113,323.33	Employees' wage payable	V. 30	76,243,647.97	74,063,112.26
Including: interest receivable				Taxes payable	V. 31	48,847,117.19	42,375,068.55
Dividend receivable				Other payables	V. 32	120,918,002.02	117,581,764.15
Inventory	V. 8	705,666,408.74	755,624,486.51	Including: interest payable			
Including: data resources				Dividend payable			
Contract assets	V. 9	2,247,698,479.96	2,488,429,802.41	Liabilities held for sales			
Assets held for sales				Non-current liabilities due in 1 year	V. 33	131,374,661.05	64,135,136.46
Non-current assets due in 1 year	V. 10		327,120,273.54	Other current liabilities	V. 34	50,835,559.67	53,524,655.05
Other current assets	V. 11	307,777,143.14	248,401,322.80	Total current liabilities		5,191,326,493.57	5,600,512,599.24
Total current assets		6,146,558,825.91	6,389,829,854.85	Non-current liabilities:			
Non-current assets:				Long-term loans	V. 35	1,137,000,000.00	660,000,000.00
Debt investment				Bond payable			
Other debt investment				Including: preferred stock			
Long-term receivables				Perpetual bond			
Long-term share equity investment	V. 12	56,690,973.97	54,757,017.40	Lease liabilities	V. 36	10,652,607.48	6,675,870.04
Investment in other equity tools	V. 13			Long-term payable	V. 37	-	48,400,000.00
Other non-current financial assets	V. 14	6,519,740.17	7,455,617.17	Long-term employees' wage payable			
Investment real estate	V. 15	5,835,036,098.20	5,756,809,168.26	Anticipated liabilities	V. 38	1,286,391.72	4,842,411.47
in fixed assets	V. 16	940,894,344.39	620,828,178.38	Deferred earning	V. 39	10,669,612.13	8,978,678.72
Construction in process	V. 17	7,265,104.44	109,414,347.33	Deferred income tax liabilities	V. 21	1,030,341,141.92	1,012,146,459.12
Productive biological assets				Other non-current liabilities			
Gas & petrol				Total of non-current liabilities		2,189,949,753.25	1,741,043,419.35
Use right assets	V. 18	15,683,121.04	20,776,829.58	Total liabilities		7,381,276,246.82	7,341,556,018.59
Intangible assets	V. 19	124,052,394.79	140,073,209.88	Owner's equity:			
Including: data resources				Share capital	V. 40	1,073,874,227.00	1,073,874,227.00
R&D expense				Other equity tools			
Including: data resources				Including: preferred stock			
Goodwill				Perpetual bond			
Long-term amortizable expenses	V. 20	4,041,025.70	6,749,314.04	Capital reserves	V. 41	4,357,948.33	11,459,588.40
Deferred income tax assets	V. 21	205,986,926.71	182,858,549.07	Less: Shares in stock			
Other non-current assets	V. 22	212,658,669.89	86,799,770.90	Other miscellaneous income	V. 42	158,405,014.52	23,121,870.79
Total of non-current assets		7,408,828,399.30	6,986,522,002.01	Special reserves			
				Surplus reserve	V. 43	83,974,716.22	79,324,940.43
				Retained profit	V. 44	4,805,192,000.28	4,772,359,940.45
				Total of owner's equity belong to the parent company		6,125,803,906.35	5,960,140,567.07
				Minor shareholders' equity		48,307,072.04	74,655,271.20
				Total of owners' equity		6,174,110,978.39	6,034,795,838.27
Total of assets		13,555,387,225.21	13,376,351,856.86	Total of liabilities and owner's interest		13,555,387,225.21	13,376,351,856.86
Legal representative:			CFO:			Accounting firm manager:	

Consolidated Income Statement

2024

Prepared by: China Fangda Group Co., Ltd.				In RMB
Item	Note	2024	2023	
1. Total revenue		4,424,224,197.71	4,292,204,716.01	
Incl. Business income	V. 45	4,424,224,197.71	4,292,204,716.01	
2. Total business cost		4,114,643,580.92	3,931,058,087.22	
Incl. Business cost	V. 45	3,588,142,296.48	3,412,122,022.80	
Taxes and surcharges	V. 46	43,364,391.34	40,354,397.22	
Sales expense	V. 47	55,140,153.13	51,009,165.29	
Administrative expense	V. 48	191,667,435.20	174,674,755.81	
R&D cost	V. 49	171,031,371.73	180,070,801.25	
Financial expenses	V. 50	65,297,933.04	72,826,944.85	
Including: interest cost		60,377,020.35	87,186,232.75	
Interest income		19,230,549.61	29,144,115.88	
Add: other gains	V. 51	19,683,263.58	17,113,408.26	
Investment gains ("-" for loss)	V. 52	-4,547,362.60	-4,562,134.58	
Incl. Investment gains from affiliates and joint ventures		-70,043.43	-212,024.74	
Financial assets derecognised as a result of amortized cost		-2,538,217.26	-4,656,380.30	
Net open hedge gains ("-" for loss)		-	-	
Gains from change of fair value ("-" for loss)	V. 53	-18,394,198.42	-28,534,518.77	
Credit impairment ("-" for loss)	V. 54	-110,686,852.25	-35,051,664.32	
Investment impairment loss ("-" for loss)	V. 55	-35,260,579.49	6,020,287.93	
Investment gains ("-" for loss)	V. 56	-500,192.81	381,572.12	
3. Operational profit ("-" for loss)		159,874,694.80	316,513,579.43	
Plus: non-operational income	V. 57	1,712,412.29	2,639,291.21	
Less: non-operational expenditure	V. 58	2,226,292.50	1,376,476.43	
4. Gross profit ("-" for loss)		159,360,814.59	317,776,394.21	
Less: Income tax expenses	V. 59	13,192,524.27	40,817,495.88	
5. Net profit ("-" for net loss)		146,168,290.32	276,958,898.33	
(1) By operating consistency				
1. Net profit from continuous operation ("-" for net loss)		146,168,290.32	276,958,898.33	
2. Net profit from discontinuous operation ("-" for net loss)				
(2) By ownership				
1. Net profit attributable to the owners of parent company ("-" for net loss)		144,813,705.53	272,758,249.50	
2. Gains and losses of minority shareholders (net losses are shown in "-")		1,354,584.79	4,200,648.83	
6. After-tax net amount of other misc. incomes		113,857,440.93	-8,854,510.96	
(1) After-tax net amount of other misc. incomes attributed to parent's owner		113,861,211.98	-8,864,846.00	
1. Other misc. incomes that cannot be re-classified into gain and loss		-	-8,976,730.40	
(1) Re-measure the change in the defined benefit plan				
(2) Other comprehensive income that cannot be transferred to profit or loss under the equity method				
(3) Fair value change of investment in other equity tools			-8,976,730.40	
(4) Fair value change of the company's credit risk				
2. Other misc. incomes that cannot be re-classified into gain and loss		113,861,211.98	111,884.40	
(1) Other comprehensive income that can be transferred to profit or loss				
(2) Fair value change of other debt investment				
(3) Gains and losses from changes in fair value of available-for-sale financial assets				
(4) Other credit investment credit impairment provisions				
(5) Cash flow hedge reserve		-1,440,207.76	-273,758.04	
(6) Translation difference of foreign exchange statement		-769,741.24	385,642.44	
(7) Investment real estate measured at fair value		116,071,160.98		
(2) After-tax net of other misc. income attributed to minority shareholders		-3,771.05	10,335.04	
7. Total of misc. incomes		260,025,731.25	268,104,387.37	
(1) Total of misc. incomes attributable to the owners of the parent company		258,674,917.51	263,893,403.50	
(2) Total misc gains attributable to the minor shareholders		1,350,813.74	4,210,983.87	
8. Earnings per share				
(1) Basic earnings per share (yuan/share)	XVII. 2	0.13	0.25	
(2) Diluted earnings per share (yuan/share)				
Legal representative:	CFO:		Accounting firm manager:	

Consolidated Cash Flow Statement			
2024			
Prepared by: China Fangda Group Co., Ltd.			In RMB
Item	Note	2024	2023
1. Net cash flow from business operations:			
Cash received from sales of products and providing of services		4,480,307,796.77	4,203,440,613.14
Tax refunded		20,223,216.89	8,419,916.54
Other cash received from business operation	V. 61	115,024,150.76	106,386,664.36
Sub-total of cash inflow from business operations		4,615,555,164.42	4,318,247,194.04
Cash paid for purchasing products and services		3,476,800,439.66	3,045,048,069.68
Cash paid to and for the staff		500,142,274.75	459,342,426.54
Taxes paid		187,032,846.31	245,852,193.38
Other cash paid for business activities	V. 61	180,685,510.27	268,262,302.36
Sub-total of cash outflow from business operations		4,344,661,070.99	4,018,504,991.96
Cash flow generated by business operations, net		270,894,093.43	299,742,202.08
2. Cash flow generated by investment:			
Cash received from investment recovery		1,785,649.27	-
Cash received as investment profit		214,188.46	-
Net cash retrieved from disposal of fixed assets, intangible assets, and other long-term asse		8,161,249.68	375,640.16
Net cash received from disposal of subsidiaries or other operational units		-	-
Other investment-related cash received		-	-
Sub-total of cash inflow generated from investment		10,161,087.41	375,640.16
Cash paid for construction of fixed assets, intangible assets and other long-term assets		229,651,090.29	118,890,749.97
Cash paid as investment		27,416,773.30	0.00
Net cash paid for acquiring subsidiaries and other operational units		-	-
Other cash paid for investment	V. 61	1,787,676.30	50,000.00
Subtotal of cash outflows		258,855,539.89	118,940,749.97
Cash flow generated by investment activities, net		-248,694,452.48	-118,565,109.81
3. Cash flow generated by financing activities			
Cash received from investment		14,873.62	-
Incl. Cash received from investment attracted by subsidiaries from minority shareholders		14,873.62	-
Cash received from borrowed loans		3,503,675,536.37	2,876,228,738.64
Other cash received from financing activities	V. 61	463,600,944.44	-
Subtotal of cash inflow from financing activities		3,967,291,354.43	2,876,228,738.64
Cash paid to repay debts		3,451,800,000.00	2,647,603,587.53
Cash paid as dividend, profit, or interests		167,473,899.50	141,883,286.28
Incl. Dividend and profit paid by subsidiaries to minority shareholders		6,962,732.02	-
Other cash paid for financing activities	V. 61	119,400,311.19	274,354,261.52
Subtotal of cash outflow from financing activities		3,738,674,210.69	3,063,841,135.33
Net cash flow generated by financing activities		228,617,143.74	-187,612,396.69
4. Influence of exchange rate changes on cash and cash equivalents			
		1,247,313.23	2,418,493.78
5. Net increase in cash and cash equivalents			
		252,064,097.92	-4,016,810.64
Plus: Balance of cash and cash equivalents at the beginning of term		779,661,118.42	783,677,929.06
6. Balance of cash and cash equivalents at the end of the period			
		1,031,725,216.34	779,661,118.42
Legal representative:	CFO:	Accounting firm manager:	

Statement of Change in Owners' Equity

2024

Prepared by: China Fangda Group Co., Ltd.

In RMB

Item	2024											Minor shareholders' equity	Total of owners' equity
	Owners' Equity Attributable to the Parent Company												
	Share capital	Other equity tools			Capital reserves	Less: Shares in stock	Other miscellaneous income	Special reserves	Surplus reserve	Retained profit	Subtotal		
	Preferred share	Perpetual bond	Others										
1. Balance at the end of last year	1,073,874,227.00				11,459,588.40		23,121,870.79		79,324,940.43	4,772,359,940.45	5,960,140,567.07	74,655,271.20	6,034,795,838.27
Plus: Changes in accounting policies											-		-
Correction of previous errors											-		-
Others											-		-
2. Balance at the beginning of current year	1,073,874,227.00	-	-	-	11,459,588.40	-	23,121,870.79	-	79,324,940.43	4,772,359,940.45	5,960,140,567.07	74,655,271.20	6,034,795,838.27
3. Change amount in the current year ("+" for increase)	-	-	-	-	-7,101,640.07	-	135,283,143.73	-	4,649,775.79	32,832,059.83	165,663,339.28	-26,348,199.16	139,315,140.12
(1) Total of misc. incomes							113,861,211.98			144,813,705.53	258,674,917.51	1,350,813.74	260,025,731.25
(2) Investment or decreasing of capital by owners	-	-	-	-	-7,101,640.07	-	-	-	-	-	-7,101,640.07	-20,736,280.88	-27,837,920.95
1. Common shares invested by owners												-20,736,280.88	-20,736,280.88
2. Capital contributed by other equity instrument holders													-
3. Amount of shares paid and accounted as owners' equity													-
4. Others					-7,101,640.07						-7,101,640.07		-7,101,640.07
(3) Profit allotment	-	-	-	-	-	-	-	-	5,728,420.02	-91,638,358.18	-85,909,938.16	-6,962,732.02	-92,872,670.18
1. Provision of surplus reserves									5,728,420.02	-5,728,420.02	-		-
2. Distribution to owners (or shareholders)										-85,909,938.16	-85,909,938.16	-6,962,732.02	-92,872,670.18
3. Others											-		-
(4) Internal carry-over of owners' equity	-	-	-	-	-	-	21,421,931.75	-	-1,078,644.23	-20,343,287.52	-	-	-
1. Capitalizing of capital reserves (or share capital)											-		-
2. Capitalizing of surplus reserves (or share capital)											-		-
3. Surplus reserves used to cover losses											-		-
4. Retained gain transferred due to change in set benefit program											-		-
5. Other comprehensive income carry forward retained earnings							21,421,931.75	-	-1,078,644.23	-20,343,287.52	-		-
6. Others											-		-
(5) Special reserves	-	-	-	-	-	-	-	-	-	-	-	-	-
1. This year's extraction											-		-
2. Used this year											-		-
(6) Others											-		-
IV. Closing balance	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
Legal representative:							CFO:						Accounting firm manager:

Statement of Change in Owners' Equity

2024

Prepared by: China Fangda Group Co., Ltd.

In RMB

Item	2023												
	Owners' Equity Attributable to the Parent Company										Minor shareholders' equity	Total of owners' equity	
	Share capital	Other equity tools			Capital reserves	Less: Shares in stock	Other miscellaneous income	Special reserves	Surplus reserve	Retained profit			Subtotal
	Preferred share	Perpetual bond	Others										
1. Balance at the end of last year	1,073,874,227.00				11,459,588.40		31,986,716.79		79,324,940.43	4,553,295,402.30	5,749,940,874.92	70,444,287.33	5,820,385,162.25
Plus: Changes in accounting policies											-		-
Correction of previous errors											-		-
Others											-		-
2. Balance at the beginning of current year	1,073,874,227.00	-	-	-	11,459,588.40	-	31,986,716.79	-	79,324,940.43	4,553,295,402.30	5,749,940,874.92	70,444,287.33	5,820,385,162.25
3. Change amount in the current year ("+" for increase)	-	-	-	-	-	-	-8,864,846.00	-	-	219,064,538.15	210,199,692.15	4,210,983.87	214,410,676.02
(1) Total of misc. incomes							-8,864,846.00			272,758,249.50	263,893,403.50	4,210,983.87	268,104,387.37
(2) Investment or decreasing of capital by owners	-	-	-	-	-	-	-	-	-	-	-	-	-
1. Common shares invested by owners											-		-
2. Capital contributed by other equity instrument holders											-		-
3. Amount of shares paid and accounted as owners' equity											-		-
4. Others											-		-
(3) Profit allotment	-	-	-	-	-	-	-	-	-	-53,693,711.35	-53,693,711.35	-	-53,693,711.35
1. Provision of surplus reserves										-	-		-
2. Distribution to owners (or shareholders)										-53,693,711.35	-53,693,711.35		-53,693,711.35
3. Others											-		-
(4) Internal carry-over of owners' equity	-	-	-	-	-	-	-	-	-	-	-	-	-
1. Capitalizing of capital reserves (or share capital)											-		-
2. Capitalizing of surplus reserves (or share capital)											-		-
3. Surplus reserves used to cover losses											-		-
4. Retained gain transferred due to change in set benefit program											-		-
5. Other comprehensive income carry forward retained earnings											-		-
6. Others											-		-
(5) Special reserves	-	-	-	-	-	-	-	-	-	-	-	-	-
1. This year's extraction											-		-
2. Used this year											-		-
(6) Others											-		-
IV. Closing balance	1,073,874,227.00	-	-	-	11,459,588.40	-	23,121,870.79	-	79,324,940.43	4,772,359,940.45	5,960,140,567.07	74,655,271.20	6,034,795,838.27

Legal representative:

CFO:

Accounting firm manager:

Balance Sheet of the Parent Company							
2024/12/31							
Prepared by: China Fangda Group Co., Ltd.				In RMB Currency: RMB			
Assets	Note	2024/12/31	2023/12/31	Liabilities and owner's interest	Note	2024/12/31	2023/12/31
Current asset:				Current liabilities			
Monetary capital		45,751,906.05	45,926,194.32	Short-term loans		-	300,270,416.67
Transactional financial assets				Transactional financial liabilities			
Derivative financial assets				Derivative financial liabilities			
Notes receivable				Notes payable			
Account receivable	XVI. 1	2,885,125.35	683,592.53	Account payable		873,640.82	804,004.81
Receivable financing				Prepayment received		749,684.15	736,644.20
Prepayment		145,287.27	324,209.77	Contract liabilities			
Other receivables	XVI. 2	1,622,103,166.85	1,684,718,397.92	Employees' wage payable		2,834,942.51	2,781,026.66
Including: interest receivable				Taxes payable		286,140.09	364,147.97
Dividend receivable				Other payables		1,437,682,555.06	1,041,696,906.24
Inventory				Including: interest payable			
Including: data resources				Dividend payable			
Contract assets				Liabilities held for sales			
Assets held for sales				Non-current liabilities due in 1 year		3,531,740.50	3,936,569.69
Non-current assets due in 1 year				Other current liabilities		164,239.72	41,741.14
Other current assets		2,081,838.29	1,849,530.81	Total current liabilities		1,446,122,942.85	1,350,631,457.38
Total current assets		1,672,967,323.81	1,733,501,925.35	Non-current liabilities:			
Non-current assets:				Long-term loans			
Debt investment				Bond payable			
Other debt investment				Including: preferred stock			
Long-term receivables				Perpetual bond			
Long-term share equity investment	XVI. 3	1,657,062,530.00	1,526,831,253.00	Lease liabilities		4,614,693.40	5,464,762.02
Investment in other equity tools				Long-term payable			
Other non-current financial assets		30,000,001.00	30,000,001.00	Long-term employees' wage payable			
Investment real estate		380,644,350.00	333,236,768.00	Anticipated liabilities			
in fixed assets		46,688,469.68	63,599,689.10	Deferred earning			
Construction in process				Deferred income tax liabilities		42,909,713.11	37,279,049.28
Productive biological assets				Other non-current liabilities			
Gas & petrol				Total of non-current liabilities		47,524,406.51	42,743,811.30
Use right assets		8,030,919.38	8,346,277.85	Total liabilities		1,493,647,349.36	1,393,375,268.68
Intangible assets		1,200,848.82	852,064.55	Owner's equity:			
Including: data resources				Share capital		1,073,874,227.00	1,073,874,227.00
R&D expense				Other equity tools			
Including: data resources				Including: preferred stock			
Goodwill				Perpetual bond			
Long-term amortizable expenses		285,478.52	472,845.61	Capital reserves		360,835.52	360,835.52
Deferred income tax assets				Less: Shares in stock			
Other non-current assets				Other miscellaneous income		39,731,740.46	-10,082,945.37
Total of non-current assets		2,123,912,597.40	1,963,338,899.11	Special reserves			
				Surplus reserve		83,974,716.22	79,324,940.43
				Retained profit		1,105,291,052.65	1,159,988,498.20
				Total of owners' equity		2,303,232,571.85	2,303,465,555.78
Total of assets		3,796,879,921.21	3,696,840,824.46	Total of liabilities and owner's interest		3,796,879,921.21	3,696,840,824.46
Legal representative:			CFO:			Accounting firm manager:	

Income Statement of the Parent Company			
2024			
Prepared by: China Fangda Group Co., Ltd.			In RMB
Item	Note	2024	2023
1. Turnover	XVI. 4	22,532,419.32	24,692,199.04
Less: Operation cost	XVI. 4	81,137.33	26,289.08
Taxes and surcharges		1,424,024.13	1,317,388.51
Sales expense			
Administrative expense		32,460,638.60	30,558,951.47
R&D cost			
Financial expenses		4,841,621.43	8,388,228.10
Including: interest cost		4,405,563.35	9,288,176.00
Interest income		260,151.97	831,166.04
Add: other gains		108,256.72	117,077.52
Investment gains ("-" for loss)	XVI. 5	72,929,550.62	
Incl. Investment gains from affiliates and joint ventures			
Financial assets derecognised as a result of amortized cost			
Net open hedge gains ("-" for loss)			
Gains from change of fair value ("-" for loss)		-4,092,950.00	
Credit impairment ("-" for loss)		-238,257.79	360,899.21
Investment impairment loss ("-" for loss)			
Investment gains ("-" for loss)		1,053,415.23	
2. Operational profit ("-" for loss)		53,485,012.61	-15,120,681.39
Plus: non-operational income		5,025.67	44,168.07
Less: non-operational expenditure		24,170.61	121,511.80
4. Gross profit ("-" for loss)		53,465,867.67	-15,198,025.12
Less: Income tax expenses		-3,818,332.48	-3,431,141.95
4. Net profit ("-" for net loss)		57,284,200.15	-11,766,883.17
1. Net profit from continuous operation ("-" for net loss)		57,284,200.15	-11,766,883.17
2. Net profit from discontinuous operation ("-" for net loss)			
5. After-tax net amount of other misc. incomes		28,392,754.08	-8,976,730.40
(1) Other misc. incomes that cannot be re-classified into gain and loss		-	-8,976,730.40
1. Re-measure the change in the defined benefit plan			
2. Other comprehensive income that cannot be transferred to profit or loss under the equity method			
3. Fair value change of investment in other equity tools			-8,976,730.40
4. Fair value change of the Company's credit risk			
(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. Investment real estate measured at fair value		28,392,754.08	
6. Total of misc. incomes		85,676,954.23	-20,743,613.57
7. Earnings per share			
(1) Basic earnings per share (yuan/share)			
(2) Diluted earnings per share (yuan/share)			
Legal representative:	CFO:		Accounting firm manager:
Note: For companies that prepare consolidated statements of income, only basic and diluted earnings per share on a consolidated basis need to be calculated and presented, and basic and diluted earnings per share on a parent company basis need not be calculated and presented.			

Cash Flow Statement of the Parent Company			
2024			
Prepared by: China Fangda Group Co., Ltd.			In RMB
Item	Note	2024	2023
1. Net cash flow from business operations:			
Cash received from sales of products and providing of services		23,297,859.17	17,959,740.25
Tax refunded		-	278,140.90
Other cash received from business operation		1,444,921,260.13	5,000,885,248.92
Sub-total of cash inflow from business operations		1,468,219,119.30	5,019,123,130.07
Cash paid for purchasing products and services		3,898,051.28	4,266,205.51
Cash paid to and for the staff		17,406,198.35	18,497,935.21
Taxes paid		2,519,884.87	2,566,398.39
Other cash paid for business activities		991,774,056.35	4,903,847,461.83
Sub-total of cash outflow from business operations		1,015,598,190.85	4,929,178,000.94
Cash flow generated by business operations, net		452,620,928.45	89,945,129.13
2. Cash flow generated by investment:			
Cash received from investment recovery		235,323,000.00	-
Cash received as investment profit		72,929,550.62	-
Net cash retrieved from disposal of fixed assets, intangible assets, and other long-term assets		-	-
Net cash received from disposal of subsidiaries or other operational units		-	-
Other investment-related cash received		-	-
Sub-total of cash inflow generated from investment		308,252,550.62	-
Cash paid for construction of fixed assets, intangible assets and other long-term assets		508,802.14	285,589.76
Cash paid as investment		365,554,277.00	69,500,000.00
Net cash paid for acquiring subsidiaries and other operational units		-	-
Other cash paid for investment		-	-
Subtotal of cash outflows		366,063,079.14	69,785,589.76
Cash flow generated by investment activities, net		-57,810,528.52	-69,785,589.76
3. Cash flow generated by financing activities			
Cash received from investment		-	-
Cash received from borrowed loans		-	300,000,000.00
Other cash received from financing activities		-	-
Subtotal of cash inflow from financing activities		-	300,000,000.00
Cash paid to repay debts		300,000,000.00	300,000,000.00
Cash paid as dividend, profit, or interests		90,940,972.34	62,021,628.02
Other cash paid for financing activities		4,061,076.00	-
Subtotal of cash outflow from financing activities		395,002,048.34	362,021,628.02
Net cash flow generated by financing activities		-395,002,048.34	-62,021,628.02
4. Influence of exchange rate changes on cash and cash equivalents		17,360.14	77,994.33
5. Net increase in cash and cash equivalents		-174,288.27	-41,784,094.32
Plus: Balance of cash and cash equivalents at the beginning of term		45,676,194.32	87,460,288.64
6. Balance of cash and cash equivalents at the end of the period		45,501,906.05	45,676,194.32
Legal representative:	CFO:	Accounting firm manager:	

Statement of Change in Owners' Equity (Parent Company)

2024

Prepared by: China Fangda Group Co., Ltd.

In RMB

Item	2024										
	Share capital	Other equity tools			Capital reserves	Less: Shares in stock	Other miscellaneous income	Special reserves	Surplus reserve	Retained profit	Total of owners' equity
		Preferred share	Perpetual bond	Others							
I. Balance at the end of last year	1,073,874,227.00	-	-	-	360,835.52	-	-10,082,945.37	-	79,324,940.43	1,159,988,498.20	2,303,465,555.78
Add: Changes in accounting policies											-
Correction of previous errors											-
Others											-
2. Balance at the beginning of current year	1,073,874,227.00	-	-	-	360,835.52	-	-10,082,945.37	-	79,324,940.43	1,159,988,498.20	2,303,465,555.78
3. Change amount in the current year ("-" for decreases)	-	-	-	-	-	-	49,814,685.83	-	4,649,775.79	-54,697,445.55	-232,983.93
(1) Total of misc. incomes							28,392,754.08			57,284,200.15	85,676,954.23
(2) Investment or decreasing of capital by owners	-	-	-	-	-	-	-	-	-	-	-
1. Common shares invested by owners											-
2. Capital contributed by other equity instrument holders											-
3. Amount of shares paid and accounted as owners' equity											-
4. Others											-
(3) Profit allotment	-	-	-	-	-	-	-	-	5,728,420.02	-91,638,358.18	-85,909,938.16
1. Provision of surplus reserves									5,728,420.02	-5,728,420.02	-
2. Distribution to owners (or shareholders)										-85,909,938.16	-85,909,938.16
3. Others											-
(4) Internal carry-over of owners' equity	-	-	-	-	-	-	21,421,931.75	-	-1,078,644.23	-20,343,287.52	-
1. Capitalizing of capital reserves (or share capital)											-
2. Capitalizing of surplus reserves (or share capital)											-
3. Surplus reserves used to cover losses											-
4. Retained gain transferred due to change in set benefit program											-
5. Other comprehensive income carry forward retained earnings							21,421,931.75	-	-1,078,644.23	-20,343,287.52	-
6. Others											-
(5) Special reserves	-	-	-	-	-	-	-	-	-	-	-
1. This year's extraction											-
2. Used this year											-
(6) Others											-
IV. Closing balance	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
Legal representative:					CFO:					Accounting firm manager:	

Statement of Change in Owners' Equity (Parent Company)

2024

Prepared by: China Fangda Group Co., Ltd.

In RMB

Item	2023										
	Share capital	Other equity tools			Capital reserves	Less: Shares in stock	Other miscellaneous income	Special reserves	Surplus reserve	Retained profit	Total of owners' equity
		Preferred share	Perpetual bond	Others							
I. Balance at the end of last year	1,073,874,227.00				360,835.52		-1,106,214.97		79,324,940.43	1,225,449,092.72	2,377,902,880.70
Add: Changes in accounting policies											-
Correction of previous errors											-
Others											-
2. Balance at the beginning of current year	1,073,874,227.00	-	-	-	360,835.52	-	-1,106,214.97	-	79,324,940.43	1,225,449,092.72	2,377,902,880.70
3. Change amount in the current year ("-" for decrease)	-	-	-	-	-	-	-8,976,730.40	-	-	-65,460,594.52	-74,437,324.92
(1) Total of misc. incomes							-8,976,730.40			-11,766,883.17	-20,743,613.57
(2) Investment or decreasing of capital by owners	-	-	-	-	-	-	-	-	-	-	-
1. Common shares invested by owners											-
2. Capital contributed by other equity instrument holders											-
3. Amount of shares paid and accounted as owners' equity											-
4. Others											-
(3) Profit allotment	-	-	-	-	-	-	-	-	-	-53,693,711.35	-53,693,711.35
1. Provision of surplus reserves										-	-
2. Distribution to owners (or shareholders)										-53,693,711.35	-53,693,711.35
3. Others											-
(4) Internal carry-over of owners' equity	-	-	-	-	-	-	-	-	-	-	-
1. Capitalizing of capital reserves (or share capital)											-
2. Capitalizing of surplus reserves (or share capital)											-
3. Surplus reserves used to cover losses											-
4. Retained gain transferred due to change in set benefit program											-
5. Other comprehensive income carry forward retained earnings											-
6. Others											-
(5) Special reserves	-	-	-	-	-	-	-	-	-	-	-
1. This year's extraction											-
2. Used this year											-
(6) Others											-
IV. Closing balance	1,073,874,227.00	-	-	-	360,835.52	-	-10,082,945.37	-	79,324,940.43	1,159,988,498.20	2,303,465,555.78

Legal representative:

CFO:

Accounting firm manager:

Note: Please add an "Other" column between the "Undistributed Profits" and "Total Owner's Equity" columns when necessary.

China Fangda Group Co., Ltd.

Notes to Financial Statements

2024

(Unless otherwise specified)

I. Company's profile

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

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

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

II. 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.

III. 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 accounting period of the Company is from January 1 to December 31 of each calendar year.

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

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
Significant joint operations	The individual profit before tax is greater than 5% of the consolidated profit before tax and exceeds RMB5,000,000.
Important joint ventures and associates	The investment return is greater than 5% of the total consolidated profit and is greater than RMB5 million

6. Accounting Treatment of the Entities under Common

and Different Control

(1) Consolidation of entities under common control

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

See Note 3, 7 (5) for the accounting treatment method of business combination under the same control through step-by-step transaction.

(2) Consolidation of entities under different control

All identifiable assets and liabilities acquired by the Company during the merger shall be measured at its fair value on the date of purchase. For parties being acquired with accounting policies and periods different from those of the Company before the acquisition, the accounting policies are unified based on the principle of materiality. This means adjusting the book value of the assets and liabilities of the acquired party according to the Company's accounting policies and periods. The merger cost of the Company on the date of purchase is greater than the fair value of the assets and

liabilities recognized by the purchaser in the merger, and is recognized as goodwill. If the merger cost is less than the difference between the identifiable assets and the fair value of the liabilities obtained by the purchaser in the enterprise merger, the merger cost and the fair value of the identifiable assets and the liabilities obtained by the purchaser in the enterprise merger are reviewed, and the merger cost is still less than the fair value of the identifiable assets and liabilities obtained by the purchaser after the review, the difference is considered as the profit and loss of the current period of the merger.

See Note 3, 7 (5) for the accounting treatment method of business combination under the same control through step-by-step transaction.

(3) Treatment of related transaction fee in enterprise merger

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

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

(1) Determination of control criteria and consolidation scope

Control means the power possessed by the Company on invested entities to share variable returns by participating in related activities of the invested entities and to impact the amount of the returns by using the power. The definition of control includes three basic elements: first,

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

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

The subsidiary company is the subject controlled by the Company (including the enterprise, the divisible part of the invested unit and the structured subject controlled by the enterprise, etc.). The structured subject is the subject which is not designed to determine the controlling party by taking the voting right or similar right as the decisive factor.

(2) Special provisions regarding the parent company being an investment entity

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

The parent company qualifies as an investment entity when it simultaneously

meets the following conditions:

- ① The company obtains funds from one or more investors with the purpose of providing investment management services to the investors.
- ② The sole purpose of the company's operations is to generate returns for the investors through capital appreciation, investment income, or both.
- ③ The company evaluates and assesses the performance of almost all of its investments based on fair value.

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

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

(3) Preparation of Consolidated Financial Statements

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

The Company compiles consolidated financial statements, regards the whole

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

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

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

③ Offset the influence of internal transaction between parent company, subsidiary company and subsidiary company. If an internal transaction indicates that the relevant asset has suffered an impairment loss, the part of the loss shall be confirmed in full.

④ adjust the special transaction from the angle of enterprise group.

(4) Processing of subsidiaries during the reporting period

① Increase of subsidiaries or business

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

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

(B) When preparing the consolidated cash flow statement, the cash flows of the

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

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

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

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

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

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

② Disposal of subsidiaries or business

A. When preparing the consolidated balance sheet, the opening number of the

consolidated balance sheet is not adjusted.

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

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

(5) Special considerations in consolidation offsets

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

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

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

③ If there is a temporary difference between the book value of assets and liabilities in the consolidated balance sheet and the taxable basis of the taxpayer due to the offset of the unrealized internal sales gain or loss, the deferred income tax asset or the deferred income tax liability is confirmed in the consolidated balance sheet, and the

income tax expense in the consolidated profit statement is adjusted, with the exception of the deferred income tax related to the transaction or event directly included in the owner's equity and the merger of the enterprise.

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

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

(6) Accounting treatment of special transactions

① Purchase minority shareholders' equity

The Company purchases the shares of the subsidiaries owned by the minority shareholders of the subsidiaries. In the individual financial statements, the investment costs of the newly acquired long-term investments of the minority shares shall be measured at the fair value of the price paid. In the consolidated financial statements,

the difference between the newly acquired long-term equity investment due to the purchase of minority equity and the share of net assets that should be continuously calculated by the subsidiary since the purchase date or the merger date should be adjusted according to the new shareholding ratio. The product (capital premium or equity premium), if the capital reserve is insufficient to offset, the surplus reserve and undistributed profits are offset in turn.

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

A. Enterprise merger under common control through multiple transactions

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

In consolidated financial statements, assets and liabilities obtained by the merging party from the merged party should be measured at the book value in the final controlling party's consolidated financial statements other than the adjustment made due to differences in accounting policies; adjust the capital surplus (share premium) according to the difference between the initial investment cost and the book value of the held investment before merger plus the book value of the consideration paid on the

merger date. Where the capital surplus falls short, the retained income should be adjusted.

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

A. Enterprise merger under common control through multiple transactions

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

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

equity outside of net profit or loss, other comprehensive income, and profit distribution under the equity method, the related other comprehensive income is accounted for on the same basis as if the investee directly disposed of the related assets or liabilities on the acquisition date, and the related changes in other equity are transferred to the investment income of the current period to which the acquisition date belongs.

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

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

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

A. One transaction disposition

If the Company loses control over the Invested Party due to the disposal of part of the equity investment, it shall remeasure the remaining equity according to its fair value at the date of loss of control when compiling the consolidated financial statement. The difference between the consideration obtained from the disposal of equity plus the fair value of the remaining equity, minus the share of net assets and goodwill of the original subsidiary calculated continuously from the acquisition date or consolidation date based on the original shareholding ratio, is included in the investment income for the period in which control is lost.

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

B. Multi-transaction step-by-step disposition

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

If the step-by-step transaction does not belong to a "package deal", in the individual financial statements, for each transaction before the loss of control of the subsidiary, the book value of the long-term equity investment corresponding to each disposal of equity is carried forward, the price received and the disposal. The difference between the book value of the long-term equity investment is included in the current investment income; in the consolidated financial statements, it should be handled in accordance with the relevant provisions of "the parent company disposes of the long-term equity investment in the subsidiary without losing control."

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

difference between the disposition of the price and the disposition of the investment corresponding to the share in the net assets of the subsidiary shall be recognized as other consolidated gains and shall, at the time of the loss of control, be transferred to the loss of control for the current period.

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

(a) These transactions were concluded at the same time or in consideration of mutual influence.

(b) These transactions can only achieve the business result as a whole;

(c) The effectiveness of one transaction depends the occurrence of at least another transaction;

(d) A single transaction is not economic and is economic when considered together with other transactions.

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

Proportion of Others (minority shareholders in factor companies who increase capital , dilute Subsidiaries of parent companies. In the consolidated financial statements, the share of the parent company in the net book assets of the former subsidiary of the capital increase is calculated according to the share ratio of the parent company before the capital increase, the difference between the share and the net book assets of the latter subsidiary after the capital increase is calculated according to the share ratio of the parent company, the capital reserve (capital premium or capital

premium), the capital reserve (capital premium or capital premium) is not offset, and the retained income is adjusted.

8. Recognition of cash and cash equivalents

Cash refers to cash in stock and deposits that can be used for payment at any time. Cash equivalents refer to investments with a short holding period (generally referring to expiry within three months from the date of purchase), strong liquidity, easy to convert to a known amount of cash, and little risk of value change.

9. Foreign exchange business and foreign exchange statement translation

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

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

(2) Methods of conversion of foreign currency items on balance sheet days

At the balance sheet date, foreign currency items are translated on the spot exchange rate of the balance sheet date. The exchange differences caused by the difference in exchange rates on the balance sheet date and initial recognizing date or previous balance sheet date are included in the current profits and losses. For foreign currency non-monetary items measured at historical cost, the spot exchange rate on the transaction date is still used for translation. For inventory measured at the lower of cost

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

(3) Translation of foreign exchange statements

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

① The assets and liabilities items in the balance sheet are translated at the spot exchange rate on the balance sheet date. Except for the "undistributed profits" items,

the owner's equity items are translated at the spot exchange rate when they occur.

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

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

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

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

10. Financial instrument

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

(1) Recognition and de-recognition of financial instrument

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

Financial asset is derecognized when:

① The contractual right to receive the cash flows of the financial assets is terminated;

② The financial asset is transferred and meets the following derecognition condition.

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

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

(2) Classification and subsequent measurement of financial assets

At initial recognition, the Company classifies financial assets into the following three categories based on the business model of managing financial assets and the contractual cash flow characteristics of financial assets: financial assets measured at amortized cost are measured at fair value and their changes are included in other

financial assets with current profit and loss and financial assets measured at fair value through profit or loss. Unless the Company changes the business model for managing financial assets, in this case, all affected financial assets are reclassified on the first day of the first reporting period after the business model changes, otherwise the financial assets may not be initially confirmed.

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

The subsequent measurement of financial assets depends on their classification:

① Financial assets measured at amortized cost

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

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

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

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

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

The above financial assets measured at amortized cost and other financial assets measured at fair value and whose changes are included in other comprehensive income

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

(3) Classification and measurement of financial liabilities

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

The subsequent measurement of financial liabilities depends on their classification:

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

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

retained income.

② Loan commitments and financial security contractual liabilities

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

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

③ Financial liabilities measured at amortized cost

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

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

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

form contractual obligations through other terms and conditions.

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

(4) Derivative financial instruments and embedded derivatives

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

The gains and losses arising from the change in fair value of derivatives are directly included in the profits and losses of the current period, except that the part of the cash flow that is valid in the hedge is included in the other consolidated income

and transferred out when the hedged item affects the gain and loss of the current period.

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

(5) Financial instrument Less

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

① Measurement of expected credit losses of accounts receivable

The expected credit loss refers to the weighted average of the credit losses of financial instruments that are weighted by the risk of default. Credit loss refers to the difference between all contractual cash flows receivable from the contract and all cash

flows expected to be received by the Company at the original actual interest rate, that is, the present value of all cash shortages. Among them, the financial assets which have been purchased or born by the Company shall be discounted according to the actual rate of credit adjustment of the financial assets.

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

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

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

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

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

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

Accounts receivable/contract assets

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

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

Notes Receivable Combination1 Commercial Acceptance Bill

Notes Receivable Combination1 Commercial Acceptance Bill

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

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

Accounts receivable combination 1 Accounts receivable business

Accounts receivable combination 2 Real estate receivable business

Accounts receivable combination 3 Others receivable business

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

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

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

Other receivable portfolio 1 Interest receivable

Portfolio of other receivables 2 Dividends receivable

Other combinations of receivables 3 Deposit and margin receivable

Other receivable portfolio 4 Receivable advances

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

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

Other receivables portfolio 7 Other receivables

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

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

Receivables financing portfolio 1 bank acceptance bill

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

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

Contract assets portfolio 1 conditional collection right of sales

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

Contract assets portfolio 3 Quality guarantee deposit not meeting collection conditions

For contract assets divided into portfolios, the Company refers to historical credit loss experience, combined with current conditions and predictions of future economic conditions, and calculates through default risk exposure and expected credit loss rate

within the next 12 months or the entire duration Expected credit losses.

Other debt investment

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

② Lower credit risk

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

③ Significant increase in credit risk

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

In determining whether the credit risk has increased significantly since the initial recognition, the Company considers reasonable and evidenced information, including forward-looking information, that can be obtained without unnecessary additional

costs or effort. The information considered by the Company includes:

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

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

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

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

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

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

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

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

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

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

④ Financial assets with credit impairment

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

Major financial difficulties have occurred to the issuer or the debtor; Breach of contract by the debtor, such as payment of interest or default or overdue of principal;
(B) The concession that the debtor would not make under any other circumstances for

economic or contractual considerations relating to the financial difficulties of the debtor; The debtor is likely to be bankrupt or undertake other financial restructuring; The financial difficulties of the issuer or debtor lead to the disappearance of the active market for the financial asset; To purchase or generate a financial asset at a substantial discount, which reflects the fact that a credit loss has occurred.

⑤ Presentation of expected credit loss measurement

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

⑥ Cancellation

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.

③ Continuing identification of transferred financial assets

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

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

(7) Deduction of financial assets and liabilities

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

The Company has a statutory right to offset the confirmed amount, and such legal

right is currently enforceable;

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

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

(8) Recognition of fair value of Finance instruments

See Note III. 11 for the recognition of fair value of financial assets and liabilities.

11. Measurement at 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 Evaluation techniques

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.

12. Inventory

(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

- ① Low-value consumables are amortized on on-off amortization basis at using.
- ② Packages are amortized on on-off amortization basis at using.

13. Contract assets and contract liabilities

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

provide services to customers for consideration received or receivable from customers is listed as contractual liabilities.

The Company's determination method and accounting treatment method for the expected credit loss of contract assets are detailed in Note III 10.

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.

14. Contract costs

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

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

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

If the incremental cost incurred by the Company to obtain the contract is expected

to be recovered, it shall be recognized as an asset as the contract acquisition cost.

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

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

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

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

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

The contract acquisition cost recognized as an asset shall be listed in the item of

"other current assets" when the amortization period does not exceed one year or one normal business cycle at the time of initial recognition, and **listed in the item of "other non-current assets"** when the amortization period exceeds one year or one normal business cycle at the time of initial recognition.

15. 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

① Long-term equity investments formed by merger of enterprises shall be determined in accordance with the following provisions:

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

Long-term equity investment generated by enterprise merger: for long-term equity investment obtained by merger of enterprises under common control, the obtained share of book value of the interests of the merged party's owner in the consolidate

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

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

② 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 method

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.

② Equity method

Gains from long-term equity investment measured by equity

When the equity method is used to measure long-term equity investment, the investment cost will not be adjusted if the investment cost of the long-term equity investment is larger than the share of fair value of the recognizable assets of the

invested entity. When it is smaller than the share of fair value of the recognizable assets of the invested entity, the book value will be adjusted and the difference is included in the current gains of the investment.

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

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

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

(4) Equity investment held for sale

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

Equity investments classified as held for sale to associates that are no longer eligible to hold classified assets for sale are retrospectively adjusted using the equity

method starting from the date that they are classified as held for sale. The classification is adjusted to hold the financial statements for the period to be sold.

(5) Impairment examination and providing of impairment provision

See Note III. 21 for the assets impairment provision method for investment in subsidiaries and joint ventures.

16. Investment real estate

(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 estate subsequently. Variations in fair value are accounted into the current gain/loss account.

The fair value of investment real estate is determined with reference to the current market prices of same or similar real estates in active markets; when no such price is available, with reference to the recent transaction prices and consideration of factors

including transaction background, date and district to reasonably estimate the fair value; or based on the estimated lease gains and present value of related cash flows.

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

If the cost model is adopted to measure the investment real estate, the depreciation or amortization shall be calculated according to the straight line method after deducting the accumulated impairment and net residual value of the investment real estate cost. For the method of depreciation of the accrued assets, see notes 3 and 21.

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

17. in fixed assets

Fixed assets is defined as the tangible assets which are held for the purpose of producing goods, providing services, lease or for operation & management, and have more than one accounting year of service life.

(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 of fixed assets

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

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

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

At end of each fiscal year, verification will be made on the useful life, predicted

retained value, and depreciation basis. The useful life will be adjusted if the useful life is different from the predicted one; the net residual value will be adjusted if the net residual value is different from the predicted one.

18. 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.

19. 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 Borrowing costs have 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.

20. Intangible assets

(1) Pricing of intangible assets

Recorded at the actual cost of acquisition.

(2) Amortization of intangible assets

① Useful life of intangible assets with limited useful life

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

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

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

date.

③ Amortization of intangible assets

For intangible assets with finite useful lives, the Company determines their useful lives upon acquisition and amortizes them systematically and reasonably using the straight-line method over their useful lives. The amortization amount is included in the current period's profit or loss according to the beneficiary projects or included in the cost of the related assets. The specific amortization amount is the amount after the cost is deducted from the estimated residual value. For fixed assets for which depreciation provision is made, the depreciation rate will be determined after the accumulative depreciation provision amount is deducted. The residual value of an intangible asset with limited useful life is treated as zero, except where a third party undertakes to purchase the intangible asset at the end of its useful life or to obtain expected residual value information based on the active market, which is likely to exist at the end of its useful life.

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

Specific standard for distinguish between research and development stage

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.

(4) 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.

21. 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.

22. 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.

23. Staff remuneration

Staff remuneration is the compensation paid by the employer to the staff for the services they provide or for termination of the working relationship. Staff remuneration includes short-term remuneration and post-employment welfare. The benefits provided by the Company to the spouses, children, dependents, survivors and other beneficiaries of the staff are also the remuneration of the staff.

According to liquidity, employee compensation is listed in the "employee compensation payable" and "long-term employee compensation payable" items of the balance sheet respectively.

(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.

24. 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.

25. Revenue the principle of revenue recognition and measurement methods

(1) General principles

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

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

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

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

Points.

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

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

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

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

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

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

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

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

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

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

⑤ The product has been accepted by the customer.

Sales return clause

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

Warranty obligations

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

Customer consideration payable

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

Contractual rights not exercised by customers

If the Company advances sales of goods or services to customers, the amount shall be recognized as liabilities first, and then converted into income when relevant

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

Contract change

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

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

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

③ If the contract change does not belong to the above situation (1), and there is no clear distinction between the transferred construction services and the non transferred construction services on the date of contract change, the Company will take

the contract change part as an integral part of the original contract for accounting treatment, and the resulting impact on the recognized income will be adjusted to the current income on the date of contract change.

(2) Specific methods

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.

26. 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.

② 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.

27. Differed income tax assets and differed income tax liabilities

The Company uses the temporary difference between the book value of the assets and liabilities on the balance sheet day and the tax base and the liabilities method to recognize the deferred income tax. 26. Deferred income tax assets and deferred income tax liabilities

(1) Deferred income tax assets

For deductible temporary discrepancies, deductible losses and tax offsets that can be carried forward for future years, the impact on income tax is calculated at the estimated income tax rate for the transfer-back period and the impact is recognized as deferred income tax assets, provided that the Company is likely to obtain future taxable income for deductible temporary discrepancies, deductible losses and tax offsets.

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

- A. The transaction is not a business combination;
- B. the transaction is not a merger and the transaction does not affect the

accounting profit or taxable proceeds;

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

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

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

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

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

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

value. When there is adequate taxable proceeds, the lessened amount will be reversed.

(2) Deferred income tax assets

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

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

A. Initial recognition of goodwill;

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

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

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

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

(3) Deferred income tax assets

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

Temporary difference of taxable tax or deductible temporary difference generated by enterprise merger under non-same control. When deferred income tax liability or

deferred income tax asset is recognized, related deferred income tax expense (or income) is usually adjusted as recognized goodwill in enterprise merger.

② Amount of shares paid and accounted as owners' equity

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

(3) Compensation for losses and tax deductions

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

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

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

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

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

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

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

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

The deferred income tax assets and deferred income tax liabilities are related to

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

28. Lease

(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 according to the recognition standard and measurement method of estimated liabilities. See Note III 24 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.

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.

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 evaluates and determines whether the asset transfer in the sale and leaseback transaction is a sale in accordance with the provisions of Note III 25.

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 asset, recognize a financial liability equal to the transfer income, and conduct accounting treatment for the financial liability in accordance with Note III 10. 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 is not sales, the company does not recognize the transferred asset, but recognizes a financial asset equal to the transfer income, and carries out accounting treatment for the financial asset in accordance with Note III 10. 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.

29. Accounting of hedging

(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.

(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.

(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.

(4) Revenue the of revenue recognition and measurement

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

① Fair value hedging

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

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

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

② Cash flow hedging

The part of hedging tool gains or losses that is valid for hedging is recognized as other comprehensive income as a cash flow hedging reserve, and the part that is invalid for hedging (that is, other gains or losses after deducting other comprehensive income), are counted into the current profit and loss. The amount of cash flow hedging reserve is determined according to the lower of the absolute amounts of the following two items: 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.

30. Repurchase of the Company's shares

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

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

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

31. 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.

32. Major changes in accounting policies and estimates

(1) Changes in accounting policies

Implement the interpretation of accounting standards for Business Enterprises No.

17

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

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

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

B. On the disclosure of supplier financing arrangements

Note 5 and 62, section (3) "Supplier Financing Arrangements" of the Company's financial statements have disclosed the relevant information regarding supplier financing arrangements for the fiscal year 2024, in accordance with the requirements of Interpretation No. 17.

C. On the accounting treatment of sale and leaseback transactions

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

Reclassification of warranty expenses

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

Starting from the fiscal year 2024, the Company will implement this provision by

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

Affected item	For 2023 (consolidated)		For 2023 (parent company)	
	Before adjustment	After adjustment	Before adjustment	After adjustment
Sales expense	58,488,714.76	51,009,165.29		
Operating cost	3,404,642,473.33	3,412,122,022.80		

(2) Changes in major accounting estimates

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

IV. Taxation

1. Major taxes and tax rates

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

Existence of different corporate income tax rates for the Company's subsidiaries

Tax payer	Income tax rate
The Company	25%
Shenzhen Fangda Jianke Co., Ltd. (hereinafter Fangda Jianke)	15%
Fangda Zhiyuan Technology Co., Ltd. (hereinafter Fangda Zhiyuan)	15%
Fangda New Material (Jiangxi) Co., Ltd. (hereinafter Fangda Jiangxi New Material)	15%

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

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

2. Tax preference

(1) On December 26, 2024, the subsidiary Fangda Construction Technology obtained the "High-tech Enterprise Certificate" jointly issued by the Shenzhen Municipal Bureau of Industry and Information Technology, Shenzhen Municipal Finance Bureau, and the State Administration of Taxation Shenzhen Municipal Taxation Bureau, with certificate number: GR202444207062. After obtaining the qualification as a high-tech enterprise, the income tax will be levied at 15% for three years (2024 to 2026).

(2) On December 26, 2024, the subsidiary Fangda Zhiyuan Technology obtained the "High-tech Enterprise Certificate" jointly issued by the Shenzhen Municipal Bureau of Industry and Information Technology, Shenzhen Municipal Finance Bureau, and the State Administration of Taxation Shenzhen Municipal Taxation Bureau, with certificate number: GR202444201506. After obtaining the qualification as a high-tech enterprise, the income tax will be levied at 15% for three years (2024 to 2026).

(3) On October 28, 2024, the subsidiary Fangda Jiangxi New Material Co., Ltd. obtained the certificate of high tech enterprise jointly issued by Jiangxi Provincial Department of Science and Technology, Jiangxi Provincial Department of Finance, State Administration of Taxation and Jiangxi Provincial Bureau of Taxation. The certificate number is GR202436000046. Within three years after obtaining the qualification of high tech enterprise (2024-2026), the income tax will continue to be levied at 15%.

(4) On October 16, 2023, the subsidiary Fangda Chengdu Technology obtained the certificate of high tech enterprise No. GR202351000927 jointly issued by the Department of Science and Technology of Sichuan Province, the Department of Finance of Sichuan Province, the State Administration of Taxation and the Sichuan Provincial Taxation Bureau. Within three years after obtaining the qualification of high tech enterprise (2023-2025), the income tax will continue to be levied at 15%.

(5) The subsidiary Kechuangyuan Software is an enterprise located in Qianhai Shenzhen Hong Kong Modern Service Industry Cooperation Zone. Its main business meets the conditions of Preferential Catalogue of Enterprise Income Tax in Qianhai Shenzhen Hong Kong Modern Service Industry Cooperation Zone (2021)(the Regulation shall be implemented from January 1, 2021 to December 31, 2025), and the income tax is levied at 15%.

(6) On November 15, 2023, the subsidiary Fangda Shanghai Zhijian obtained the certificate of high tech enterprise GR202331002267 jointly issued by Shanghai Science and Technology Commission, Shanghai Finance Bureau and Shanghai Taxation Bureau. Within three years (from 2023 to 2025) after obtaining the qualification of high tech enterprise, the income tax will continue to be charged at 15%.

(7) On November 15, 2023, the subsidiary Fangda Yunzhu Co., Ltd. obtained the certificate of high tech enterprise jointly issued by Shenzhen Science and Technology

Innovation Commission, Shenzhen Finance Bureau, State Administration of Taxation and Shenzhen Taxation Bureau. The certificate number is GR202344205791. Within three years after obtaining the qualification of high tech enterprise (from 2023 to 2025), the income tax will be levied at 15%.

(8) According to the *Announcement on Further Implementing Preferential Income Tax Policies for Small and Micro Enterprises* (Ministry of Finance and State Administration of Taxation Announcement No. 13 of 2022), the *Announcement on Preferential Income Tax Policies for Small and Micro Enterprises and Individual Businesses* (Ministry of Finance and State Administration of Taxation Announcement No. 6 of 2023), and the *Announcement on Further Supporting Tax and Fee Policies for the Development of Small and Micro Enterprises and Individual Businesses* (Ministry of Finance and State Administration of Taxation Announcement No. 12 of 2023), some companies will be classified as small and micro-profit enterprises in 2024, and their income will be taxed according to the provisions of the above documents.

V. Notes to the consolidated financial statements

1. Monetary capital

Item	December 31, 2024	December 31, 2023
Inventory cash:	148.01	752.40
Bank deposits	1,052,461,034.10	787,363,734.05
Other monetary capital	439,316,159.73	637,786,629.79
Total	1,491,777,341.84	1,425,151,116.24
Including: total amount deposited in overseas	76,232,428.11	45,201,676.97

(1) Among the ending balance of bank deposits, restricted funds amount to RMB27,819,832.20, including RMB24,340,459.89 in special accounts for labor protection and migrant workers' wages, RMB86,361.51 in interest on fixed deposits, RMB3,384,510.80 in amounts judicially frozen, and RMB8,500.00 in ETC stored value. Among other monetary funds, restricted funds at the end of the period amount to

RMB432,232,293.30, primarily consisting of bill deposit margins, stage guarantee deposit margins, and guarantee letter issuance deposit margins. In the preparation of the cash flow statement, the above-mentioned deposits and other restricted deposits are not used as cash and cash equivalents.

(2) In addition, there are no other funds in the monetary funds at the end of the period that have restrictions on use and potential recovery risks due to mortgages, pledges or freezing.

2. Derivative financial assets

Item	December 31, 2024	December 31, 2023
Forward foreign exchange contract		173,737.06
Total		173,737.06

3. Notes receivable

(1) Classification of notes receivable

Type	December 31, 2024			December 31, 2023		
	Remaining book value	Bad debt provision	Book value	Remaining book value	Bad debt provision	Book value
Bank acceptance	39,584,331.31		39,584,331.31	21,487,899.17		21,487,899.17
Commercial acceptance	34,946,619.68	643,256.75	34,303,362.93	26,290,455.76	405,473.66	25,884,982.10
Total	74,530,950.99	643,256.75	73,887,694.24	47,778,354.93	405,473.66	47,372,881.27

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

Item	De-recognized amount	Amount not derecognized
Bank acceptance		33,147,312.95
Commercial acceptance		1,353,372.70
Total		34,500,685.65

Note: The bank acceptance draft used for discount is accepted by the bank with low credit grade, the discount does not affect the right of recourse, the credit risk

related to the bill and the deferred payment risk are still not transferred, so the confirmation is not terminated.

(3) Disclosure by bad debt accrual method

Type	December 31, 2024				
	Remaining book value		Bad debt provision		Book value
	Amount	Proportion (%)	Amount	Provision rate %	
Provision for bad debts by combination					
Commercial acceptance	34,946,619.68	46.89	643,256.75	1.84	34,303,362.93
Bank acceptance	39,584,331.31	53.11			39,584,331.31
Total	74,530,950.99	100.00	643,256.75	0.86	73,887,694.24

(Continued)

Type	December 31, 2023				
	Remaining book value		Bad debt provision		Book value
	Amount	Proportion (%)	Amount	Provision rate %	
Provision for bad debts by combination					
Commercial acceptance	26,290,455.76	55.03	405,473.66	1.54	25,884,982.10
Bank acceptance	21,487,899.17	44.97			21,487,899.17
Total	47,778,354.93	100.00	405,473.66	0.85	47,372,881.27

(4) Changes in bad debt provision

Type	December 31, 2023	Change in the period				December 31, 2024
		Provision	Written-back or recovered	Write-off	Other change	
Commercial acceptance	405,473.66	237,783.09				643,256.75

4. Account receivable

(1) Account age

Age	December 31, 2024	December 31, 2023
-----	-------------------	-------------------

Age	December 31, 2024	December 31, 2023
Less than 1 year	535,457,065.77	480,886,398.43
1-2 years	197,202,489.75	202,348,687.37
2-3 years	196,353,916.70	158,881,321.32
3-4 years	173,116,205.07	134,723,171.92
4-5 years	134,492,519.77	50,830,831.78
Over 5 years	261,192,804.06	149,873,046.27
Subtotal	1,497,815,001.12	1,177,543,457.09
Less : Bad debt provision	374,308,804.14	266,056,542.90
Total	1,123,506,196.98	911,486,914.19

(2) Disclosure by bad debt accrual method

Type	December 31, 2024				
	Remaining book value		Bad debt provision		Book value
	Amount	Proportion (%)	Amount	Provision rate %	
Separate bad debt provision	127,640,916.83	8.51	97,987,987.52	76.77	29,652,929.31
1. Customer 1	54,873,223.21	3.66	54,873,223.21	100	-
2. Customer 2	47,210,577.56	3.15	23,605,288.79	50	23,605,288.77
3. Customer 3	13,461,834.96	0.9	13,461,834.96	100	-
4. Customer 4	7,096,421.00	0.47	3,548,210.50	50	3,548,210.50
5. Customer 5	4,998,860.10	0.33	2,499,430.06	50	2,499,430.04
Provision for bad debts by combination	1,370,174,084.29	91.49	276,320,816.62	20.17	1,093,853,267.67
1. Portfolio 1: Engineering operations section	1,201,581,352.19	80.23	270,560,899.59	22.52	931,020,452.60
2. Portfolio 2: Real estate business payments	87,166,812.19	5.82	2,181,218.43	2.5	84,985,593.76
3. Portfolio 3: Other business models	81,425,919.91	5.44	3,578,698.60	4.4	77,847,221.31
Total	1,497,815,001.12	100.00	374,308,804.14	24.99	1,123,506,196.98

(Continued)

Type	December 31, 2023				
	Remaining book value		Bad debt provision		Book value
	Amount	Proportion (%)	Amount	Provision rate %	
Separate bad debt provision	80,430,339.27	6.83	74,382,698.73	92.48	6,047,640.54
1. Customer 1	54,873,223.21	4.67	54,873,223.21	100.00	
2. Customer 3	13,461,834.96	1.14	13,461,834.96	100.00	
3. Customer 4	7,096,421.00	0.60	3,548,210.50	50.00	3,548,210.50
4. Customer 5	4,998,860.10	0.42	2,499,430.06	50.00	2,499,430.04
Provision for bad debts by combination	1,097,113,117.82	93.17	191,673,844.17	17.47	905,439,273.65
1. Portfolio 1: Engineering operations section	881,971,973.34	74.90	181,121,184.71	20.54	700,850,788.63
2. Portfolio 2: Real estate business payments	144,374,822.98	12.26	8,293,566.86	5.74	136,081,256.12
3. Portfolio 3: Other business models	70,766,321.50	6.01	2,259,092.60	3.19	68,507,228.90
Total	1,177,543,457.09	100.00	266,056,542.90	22.59	911,486,914.19

Method of bad debt provision:

① On December 31, 2024, accounts receivable with bad debt provision withdrawn according to combination 1: engineering business accounts

Age	December 31, 2024			December 31, 2023		
	Remaining book value	Bad debt provision	Providing rate (%)	Remaining book value	Bad debt provision	Providing rate (%)
Less than 1 year	434,542,505.23	8,518,488.97	1.96	293,137,304.50	5,745,491.13	1.96
1-2 years	153,324,126.70	8,678,145.58	5.66	153,658,675.42	8,697,081.03	5.66
2-3 years	169,472,582.50	21,624,701.52	12.76	154,960,615.90	19,772,974.58	12.76
3-4 years	170,186,095.94	33,628,772.56	19.76	131,925,551.40	26,068,488.96	19.76
4-5 years	133,612,334.38	57,667,083.52	43.16	48,298,165.23	20,845,488.12	43.16
Over 5 years	140,443,707.44	140,443,707.44	100.00	99,991,660.89	99,991,660.89	100.00

Age	December 31, 2024			December 31, 2023		
	Remaining book value	Bad debt provision	Providing rate (%)	Remaining book value	Bad debt provision	Providing rate (%)
Total	1,201,581,352.19	270,560,899.59	22.52	881,971,973.34	181,121,184.71	20.54

② On December 31, 2024, accounts receivable with bad debt provision withdrawn according to combination 2: real estate business accounts

Age	December 31, 2024			December 31, 2023		
	Remaining book value	Bad debt provision	Providing rate (%)	Remaining book value	Bad debt provision	Providing rate (%)
Less than 1 year	54,413,740.54	543,431.46	1.00	73,582,665.92	735,826.66	1.00
1-2 years	16,671,818.48	833,590.92	5.00	30,609,499.61	1,530,474.98	5.00
2-3 years	16,079,919.21	803,995.96	5.00	1,333.98	66.70	5.00
3-4 years	1,333.96	200.09	15.00	53,645.28	8,046.79	15.00
4-5 years						
Over 5 years				40,127,678.19	6,019,151.73	15.00
Total	87,166,812.19	2,181,218.43	2.50	144,374,822.98	8,293,566.86	5.74

③ On December 31, 2024, accounts receivable with bad debt provision withdrawn according to combination 3: other business accounts

Age	December 31, 2024			December 31, 2023		
	Remaining book value	Bad debt provision	Providing rate (%)	Remaining book value	Bad debt provision	Providing rate (%)
Less than 1 year	44,731,417.29	326,523.94	0.73	45,107,020.58	329,281.25	0.73
1-2 years	23,798,443.43	499,767.31	2.10	18,804,861.60	394,902.10	2.10
2-3 years	8,896,019.47	749,044.84	8.42	3,486,725.13	293,582.25	8.42
3-4 years	2,496,128.86	618,540.73	24.78	2,743,975.24	679,957.07	24.78
4-5 years	880,185.39	761,096.31	86.47	460,968.35	398,599.33	86.47
Over 5 years	623,725.47	623,725.47	100.00	162,770.60	162,770.60	100.00
Total	81,425,919.91	3,578,698.60	4.40	70,766,321.50	2,259,092.60	3.19

The amount of the bad debt provision is Basis:

Provision for bad debts by combination: 10.

(3) Changes in bad debt provision

Type	December 31, 2023	Change in the period			December 31, 2024	
		Provision	Writ- ten- back or reco- vere- d	Write-off		Other change
Separate bad debt provision	74,382,698.73	17,584,187.04			6,021,101.75	97,987,987.52
Provision for bad debts by combination	191,673,844.17	92,211,524.23		1,531,354.19	-6,033,197.59	276,320,816.62
Total	266,056,542.90	109,795,711.27		1,531,354.19	-12,095.84	374,308,804.14

Note: "Others" refers to the impact of conversion of different categories of bad debt provisions and foreign exchange statement translation differences.

(4) Written-off account receivable during the period

Item	Amount
Account receivable written off	1,531,354.19

(5) Accounts receivable and contract assets with the top-5 ending balances, grouped by party owed

The total amount of the top five accounts receivable and contract assets (including the portion reclassified to other non-current assets) summarized by the party owed at the end of the period amounted to RMB452,971,961.06, which accounted for 11.01%

of the total aggregate accounts receivable and contract assets summarized at the end of the period, and the aggregate amount of the corresponding provision for bad debts summarized at the end of the period amounted to RMB76,540,861.74.

5. Receivable financing

(1) Classification of notes receivable

Item	Fair Value on December 31, 2024	Fair Value on December 31, 2023
Notes receivable	4,568,000.10	6,979,428.14

(2) Receivables financing that has been endorsed or discounted at the end of the period but has not yet matured.

Item	De-recognized amount	Amount not derecognized
Bank acceptance	60,867,571.05	

6. Prepayment

(1) Account age of prepayments

Age	December 31, 2024		December 31, 2023	
	Amount	Proportion (%)	Amount	Proportion (%)
Less than 1 year	17,938,392.45	76.81	29,398,144.01	86.53
1-2 years	1,949,630.86	8.35	1,713,380.35	5.04
2-3 years	1,404,616.03	6.01	648,638.59	1.91
Over 3 years	2,062,396.77	8.83	2,216,406.41	6.52
Total	23,355,036.11	100.00	33,976,569.36	100.00

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

(2) Prepayment of top five closing balance collected by prepayment object

The total of top-5 prepayments in terms of the prepaid entities in

the period is RMB8,511,258.52, accounting for 36.44% of the total prepayments at the end of the period.

7. Other receivables

(1) Classification of notes receivable

Item	December 31, 2024	December 31, 2023
Interest receivable		
Dividend receivable		
Other receivables	168,322,524.80	145,113,323.33
Total	168,322,524.80	145,113,323.33

(2) Other receivables

① Disclosure by age

Age	December 31, 2024	December 31, 2023
Less than 1 year	45,432,663.12	30,123,678.94
1-2 years	11,015,466.34	4,793,018.03
2-3 years	4,495,902.18	5,310,261.72
3-4 years	3,882,310.18	9,787,862.62
4-5 years	9,518,614.26	7,701,603.22
Over 5 years	102,013,397.33	94,794,114.50
Subtotal	176,358,353.41	152,510,539.03
Less : Bad debt provision	8,035,828.61	7,397,215.70
Total	168,322,524.80	145,113,323.33

② Classification by nature of funds

By nature	December 31, 2024	December 31, 2023
Deposit and pledge paid	101,364,611.15	96,041,429.79
Construction borrowing and advanced payment	39,950,652.16	41,180,355.37
Staff borrowing and petty cash	3,221,577.94	2,515,436.58
VAT refund receivable	642,493.02	798,918.77

By nature	December 31, 2024	December 31, 2023
Refundable advance payments for goods	18,884,265.12	
Others	12,294,754.02	11,974,398.52
Subtotal	176,358,353.41	152,510,539.03
Less : Bad debt provision	8,035,828.61	7,397,215.70
Total	168,322,524.80	145,113,323.33

③ Method of bad debt Disclosed

A. The provision for bad debts as at Tuesday, December 31, 2024 is based on the three-phase model as follows:

Step segment	Remaining book value	Bad debt provision	Book value
First stage	167,771,508.00	2,498,265.50	165,273,242.50
Second stage	3,143,590.00	94,307.70	3,049,282.30
Third stage	5,443,255.41	5,443,255.41	-
Total	176,358,353.41	8,035,828.61	168,322,524.80

As at Tuesday, December 31, 2024, the first phase of the provision for bad debts:

Type	Remaining book value	Providing rate (%)	Bad debt provision	Book value	Reason
Separate bad debt provision					
Provision for bad debts by combination	167,771,508.00	1.49	2,498,265.50	165,273,242.50	
Portfolio 3: deposit and margin receivable	98,762,459.86	1.49	1,467,815.07	97,294,644.79	
Combination 4: Advances receivable	59,510,857.52	1.49	888,914.26	58,621,943.26	
Portfolio 5: VAT refund receivable	642,493.02	1.49	9,573.15	632,919.87	
Portfolio 7: Other receivables	8,855,697.60	1.49	131,963.02	8,723,734.58	
Total	167,771,508.00	1.49	2,498,265.50	165,273,242.50	

As at Tuesday, December 31, 2024, the second phase of the provision for bad debts:

Type	Remaining book value	Providing rate (%)	Bad debt provision	Book value	Reason
Separate bad debt provision					
Provision for bad debts by combination	3,143,590.00	3.00	94,307.70	3,049,282.30	
Portfolio 3: deposit and margin receivable	1,060,000.00	3.00	31,800.00	1,028,200.00	
Combination 4: Advances receivable	1,645,090.00	3.00	49,352.70	1,595,737.30	
Portfolio 7: Other receivables	438,500.00	3.00	13,155.00	425,345.00	
Total	3,143,590.00	3.00	94,307.70	3,049,282.30	

As at Tuesday, December 31, 2024, the third phase of the provision for bad debts:

Type	Remaining book value	Providing rate (%)	Bad debt provision	Book value	Reason
Separate bad debt provision					
Provision for bad debts by combination	5,443,255.41	100.00	5,443,255.41		
Portfolio 3: deposit and margin receivable	1,542,151.29	100.00	1,542,151.29		
Combination 4: Advances receivable	900,547.70	100.00	900,547.70		
Portfolio 7: Other receivables	3,000,556.42	100.00	3,000,556.42		
Total	5,443,255.41	100.00	5,443,255.41		

B. The provision for bad debts as at December 31, 2023 is based on the three-phase model as follows:

Step segment	Remaining book value	Bad debt provision	Book value
First stage	143,789,155.16	2,143,506.61	141,645,648.55
Second stage	3,574,882.60	107,207.82	3,467,674.78
Third stage	5,146,501.27	5,146,501.27	
Total	152,510,539.03	7,397,215.70	145,113,323.33

As at Sunday, December 31, 2023, the first phase of the provision for bad debts:

Type	Remaining book value	Providing rate (%)	Bad debt provision	Book value	Reason
Separate bad debt					

Type	Remaining book value	Providing rate (%)	Bad debt provision	Book value	Reason
provision					
Provision for bad debts by combination	143,789,155.16	1.49	2,143,506.61	141,645,648.55	
Portfolio 3: deposit and margin receivable	93,661,151.94	1.49	1,396,571.14	92,264,580.80	
Combination 4: Advances receivable	37,844,486.25	1.49	563,884.62	37,280,601.63	
Portfolio 5: VAT refund receivable	798,918.77	1.49	11,903.89	787,014.88	
Portfolio 7: Other receivables	11,484,598.20	1.49	171,146.96	11,313,451.24	
Total	143,789,155.16	1.49	2,143,506.61	141,645,648.55	

As at Sunday, December 31, 2023, the second phase of the provision for bad debts:

Type	Remaining book value	Providing rate (%)	Bad debt provision	Book value	Reason
Separate bad debt provision					
Provision for bad debts by combination	3,574,882.60	3.00	107,207.82	3,467,674.78	
Portfolio 3: deposit and margin receivable	1,261,944.20	3.00	37,819.67	1,224,124.53	
Combination 4: Advances receivable	2,312,938.40	3.00	69,388.15	2,243,550.25	
Total	3,574,882.60	3.00	107,207.82	3,467,674.78	

As at Sunday, December 31, 2023, the third phase of the provision for bad debts:

Type	Remaining book value	Providing rate (%)	Bad debt provision	Book value	Reason
Separate bad debt provision					
Provision for bad debts by combination	5,146,501.27	100.00	5,146,501.27		
Portfolio 3: deposit and margin receivable	1,118,333.65	100.00	1,118,333.65		
Combination 4: Advances receivable	1,022,930.72	100.00	1,022,930.72		
Portfolio 7: Other receivables	3,005,236.90	100.00	3,005,236.90		
Total	5,146,501.27	100.00	5,146,501.27		

The amount of the bad debt provision is Basis:

Provision for bad debts by combination: 10.

④ Changes in bad debt provision

Type	December 31, 2023	Change in the period				December 31, 2024
		Provision	Written-back or recovered	Write-off	Other change	
Separate bad debt provision						
Provision for bad debts by combination	7,397,215.70	653,357.89		14,542.62	-202.36	8,035,828.61
Total	7,397,215.70	653,357.89		14,542.62	-202.36	8,035,828.61

⑤ Other receivables actually written off in the current period

Item	Amount
Other receivable written off	14,542.62

⑥ Balance of top 5 other receivables at the end of the period

Entity	By nature	Balance on December 31, 2024	Age	Percentage (%)	Bad debt provision
Shenzhen Yikang Real Estate Co. Ltd.	Margin and current account	6,000,000.00	1-2 years	43.13	1,133,333.87
		62,675.83	4-5 years		
		70,000,000.00	Over 5 years		
Bangshen Electronics (Shenzhen) Co., Ltd.	Deposit	20,000,000.00	Over 5 years	11.34	298,000.00
Jiangxi Yajinghong Trading Co., Ltd.	Refundable prepayments	16,215,255.00	Less than 1 year	9.19	241,607.30
Shenzhen Henggang Dakang Co., Ltd.	Deposit	8,000,000.00	Over 5 years	4.54	119,200.00

Entity	By nature	Balance on December 31, 2024	Age	Percentage (%)	Bad debt provision
China Merchants Futures Brokerage Co., Ltd.	Deposit	6,386,728.75	Less than 1 year	3.62	95,162.26
Total		126,664,659.58		71.82	1,887,303.43

8. Inventory

(1) Classification of inventories

Item	December 31, 2024			December 31, 2023		
	Remaining book value	Provision for inventory depreciation or contract performance cost impairment provision	Book value	Remaining book value	Provision for inventory depreciation or contract performance cost impairment provision	Book value
Raw materials	110,961,372.14		110,961,372.14	131,800,215.01		131,800,215.01
Product in process	91,796,788.96		91,796,788.96	120,647,582.06		120,647,582.06
Finished goods in stock	8,694,704.45		8,694,704.45	11,240,201.57		11,240,201.57
Development cost	230,990,938.09		230,990,938.09	224,969,147.17		224,969,147.17
Development products	124,380,755.91		124,380,755.91	134,821,091.47		134,821,091.47
Low price consumable	178,098.23		178,098.23	171,286.80		171,286.80
OEM materials	13,483,327.00		13,483,327.00	15,096,929.98		15,096,929.98
Contract performance costs	102,358,825.07		102,358,825.07	90,470,830.76		90,470,830.76
Goods delivered	20,251,212.30		20,251,212.30	23,270,292.17		23,270,292.17
Materials in transit	2,570,386.59		2,570,386.59	3,136,909.52		3,136,909.52

Item	December 31, 2024			December 31, 2023		
	Remaining book value	Provision for inventory depreciation or contract performance cost impairment provision	Book value	Remaining book value	Provision for inventory depreciation or contract performance cost impairment provision	Book value
Total	705,666,408.74		705,666,408.74	755,624,486.51		755,624,486.51

(2) Description of ending inventory balance including capitalization amount of borrowing costs:

As of December 31, 2024, the capitalization amount of borrowing costs in the ending inventory balance is RMB4,770,945.91. The criteria and basis for the calculation of borrowing costs are set out in Note III. 19.

(3) Development cost

Project name	Commencement time / estimated commencement time	Estimated finish time	Estimated total investment	December 31, 2024	December 31, 2023	Closing depreciation provision
Dakang Village Project in Shenzhen	December 1, 2026	December 31, 2032	RMB3.6 billion	201,016,423.09	201,016,423.09	
Fangda Bangshen Industry Park	December 1, 2025	December 31, 2026	RMB870 million	29,974,515.00	23,952,724.08	
Total			RMB4.47 billion	230,990,938.09	224,969,147.17	

(4) Development products

Project name	Completion time	December 31, 2023	Increase	Decrease	December 31, 2024	Closing depreciation provision
Phase I of Fangda	29 December	12,095,397.45	8,447,099.62	5,009,991.10	15,532,505.97	

Town	2016					
Nanchang Fangda Center	April 27, 2021	122,725,694.02		13,877,444.08	108,848,249.94	
Total		134,821,091.47	8,447,099.62	18,887,435.18	124,380,755.91	

9. Contract assets

(1) Contract assets

Item	December 31, 2024			December 31, 2023		
	Remaining book value	Impairment provision	Book value	Remaining book value	Impairment provision	Book value
Completed and unsettled project funds that fail to meet the collection conditions	2,303,529,715.41	196,836,354.61	2,106,693,360.80	2,536,843,592.06	179,066,040.85	2,357,777,551.21
Quality guarantee deposit that fails to meet the collection conditions	262,289,726.50	24,254,807.14	238,034,919.36	157,921,009.28	13,409,302.47	144,511,706.81
Sales funds with conditional collection right	52,852,539.43	727,775.89	52,124,763.54	51,338,008.75	436,594.78	50,901,413.97
Subtotal	2,618,671,981.34	221,818,937.64	2,396,853,043.70	2,746,102,610.09	192,911,938.10	2,553,190,671.99
Less: Contract assets shown in other non-current assets	160,412,051.45	11,257,487.71	149,154,563.74	69,887,873.01	5,127,003.43	64,760,869.58
Total	2,458,259,929.89	210,561,449.93	2,247,698,479.96	2,676,214,737.08	187,784,934.67	2,488,429,802.41

(2) Disclosure by impairment method

Type	December 31, 2024		
	Remaining book value	Impairment provision	Book value

	Amount	Proportion (%)	Amount	Provision rate %	
Provision for impairment by single item	16,288,576.53	0.66	9,033,247.20	55.46	7,255,329.33
Customer 2	14,510,658.66	0.59	7,255,329.33	50	7,255,329.33
Customer 3	1,777,917.87	0.07	1,777,917.87	100	
Provision for impairment by portfolio	2,441,971,353.36	99.34	201,528,202.73	8.25	2,240,443,150.63
Combination 1: sales payment with conditional collection right	52,852,539.43	2.15	727,775.89	1.38	52,124,763.54
Portfolio 2: Completed and unsettled project not meeting collection conditions	2,286,329,426.34	93.01	187,097,333.23	8.18	2,099,232,093.11
Portfolio 3: Quality guarantee deposit not meeting collection conditions	102,789,387.59	4.18	13,703,093.61	13.33	89,086,293.98
Total	2,458,259,929.89	100.00	210,561,449.93	8.57	2,247,698,479.96

(Continued)

Type	December 31, 2023				
	Remaining book value		Impairment provision		Book value
	Amount	Proportion (%)	Amount	Provision rate %	
Provision for impairment by single item	16,288,576.53	0.61	9,033,247.20	55.46	7,255,329.33
Customer 3	1,777,917.87	0.07	1,777,917.87	100.00	
Customer 2	14,510,658.66	0.54	7,255,329.33	50.00	7,255,329.33
Provision for impairment by portfolio	2,659,926,160.55	99.39	178,751,687.47	6.72	2,481,174,473.08
Combination 1: sales payment with conditional collection right	51,338,008.75	1.92	436,594.78	0.85	50,901,413.97
Portfolio 2: Completed and	2,519,643,302.99	94.15	169,724,313.35	6.74	2,349,918,989.64

Type	December 31, 2023				
	Remaining book value		Impairment provision		Book value
	Amount	Proportion (%)	Amount	Provision rate %	
unsettled project not meeting collection conditions					
Portfolio 3: Quality guarantee deposit not meeting collection conditions	88,944,848.81	3.32	8,590,779.34	9.66	80,354,069.47
Total	2,676,214,737.08	100.00	187,784,934.67	7.02	2,488,429,802.41

(3) Change in provision for impairment

Item	December 31, 2023	Change in the period				December 31, 2024
		Provision	Transferred back in the current period	Written off in the current period	Other change	
Separate bad debt provision	9,033,247.20					9,033,247.20
Provision for bad debts by combination	178,751,687.47	22,776,515.26				201,528,202.73
Total	187,784,934.67	22,776,515.26				210,561,449.93

(4) No written-off contractual assets during the period

10. Non-current assets due in 1 year

Item	December 31, 2024	December 31, 2023
Fixed deposit certificate and interest		327,120,273.54

11. Other current assets

Item	December 31, 2024	December 31, 2023
Reclassification of VAT debit balance	292,626,079.84	230,260,579.29
Overpayment and prepayment of income tax	11,197,246.58	2,852,830.41
Other prepaid taxes	949,974.83	3,836,971.59
Payment to be collected on behalf of suppliers	3,003,841.89	3,003,841.89
Pending development products		8,447,099.62
Total	307,777,143.14	248,401,322.80

12. Long-term share equity investment

(1) Long-term share equity investment

Invested entity	December 31, 2023	Change (+,-)				
		Increased investment	Decreased investment	Investment gain and loss recognized using the equity method	Other miscellaneous income adjustment	Other equity change
Associate						
Ganshang Joint Investment	2,402,065.72			775.78		
Jiangxi Business Innovative Property Joint Stock (Jiangxi Business Innovation)	52,354,951.68	2,004,000.00		-70,819.21		
Total	54,757,017.40	2,004,000.00		-70,043.43		

(Continued)

Invested entity	Change (+,-)			December 31, 2024	Balance of impairment provision
	Cash dividend or profit announced	Impairment provision	Others		
Associate					

Invested entity	Change (+,-)			December 31, 2024	Balance of impairment provision
	Cash dividend or profit announced	Impairment provision	Others		
Ganshang Joint Investment				2,402,841.50	
Jiangxi Business Innovative Property Joint Stock Co., Ltd.				54,288,132.47	
Total				56,690,973.97	

13. Investment in other equity tools

(1) Investment in other equity tools

Item	December 31, 2023	Change (+,-)					December 31, 2024
		Increased investment	Decreased investment	Gains recognized in other comprehensive income during the current period	Losses recognized in other comprehensive income during the current period	Others	
Shenyang Fangda							

(Continued)

Item	Dividend income recognized in the current period	Accumulated gains recognized in other comprehensive income	Accumulated losses recognized in other comprehensive income	Reason for measurement at fair value with variations accounted into current income account
Shenyang Fangda				

(2) Other equity instrument investments derecognized during the current period

Item	Reason for derecognition	Cumulative gains transferred to retained earnings due to derecognition	Cumulative losses transferred to retained earnings due to derecognition
Shenyang Fangda	Bankruptcy		21,421,931.75

14. Other non-current financial assets

Item	December 31, 2024	December 31, 2023
Financial assets measured at fair value with variations accounted into current income account	6,519,740.17	7,455,617.17

15. Investment real estate

(1) Investment real estate measured at costs

Item	Houses & buildings	Total
I. Book value		
1. December 31, 2023	17,388,824.39	17,388,824.39
2. Increase in this period		
3. Decrease in this period	17,388,824.39	17,388,824.39
(1) Other transfer-out	17,388,824.39	17,388,824.39
4. December 31, 2024		
II. Accumulative depreciation and amortization		
1. December 31, 2023	8,151,827.44	8,151,827.44
2. Increase in this period	449,408.04	449,408.04
(1) Provision or amortization	449,408.04	449,408.04
3. Decrease in this period	8,601,235.48	8,601,235.48
(1) Other transfer-out	8,601,235.48	8,601,235.48
4. December 31, 2024		
III. Impairment provision		
1. December 31, 2022		
2. Increase in this period		
3. Decrease in this period		
4. December 31, 2023		
IV. Book value		
1. Book value on December 31, 2024	-	-
2. Book value on December 31, 2023	9,236,996.95	9,236,996.95

Explanation: Other transfers are due to the continued and reliable obtainment of fair value, transitioning to the investment properties measured at fair value model.

(2) Investment real estate measured at fair value

Item	Houses & buildings	Total
1. December 31, 2023	5,747,572,171.31	5,747,572,171.31
2. Increase in this period	274,071,485.53	274,071,485.53
(1) External purchase	5,157,977.68	5,157,977.68
(2) Inventory to rental	8,679,366.00	8,679,366.00
(3) Self-use to rental	261,915,764.00	261,915,764.00
3. Decrease in this period	186,607,558.64	186,607,558.64
(1) Disposal	12,296,393.00	12,296,393.00
(2) Lease to self-use	153,968,082.00	153,968,082.00
(3) Change in fair value Change in fair value	22,024,705.79	22,024,705.79
4. December 31, 2024	5,835,036,098.20	5,835,036,098.20

Notes:

① The primary basis for the recognition of the fair value of investment properties is the real estate valuation reports issued by Shenzhen Guoyu Asset Appraisal and Real Estate Land Valuation Consulting Co., Ltd., specifically report numbers "Shenzhen Guoyu Appraisal No. [2025] 01002-1," "Shenzhen Guoyu Appraisal No. [2025] 01002-7," "Shenzhen Guoyu Appraisal No. [2025] 01004-2," "Shenzhen Guoyu Appraisal No. [2025] 01002-2," "Shenzhen Guoyu Appraisal No. [2025] 01004-1," "Shenzhen Guoyu Appraisal No. [2025] 01002-3," "Shenzhen Guoyu Appraisal No. [2025] 01002-4," "Shenzhen Guoyu Appraisal No. [2025] 01002-5," "Shenzhen Guoyu Appraisal No. [2025] 01002-6," and "Shenzhen Guoyu Appraisal No. [2025] 01003."

② A portion of the fair value of Fangda Town's real estate, amounting to RMB1,822,483,172.10, has been mortgaged to China Construction Bank Shenzhen Huaqiaocheng Branch as collateral for a loan. The loan has not yet reached its maturity

and the mortgage has not been released.

(3) Some properties of Fangda Technology Building and Nanchang Science Park were converted from self-use to rental, and some properties of Fangda Center were converted from sale to rental, transitioning to investment properties and measured at fair value. The impact on other comprehensive income can be found in Note 5, 42.

(4) Some properties of Fangda Town and others were converted from rental to self-use.

(3) Investment real estate without ownership certificate

Item	Book value	Reason
5 units at Lanzhou Railway - City Dawn	4,584,155.96	The developer is completing relevant procedures.

16. in fixed assets

(1) Classification of notes receivable

Item	December 31, 2024	December 31, 2023
in fixed assets	939,548,074.59	620,828,178.38
Disposal of fixed assets	1,346,269.80	
Total	940,894,344.39	620,828,178.38

(2) Fixed assets

(1) Fixed assets

Item	Houses & buildings	Mechanical equipment	Transportation facilities	Electronics and other devices	PV power plants	Total
I. Original book value:						
1. December 31, 2023	604,581,780.49	133,179,843.02	20,556,336.60	52,612,038.36	129,596,434.84	940,526,433.31
2. Increase in this period	404,433,492.70	41,922,814.83	1,142,284.06	4,566,255.09	760,170.69	452,825,017.37
(1) Purchase	156,893.47	3,702,669.74	1,142,284.06	3,259,174.34		8,261,021.61
(2)	250,308,517.23	38,220,145.09	-	1,307,080.75	760,170.69	290,595,913.76

Item	Houses & buildings	Mechanical equipment	Transportation facilities	Electronics and other devices	PV power plants	Total
Transfer-in of construction in progress						
(3) Investment property converted to self-use	153,968,082.00	-	-	-	-	153,968,082.00
3. Decrease in this period	152,854,058.84	46,217,053.73	378,343.47	5,818,037.65	602,476.07	205,869,969.76
(1) Disposal or retirement	-	46,217,053.73	378,343.47	5,818,037.65	602,476.07	53,015,910.92
(2) Converted to investment property	152,854,058.84	-	-	-	-	152,854,058.84
4. December 31, 2024	856,161,214.35	128,885,604.12	21,320,277.19	51,360,255.80	129,754,129.46	1,187,481,480.92
II. Accumulative depreciation						
1. December 31, 2023	127,270,899.06	95,754,806.52	15,333,003.26	34,440,400.13	46,802,676.46	319,601,785.43
2. Increase in this period	17,557,578.58	4,968,886.18	789,353.89	2,729,323.92	6,385,038.54	32,430,181.11
(1) Provision	17,557,578.58	4,968,886.18	783,921.28	2,729,323.92	6,384,647.23	32,424,357.19
(2) Other increases	-	-	5,432.61	-	391.31	5,823.92
3. Decrease in this period	57,174,907.34	41,437,192.62	529,613.73	4,728,217.21	233,710.51	104,103,641.41
(1) Disposal or retirement	-	41,437,192.62	529,613.73	4,728,217.21	233,710.51	46,928,734.07
(2) Converted to investment property	57,174,907.34					57,174,907.34
4. December 31, 2024	87,653,570.30	59,286,500.08	15,592,743.42	32,441,506.84	52,954,004.49	247,928,325.13
III. Impairment provision						
1. December 31, 2023		79,843.20		16,626.30		96,469.50
2. Increase in this period	-	2,500,000.00	-	-	-	2,500,000.00
3. Decrease in this period	-	2,574,762.00	-	16,626.30	-	2,591,388.30

Item	Houses & buildings	Mechanical equipment	Transportation facilities	Electronics and other devices	PV power plants	Total
4. December 31, 2024	-	5,081.20	-	-	-	5,081.20
IV. Book value of fixed assets						
1. Book value on December 31, 2024	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. Book value on December 31, 2023	477,310,881.43	37,345,193.30	5,223,333.34	18,155,011.93	82,793,758.38	620,828,178.38

Note: As of December 31, 2024, the net value of RMB355,978,425.04 of the Company's houses and buildings has been mortgaged to the bank.

② Fixed assets without ownership certificate

Item	Book value on December 31, 2024	Reason
Yuehai Office Building C 502	100,277.49	Historical reasons

17. Construction in process

(1) Classification of notes receivable

Item	December 31, 2024	December 31, 2023
Construction in process	7,265,104.44	109,414,347.33
Total	7,265,104.44	109,414,347.33

2. Construction in process

(1) Construction in progress

Item	December 31, 2024			December 31, 2023		
	Remaining book value	Impairment provision	Book value	Remaining book value	Impairment provision	Book value
Fangda (Ganzhou) Low-Carbon Smart				109,181,428.63		109,181,428.63

Item	December 31, 2024			December 31, 2023		
	Remaining book value	Impairment provision	Book value	Remaining book value	Impairment provision	Book value
Manufacturing Base Phase I						
Fangda (Ganzhou) Low-Carbon Smart Manufacturing Base Phase I exhibition hall and installation equipment	7,018,372.92		7,018,372.92			
Fangda Building monitoring system remodeling				232,918.70		232,918.70
Songshan Lake production base exhibition hall renovation	246,731.52		246,731.52			
Total	7,265,104.44		7,265,104.44	109,414,347.33		109,414,347.33

② Changes in major construction in process

Project name	Budget	December 31, 2023	Increase in this period	Amount transfer-in to fixed assets in this period	Other decrease in this period	December 31, 2024
Fangda (Ganzhou) Low-Carbon Smart	331,540,000.00	109,181,428.63	180,654,314.44	289,835,743.07		

Project name	Budget	December 31, 2023	Increase in this period	Amount transfer-in to fixed assets in this period	Other decrease in this period	December 31, 2024
Manufacturing Base Phase I						

(Continued)

Project name	Proportion of accumulative engineering investment in the budget (%)	Project progress	Accumulative capitalized interest	Including: capitalized interest for the current period	Interest capitalization rate (%)	Capital source
Fangda (Ganzhou) Low-Carbon Smart Manufacturing Base Phase I	87.42	Completed	5,372,500.00	5,372,500.00	3.15	Own funds and loans from financial institutions

③ There is no sign of impairment to the Company's construction in process by December 31, 2024.

18. Use right assets

(1) Right-to-use assets

Item	Houses & buildings	Transportation facilities	Total
I. Original book value:			
1. December 31, 2023	39,794,489.03	1,959,448.83	41,753,937.86
2. Increase in this period	6,417,768.38	7,325,612.86	13,743,381.24
(1) New Lease	6,417,768.38	7,325,612.86	13,743,381.24
3. Decrease in this period	28,376,858.70		28,376,858.70
(1) Lease Termination	28,376,858.70		28,376,858.70
4. December 31, 2024	17,835,398.71	9,285,061.69	27,120,460.40
II. Accumulative			

Item	Houses & buildings	Transportation facilities	Total
depreciation			
1. December 31, 2023	19,803,178.07	1,173,930.21	20,977,108.28
2. Increase in this period	14,364,399.53	674,034.72	15,038,434.25
(1) Provision	14,364,399.53	674,034.72	15,038,434.25
3. Decrease in this period	24,578,203.17		24,578,203.17
(1) Lease Termination	24,578,203.17		24,578,203.17
4. December 31, 2024	9,589,374.43	1,847,964.93	11,437,339.36
III. Impairment provision			
1. December 31, 2023			
2. Increase in this period			
3. Decrease in this period			
4. December 31, 2024			
IV. Book value			
1. Book value on December 31, 2024	8,246,024.28	7,437,096.76	15,683,121.04
2. Book value on December 31, 2023	19,991,310.96	785,518.62	20,776,829.58

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

As of December 31, 2024, there was no indication of impairment of the Company's right-of-use assets.

19. Intangible assets

(1) Intangible assets

Item	Land using right	Trademarks, patents and know-how	Software	Others	Total
I. Book value					
1. December 31, 2023	152,914,836.88	9,017,372.69	23,236,225.88		185,168,435.45
2. Increase in this period		42,499.68	1,031,095.94	720,000.00	1,793,595.62
(1) Purchase	-	42,499.68	1,031,095.94		1,073,595.62

Item	Land using right	Trademarks, patents and know-how	Software	Others	Total
(2) Increase due to non-business combination		-	-	720,000.00	720,000.00
3. Decrease in this period	10,905,114.96	-	-		10,905,114.96
(1) Disposal	-	-	-		-
(2) Converted to investment property	10,905,114.96	-	-		10,905,114.96
4. December 31, 2024	142,009,721.92	9,059,872.37	24,267,321.82	720,000.00	176,056,916.11
II. Accumulative amortization					
1. December 31, 2023	23,080,721.81	8,919,025.53	13,095,478.23		45,095,225.57
2. Increase in this period	5,322,570.92	27,343.96	2,013,033.51		7,362,948.39
(1) Provision	5,322,570.92	27,343.96	2,013,033.51		7,362,948.39
3. Decrease in this period	4,297,658.49	-	-		4,297,658.49
(1) Disposal	-				-
(2) Converted to investment property	4,297,658.49				4,297,658.49
4. December 31, 2024	24,105,634.24	8,946,369.49	15,108,511.74		48,160,515.47
III. Impairment provision					
1. December 31, 2023					
2. Increase in this period	3,844,005.85				3,844,005.85
3. Decrease in this period					
4. December 31, 2024	3,844,005.85	-	-		3,844,005.85
IV. Book value					
1. Book value on December 31, 2024	114,060,081.83	113,502.88	9,158,810.08	720,000.00	124,052,394.79
2. Book value on December 31, 2023	129,834,115.07	98,347.16	10,140,747.65		140,073,209.88

(2) Failure to obtain the land use right certificates

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

20. Long-term amortizable expenses

Item	December 31, 2023	Increase	Decrease		December 31, 2024
			Amortized	Other decrease	
Xuanfeng Chayuan village and Zhuyuan village land transfer compensation	916,323.98	-	56,101.56	-	860,222.42
Sporadic decoration and renovation costs of Fangda Town	3,015,993.78	-	1,873,758.56	-	1,142,235.22
Sporadic decoration and renovation costs of Fangda Center	684,013.47	108,275.63	424,855.20	-	367,433.90
Others	2,132,982.81	1,038,069.95	1,499,918.60	-	1,671,134.16
Total	6,749,314.04	1,146,345.58	3,854,633.92	-	4,041,025.70

21. Differed income tax assets and differed income tax liabilities

(1) Non-deducted deferred income tax assets

Item	December 31, 2024		December 31, 2023	
	Deductible temporary difference	Deferred income tax assets	Deductible temporary difference	Deferred income tax assets
Assets impairment provision	227,880,793.93	35,025,619.90	301,423,517.61	56,628,793.35
Credit impairment provision	382,932,070.72	60,483,324.52	273,785,349.40	42,172,039.47
Unrealizable gross profit	108,593,435.66	26,573,799.68	111,802,930.49	27,117,416.46
Deductible loss	286,565,331.75	67,193,424.59	130,536,168.91	31,566,961.10
Anticipated liabilities	4,191,535.03	628,730.25	4,842,411.47	726,361.72
Unrealized investment income	281,712,399.15	55,842,834.35	281,819,399.92	55,869,584.56
Deferred earning	5,946,064.06	1,041,584.25	3,922,402.14	744,121.83
Change in fair value	8,623,065.19	1,303,042.83	9,127,633.52	1,369,145.03
Lease liabilities	15,352,065.96	2,788,081.55	20,573,028.70	4,335,420.74

Item	December 31, 2024		December 31, 2023	
	Deductible temporary difference	Deferred income tax assets	Deductible temporary difference	Deferred income tax assets
Accrued and unpaid land tax	16,012,293.28	4,003,073.33	16,543,205.26	4,135,801.32
Reserved expense	36,589,539.42	5,488,430.92	36,216,407.02	5,434,461.06
Tax and accounting differences of overseas subsidiaries	8,617,276.57	2,585,182.97		
Total	1,383,015,870.72	262,957,129.14	1,190,592,454.44	230,100,106.64

(2) Non-deducted deferred income tax liabilities

Item	December 31, 2024		December 31, 2023	
	Taxable temporary difference	Deferred income tax liabilities	Taxable temporary difference	Deferred income tax liabilities
Change in fair value	4,296,974,960.10	1,071,313,064.75	4,161,500,052.20	1,040,357,639.32
Acquire premium to form inventory	1,535,605.48	383,901.37	1,535,605.47	383,901.37
Use right assets	15,683,121.04	2,901,986.66	20,776,829.58	4,110,042.13
Estimated gross margin when Fangda Town records income, but does not reach the taxable income level	24,131,708.41	6,032,927.10	29,608,338.87	7,402,084.72
Rental income	26,717,859.03	6,679,464.47	28,537,396.58	7,134,349.15
Total	4,365,043,254.06	1,087,311,344.35	4,241,958,222.70	1,059,388,016.69

(3) Net deferred income tax assets or liabilities listed

Item	Deferred income tax assets and liabilities on December 31, 2024	Offset balance of deferred income tax assets or liabilities after offsetting on December 31, 2024	Deferred income tax assets and liabilities on December 31, 2023	Offset balance of deferred income tax assets or liabilities after offsetting on December 31, 2023
Deferred income tax assets	56,970,202.43	205,986,926.71	47,241,557.57	182,858,549.07

Item	Deferred income tax assets and liabilities on December 31, 2024	Offset balance of deferred income tax assets or liabilities after offsetting on December 31, 2024	Deferred income tax assets and liabilities on December 31, 2023	Offset balance of deferred income tax assets or liabilities after offsetting on December 31, 2023
Deferred income tax liabilities	56,970,202.43	1,030,341,141.92	47,241,557.57	1,012,146,459.12

(4) Details of unrecognized deferred income tax assets

Item	December 31, 2024	December 31, 2023
Deductible loss	383,366.61	17,530,215.40
Deductible temporary difference	434,437.85	462,778.59
Total	817,804.46	17,992,993.99

(5) Deductible losses of the un-recognized deferred income tax asset will expire in the following years

Year	December 31, 2024	December 31, 2023	Remarks
2024		1,276,235.76	
2025	2,679.34	213,129.83	
2026	449.91	2,355,213.17	
2027	125,759.62	3,698,098.44	
2028	122,872.18	9,987,538.20	
2029 and later	131,605.56		
Total	383,366.61	17,530,215.40	

22. Other non-current assets

Item	December 31, 2024			December 31, 2023		
	Remaining book value	Impairment provision	Book value	Remaining book value	Impairment provision	Book value
Certificate of deposit				327,120,273.54		327,120,273.54
Prepaid house	63,504,106.15		63,504,106.15	20,034,901.32		20,034,901.32

Item	December 31, 2024			December 31, 2023		
	Remaining book value	Impairment provision	Book value	Remaining book value	Impairment provision	Book value
and equipment amount						
Contract assets	160,412,051.45	11,257,487.71	149,154,563.74	69,887,873.01	5,127,003.43	64,760,869.58
Others				2,004,000.00		2,004,000.00
Subtotal	223,916,157.60	11,257,487.71	212,658,669.89	419,047,047.87	5,127,003.43	413,920,044.44
Less: others non-current assets due in 1 year			-	327,120,273.54		327,120,273.54
Total	223,916,157.60	11,257,487.71	212,658,669.89	91,926,774.33	5,127,003.43	86,799,770.90

23. Assets with restricted ownership or use rights

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

(Continued)

Item	December 31, 2023	
	Book value	Reason
Monetary capital	645,489,997.82	Various deposits
Notes receivable	27,843,496.17	Bills endorsed or discounted but not yet due
Account receivable	38,094,032.45	Loan by pledge
in fixed assets	327,120,273.54	Loan by pledge

Item	December 31, 2023	
	Book value	Reason
Investment real estate	43,108,073.24	Loan by pledge
Other non-current assets	1,943,287,098.56	Loan by pledge
Equity pledge	200,000,000.00	100% stake in Fangda Property Development held by the Company
Total	3,224,942,971.78	-

24. Short-term loans

(1) Classification of short-term borrowings

Item	December 31, 2024	December 31, 2023
Guarantee loan	720,642,744.49	711,492,580.56
Credit borrow		300,270,416.67
Guarantee and pledge loan	943,053,677.99	1,184,641,572.44
Other loans		11,650,469.54
Total	1,663,696,422.48	2,208,055,039.21

Note: At the end of the period, in the guaranteed loans, an amount of RMB626,563,805.58 was provided by the Company as a guarantee for our subsidiary Fangda Jianke; an amount of RMB94,078,938.91 was provided by the Company as a guarantee for our subsidiary Fangda Zhiyuan Technology. At the end of the period, guaranteed and pledged loans include an amount of RMB892,984,789.10 guaranteed by the Company for its subsidiary, Fangda Construction Technology, and pledged by Fangda Construction Technology with its held deposits; an amount of RMB40,055,111.11 guaranteed by the Company and Shenzhen High-tech Investment and Financing Guarantee Co., Ltd. for Fangda Construction Technology, and pledged by Fangda Construction Technology with its intellectual properties "Unitized Ceramic Panel Curtain Wall" and "Unitized Ceramic Panel Curtain Wall"; an amount of RMB10,013,777.78 guaranteed by the Company and Shenzhen High-tech Investment

and Financing Guarantee Co., Ltd. for its subsidiary, Yunzhu Technology, and pledged by Yunzhu Technology with its intellectual properties "Utility Model Patent for a Curtain Wall Honeycomb Panel Connection Structure" and "Utility Model Patent for a Bright Frame Curtain Wall Structure."

25. Derivative financial liabilities

Item	December 31, 2024	December 31, 2023
Futures contracts	1,520,625.00	
Total	1,520,625.00	

26. Notes payable

Type	December 31, 2024	December 31, 2023
Bank acceptance	672,229,721.56	860,105,250.33
Commercial acceptance	8,958,406.41	8,781,696.46
Total	681,188,127.97	868,886,946.79

27. Account payable

(1) By nature

Item	December 31, 2024	December 31, 2023
Account repayable and engineering repayable	1,528,510,873.88	1,374,752,105.25
Payable installation and implementation fees	558,215,149.23	481,683,031.93
Construction payable	27,062,009.47	86,851,302.81
Others	32,806,857.99	29,007,342.28
Total	2,146,594,890.57	1,972,293,782.27

(2) No important accounts payable aged over 1 year at the end of the period

28. Prepayment received

Item	December 31, 2024	December 31, 2023
Rent received in advance	1,513,398.39	1,432,885.03

29. Contract liabilities

Item	December 31, 2024	December 31, 2023
Project funds collected in advance	259,315,011.77	175,345,246.29
Real estate sales payment		1,261,218.35
Material loan	8,934,838.06	21,432,889.85
Others	344,191.43	124,854.98
Total	268,594,041.26	198,164,209.47

30. Employees' wage payable

(1) Employees' wage payable

Item	December 31, 2023	Increase	Decrease	December 31, 2024
1. Short-term remuneration	73,557,667.19	453,162,042.83	456,773,086.90	69,946,623.12
2. Retirement pension program-defined contribution plan	381,396.01	28,148,338.83	27,767,165.11	762,569.73
3. Dismiss compensation	124,049.06	14,696,713.58	9,286,307.52	5,534,455.12
Total	74,063,112.26	496,007,095.24	493,826,559.53	76,243,647.97

(2) Short-term remuneration

Item	December 31, 2023	Increase	Decrease	December 31, 2024
1. Wage, bonus, allowance and subsidies	72,008,514.84	415,218,703.20	418,637,124.08	68,590,093.96
2. Employee welfare	321,678.16	13,439,222.07	13,533,036.17	227,864.06
3. Social insurance	142,502.10	12,290,261.29	12,245,533.89	187,229.50
Including: medical insurance	118,083.98	8,723,480.34	8,671,254.33	170,309.99
Labor injury insurance	5,534.39	1,193,882.79	1,188,934.06	10,483.12
Breeding insurance	18,883.73	883,098.16	895,545.50	6,436.39
Medical insurance		229,200.00	229,200.00	
Unemployment insurance		1,260,600.00	1,260,600.00	
4. Housing fund	143,003.33	10,966,038.78	11,035,669.88	73,372.23
V. Labor union and staff education budget	542,240.97	1,109,311.00	1,321,722.88	329,829.09
VI. Short-term paid leave	399,727.79	138,506.49		538,234.28
Total	73,557,667.19	453,162,042.83	456,773,086.90	69,946,623.12

(3) Defined contribution plan

Item	December 31, 2023	Increase	Decrease	December 31, 2024
After-retirement welfare:				
1. Basic pension	373,813.17	27,034,102.31	26,657,009.38	750,906.10
2. Unemployment insurance	7,582.84	1,114,236.52	1,110,155.73	11,663.63
Total	381,396.01	28,148,338.83	27,767,165.11	762,569.73

(4) Dismiss compensation

Due to the relocation of the Company's production site, an accrual of RMB10,301,966.12 has been made for employee settlement expenses related to the termination of labor contracts, of which RMB5,042,865.12 is yet to be paid.

31. Taxes payable

Item	December 31, 2024	December 31, 2023
Enterprise income tax	22,749,953.33	13,798,160.21
VAT	5,014,443.15	5,063,851.12
Personal income tax	1,436,564.89	1,750,380.58
City maintenance and construction tax	442,894.30	636,181.87
Land using tax	342,015.86	608,959.21
Property tax	1,433,309.14	2,656,539.62
Education surtax	194,329.75	273,885.15
Local education surtax	129,553.00	182,589.47
Consumption service tax	237,874.41	10,359.29
Land VAT	16,012,293.28	16,543,205.26
Others	853,886.08	850,956.77
Total	48,847,117.19	42,375,068.55

32. Other payables

(1) Classification of notes receivable

Item	December 31, 2024	December 31, 2023
Interest payable		
Dividend payable		
Other payables	120,918,002.02	117,581,764.15
Total	120,918,002.02	117,581,764.15

(2) Other payables

① Other payables presented by nature

Item	December 31, 2024	December 31, 2023
Performance and quality deposit	42,955,873.85	40,096,446.17
Deposit	22,843,813.76	24,659,670.94
Reserved expense	5,336,051.21	4,785,143.40
Others	49,782,263.20	48,040,503.64
Total	120,918,002.02	117,581,764.15

② Other important accounts payable with an aging of more than one year at the end of the period

Item	Balance on December 31, 2024	Reason
Shenzhen Yikang Real Estate Co. Ltd.	26,159,711.72	Payment paid as agreed in the contract

33. Non-current liabilities due in 1 year

Item	December 31, 2024	December 31, 2023
Long-term loans due within 1 year	123,355,127.55	914,958.90
Lease liabilities due within one year	5,114,390.19	13,897,158.66
Long-term payables due within 1 year		49,323,018.90
Provisions expected to mature within one year	2,905,143.31	
Total	131,374,661.05	64,135,136.46

34. Other current liabilities

Item	December 31, 2024	December 31, 2023
Untermated notes receivable	21,426,278.75	27,937,899.17
Substituted money on VAT	29,409,280.92	25,586,755.88
Total	50,835,559.67	53,524,655.05

35. Long-term loans

(1) Classification of long-term borrowings

Item	December 31, 2024	December 31, 2023	2024 interest rate range
Guarantee, mortgage and pledge loan	1,260,355,127.55	660,914,958.90	2.5%-5%
Subtotal	1,260,355,127.55	660,914,958.90	
Less: Long-term loans due within 1 year	123,355,127.55	914,958.90	
Total	1,137,000,000.00	660,000,000.00	

Note: Among the aforementioned guaranteed, mortgaged, and pledged loans, an amount of RMB660,795,616.44 is pledged with 100% equity of the subsidiary Fangda Real Estate, directly and indirectly held by the Company, and the receivables from rental properties of Fangda Town held by the Company. An amount of RMB30,028,875.00 is guaranteed by the Company for its subsidiary Fangda Intelligent Manufacturing, and mortgaged by Fangda Intelligent Manufacturing with its fixed assets and industrial land. An amount of RMB299,270,761.11 is guaranteed by the Company for its subsidiary Fangda Construction Technology.

36. Lease liabilities

Item	December 31, 2024	December 31, 2023
Lease payments	18,828,149.71	23,255,219.85
Less: unrecognized financing expenses	3,061,152.04	2,682,191.15
Subtotal	15,766,997.67	20,573,028.70
Less: lease liabilities due within one year	5,114,390.19	13,897,158.66
Total	10,652,607.48	6,675,870.04

37. Long-term payable

(1) Classification of notes receivable

Item	December 31, 2024	December 31, 2023
Long-term payable		97,723,018.90
Less: long-term payables due within one year		49,323,018.90
Total		48,400,000.00

(2) Long term accounts payable listed by nature

Item	December 31, 2024	December 31, 2023
Equity repurchase payment		97,723,018.90
Less: long-term payables due within one year		49,323,018.90
Total		48,400,000.00

38. Anticipated liabilities

Item	December 31, 2024	December 31, 2023
Maintenance fee	917,063.27	4,648,908.95
Loss contract to be executed	369,328.45	193,502.52
Total	1,286,391.72	4,842,411.47

39. Deferred earning

(1) Deferred earning

Item	December 31, 2023	Increase	Decrease	December 31, 2024	Reason
Government subsidy	8,978,678.72	2,321,892.00	630,958.59	10,669,612.13	See the following table

(2) Items involving government subsidies

Item	December 31, 2023	Amount of new subsidy	Amount included in non-operating revenue	Other misc. gains recorded in this period	Other change	December 31, 2024	Related to assets/earning
Railway	3,458.27			3,458.27			Assets-relat

Item	December 31, 2023	Amount of new subsidy	Amount included in non-operating revenue	Other misc. gains recorded in this period	Other change	December 31, 2024	Related to assets/earning
transport screen door controlling system and information transmission technology							ed
Major investment project prize from Industry and Trade Development Division of Dongguan Finance Bureau	1,395,238.70			57,142.80		1,338,095.90	Assets-related
Distributed PV power generation project subsidy sponsored by Dongguan Reform and Development Commission	293,750.33			24,999.96		268,750.37	Assets-related
Subsidized land transfer	162,376.31			3,725.64		158,650.67	Assets-related
Special subsidy for industrial transformation, upgrading and development	1,150,688.31			151,739.16		998,949.15	Assets-related
Enterprise informationization subsidy project of Shenzhen Small and Medium Enterprise Service Agency	276,000.00			48,000.00		228,000.00	Assets-related
National Industry Revitalization	4,762,526.30			307,728.60		4,454,797.70	Assets-related

Item	December 31, 2023	Amount of new subsidy	Amount included in non-operating revenue	Other misc. gains recorded in this period	Other change	December 31, 2024	Related to assets/earning
and Technology Renovation Project fund							
Subsidy for new plant	934,640.50			26,143.80		908,496.70	Assets-related
Land subsidy funds		2,321,892.00		8,020.36		2,313,871.64	Assets-related
Total	8,978,678.72	2,321,892.00		630,958.59		10,669,612.13	

40. Share capital

Item	December 31, 2023	Change (+,-)					December 31, 2024
		Issued new shares	Bonus shares	Transferred from reserves	Others	Subtotal	
Total of capital shares	1,073,874,227.00						1,073,874,227

41. Capital reserves

Item	December 31, 2023	Increase	Decrease	December 31, 2024
Capital premium (share capital premium)	10,005,491.05		7,101,640.07	2,903,850.98
Other capital reserves	1,454,097.35			1,454,097.35
Total	11,459,588.40		7,101,640.07	4,357,948.33

Note: The decrease in capital premium during the current period is due to the impact of acquiring minority shareholders' equity in the subsidiary Fangda Zhiyuan.

42. Other miscellaneous income

Item	December 31, 2023	Amount occurred in the current period	December 31, 2024

		Amount before income tax	Less: amount written into other gains and transferred into gain/loss in previous terms	Less: amount written into other gains and transferred into gain/loss in previous terms	Less: Income tax expenses	After-tax amount attributed to the parent	After-tax amount attributed to minority shareholders	
I. Other comprehensive income that will not be subsequently reclassified into profit and loss	-25,201,209.27			-21,421,931.75		21,421,931.75		-3,779,277.52
Including: Fair value change of investment in other equity tools	-25,201,209.27			-21,421,931.75		21,421,931.75		-3,779,277.52
2. Other misc. incomes that will be re-classified into gain and loss	48,323,080.06	150,055,369.63			36,197,928.70	113,861,211.98	-3,771.05	162,184,292.04
Including: Investment real estate measured at fair value	47,915,494.50	152,523,243.98			36,452,083.00	116,071,160.98		163,986,655.48
Cash flow hedge reserve	170,878.62	-1,694,362.06			-254,154.30	-1,440,207.76		-1,269,329.14
Translati	236,706.94	-773,512.29				-769,741.24	-3,771.05	-533,034.30

Item	December 31, 2023	Amount occurred in the current period						December 31, 2024
		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	
on difference of foreign exchange statement								
Other miscellaneous income	23,121,870.79	150,055,369.63	-	-21,421,931.75	36,197,928.70	135,283,143.73	-3,771.05	158,405,014.52

43. Surplus reserve

Item	December 31, 2023	Increase	Decrease	December 31, 2024
Statutory surplus reserves	79,324,940.43	5,728,420.02	1,078,644.23	83,974,716.22

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

44. Retained profit

Item	2024	2023
Adjustment on retained profit of previous period	4,772,359,940.45	4,553,295,402.30
Total of retained profit at beginning of year adjusted (+ for increase, - for decrease)		
Retained profit adjusted at beginning of year	4,772,359,940.45	4,553,295,402.30

Item	2024	2023
Plus: Net profit attributable to owners of the parent	144,813,705.53	272,758,249.50
Less: Statutory surplus reserves	5,728,420.02	
Common share dividend payable	85,909,938.16	53,693,711.35
Others	20,343,287.52	
Closing retained profit	4,805,192,000.28	4,772,359,940.45

Note: Other changes are due to the fair value change of the Company's other equity instrument investments in Shenyang Fangda. As the Company has gone bankrupt during the current period, the recognition has been terminated, and the amount has been transferred from other comprehensive income to retained earnings.

45. Operational revenue and costs

Item	2024		2023	
	Income	Cost	Income	Cost
Main business	4,373,119,434.75	3,545,394,888.31	4,118,334,153.38	3,389,441,885.55
Other businesses	51,104,762.96	42,747,408.17	173,870,562.63	22,680,137.25
Total	4,424,224,197.71	3,588,142,296.48	4,292,204,716.01	3,412,122,022.80

Note: Based on the business development situation, the Company has reported the rental income of real estate from the real estate segment under main business revenue for this period.

(1) The main business income is listed as follows according to the breakdown information:

In 2024, the information of operating revenue broken down by revenue recognition time is as follows:

Item	2024	2023
Revenue recognition time		

Item	2024	2023
Revenue recognized at a certain point in time	545,412,251.88	422,284,637.84
Revenue recognized over a period of time	3,878,811,945.83	3,869,920,078.17
Total	4,424,224,197.71	4,292,204,716.01

(2) Performance obligation

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

(3) Information related to remaining performance obligations

As of December 31, 2024, the Company's remaining contractual obligations are mainly related to the Company's engineering contracts, and the remaining contractual obligations are expected to be recognized as revenue according to the performance progress in the future performance period of the corresponding engineering contracts.

46. Taxes and surcharges

Item	2024	2023
City maintenance and construction tax	6,526,296.57	7,636,023.14
Education surcharge and local education surcharge	4,894,545.68	5,578,210.15
Land VAT	4,535,890.32	792,772.36
Property tax	20,235,700.43	19,326,390.99
Urban land use tax	1,967,709.57	1,939,918.65
Stamp tax	5,125,991.22	4,994,254.63

Item	2024	2023
Others	78,257.55	86,827.30
Total	43,364,391.34	40,354,397.22

47. Sales expense

Item	2024	2023
Labor costs	30,449,690.40	28,836,318.58
Sales agency fee	1,595,221.91	1,614,681.20
Entertainment expense	8,485,462.87	6,830,220.67
Travel expense	2,955,271.55	3,382,495.03
Advertisement and promotion fee	2,144,452.78	2,171,392.31
Rental	629,569.36	232,462.72
Depreciation and amortization	2,269,054.34	780,990.05
Office costs	895,531.77	650,584.73
Material consumption	1,352,405.66	1,260,859.63
Others	4,363,492.49	5,249,160.37
Total	55,140,153.13	51,009,165.29

48. Administrative expense

Item	2024	2023
Labor costs	137,729,076.22	114,574,462.83
Maintenance costs	307,817.06	169,712.22
Agencies	6,918,578.15	14,255,903.98
Depreciation and amortization	17,246,520.96	15,223,179.96
Office expense	5,648,928.52	5,653,172.50
Entertainment expense	7,993,709.32	6,244,445.47
Rental	2,254,738.54	2,693,465.85
Lawsuit	296,491.06	2,349,777.80
Travel expense	4,337,710.40	3,709,314.11
Property management fee	1,102,485.41	910,548.22
Water and electricity	1,204,391.67	765,449.98
Material consumption	342,404.87	226,667.84

Item	2024	2023
Others	6,284,583.02	7,898,655.05
Total	191,667,435.20	174,674,755.81

49. R&D cost

Item	2024	2023
Labor costs	100,670,006.36	103,430,062.05
Material costs	50,544,384.90	55,562,482.97
Agencies	11,574,101.52	8,698,692.37
Depreciation costs	3,722,562.74	2,081,830.87
Amortization of intangible assets	1,008,134.37	1,024,410.27
Travel expense	458,913.41	703,972.61
Rental	391,107.49	501,204.01
Others	2,662,160.94	8,068,146.10
Total	171,031,371.73	180,070,801.25

50. Financial expenses

Item	2024	2023
Interest expense	60,377,020.35	87,186,232.75
Including: interest expense of lease liabilities	1,270,121.44	873,165.18
Less: interest capitalization		
Less: discount government subsidies	2,616,200.00	-131,680.00
Less: Interest income	19,230,549.61	29,144,115.88
Net interest expenditure	38,530,270.74	58,173,796.87
Exchange net loss	-3,073,376.55	-8,640,174.72
Discount expense	23,766,144.18	18,204,015.63
Commission charges and others	6,074,894.67	5,089,307.07
Total	65,297,933.04	72,826,944.85

51. Other gains

Item	2024	2023
Government subsidy	14,027,285.85	12,902,308.18

Item	2024	2023
Handling fees for individual income tax withholding	282,947.24	292,496.06
Additional deduction of input tax	5,373,030.49	3,877,999.70
Others		40,604.32
Total	19,683,263.58	17,113,408.26

52. Investment income

Item	2024	2023
Gains from long-term equity investment measured by equity	-70,043.43	-212,024.74
Investment income of trading financial assets during obtained the holding period		-50,000.00
Investment income from disposal of trading financial assets	-1,666,256.28	611,295.00
Financial assets derecognized as a result of amortized cost	-2,538,217.26	-4,656,380.30
Income from derecognition of other financial assets measured at fair value	-154,143.85	-255,024.54
Debt restructuring gains	-118,701.78	
Total	-4,547,362.60	-4,562,134.58

53. Gain caused by changes in fair value

Source of income from fluctuation of fair value	2024	2023
Investment real estate measured at fair value	-18,397,296.67	-28,482,701.26
Other non-current financial assets	3,098.25	-51,817.51
Total	-18,394,198.42	-28,534,518.77

54. Credit impairment loss

Item	2024	2023
Bad debt loss of notes receivable	-237,783.09	1,874,688.90
Bad debt loss of account receivable	-109,795,711.27	-40,828,905.43
Bad debt loss of other receivables	-653,357.89	3,902,552.21
Total	-110,686,852.25	-35,051,664.32

55. Asset impairment loss

Item	2024	2023
Contract asset impairment loss	-28,916,573.64	6,020,287.93
Fixed assets impairment loss	-2,500,000.00	
Asset impairment loss	-3,844,005.85	
Total	-35,260,579.49	6,020,287.93

56. Assets disposal gains

Item	2024	2023
Disposition not classified as possession of fixed assets to be sold, construction in progress, productive biological assets and intangible assets	-571,500.30	58,292.27
Including: Fixed assets	-571,500.30	58,292.27
Disposal of use right assets	71,307.49	323,279.85
Total	-500,192.81	381,572.12

57. Non-operating revenue

Item	2024	2023	Amount accounted into the current accidental gain/loss
Penalty income	169,756.38	159,340.58	169,756.38
Compensation received	110,450.67	1,906,958.87	110,450.67
Payable account not able to be paid	1,105,933.49		1,105,933.49
Others	291,705.96	572,991.76	291,705.96
Gains from damage and write-off of non-current assets	34,565.79		34,565.79
Total	1,712,412.29	2,639,291.21	1,712,412.29

58. Non-business expenses

Item	2024	2023	Amount accounted into the current accidental gain/loss
Donation	50,000.00	356,897.00	50,000.00
Loss from retirement of damaged non-current assets	636,096.88	143,132.97	636,096.88

Item	2024	2023	Amount accounted into the current accidental gain/loss
Penalty and overdue fine	724,692.03	653,180.55	724,692.03
Others	815,503.59	223,265.91	815,503.59
Total	2,226,292.50	1,376,476.43	2,226,292.50

59. Income tax expenses

(1) Composition of income tax expenses

Item	2024	2023
Income tax expenses in this period	31,496,973.61	53,600,826.25
Deferred income tax expenses	-18,304,449.34	-12,783,330.37
Total	13,192,524.27	40,817,495.88

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

Item	2024	2023
Total profit	159,360,814.59	317,776,394.21
Income tax expenses calculated based on the legal (or applicable) tax rates	39,840,203.65	79,444,098.55
Impacts of different tax rates applicable for some subsidiaries	-8,294,886.53	-20,500,109.26
Impacts of income tax before adjustment	3,211,604.88	8,567,271.66
Impact of non-taxable income	-76,932.15	
Impacts of non-deductible cost, expense and loss	4,712,097.88	2,835,390.14
Impact of deductible temporary differences or deductible losses of unrecognized deferred income tax assets in the prior period of use	-1,309,161.43	
Deductible temporary difference and deductible loss of unrecognized deferred income tax assets	21,524.27	759,786.07
Additional deduction of R&D expense	-25,192,633.13	-26,204,288.42
Profit and loss of associates and joint ventures calculated using the equity method	17,510.86	53,006.18
Effect of tax rate change on deferred income tax	-910,541.83	-4,137,659.04
Impact of deductible losses of deferred income tax assets recognized in the previous period	1,173,737.80	

Item	2024	2023
exceeding the recoverable period		
Income tax expenses	13,192,524.27	40,817,495.88

60. Other miscellaneous income

See Note V. 42 Other comprehensive income for details of each item of other comprehensive income and its income tax effect and transfer to profit or loss, as well as a reconciliation of each item of other comprehensive income.

61. Notes to cash flow statement items

(1) Cash inflow related to operation

Other cash received from business operations

Item	2024	2023
Interest income	13,149,043.03	15,162,422.54
Subsidy income	14,815,630.09	9,796,358.90
Retrieving of bidding deposits	32,822,259.64	40,653,182.62
Other operating accounts	26,028,503.64	40,774,700.30
Net receipt of deposits such as bills of exchange	28,208,714.36	
Total	115,024,150.76	106,386,664.36

Other cash paid for business operations

Item	2024	2023
Pocket expenses	127,740,024.89	140,382,530.54
Bidding deposit paid	35,416,621.23	30,514,126.58
Other trades	17,528,864.15	38,434,058.15
Net draft deposit net paid		58,931,587.09
Total	180,685,510.27	268,262,302.36

(2) Cash related to investment activities

① Cash paid for significant investment activities

Item	2024	2023
Acquisition of minority shareholders' equity in Fangda Zhiyuan	26,616,725.71	

② Other cash paid related to investment activities

Item	2024	2023
Investment commission		50,000.00
Settlement investment losses	1,787,676.30	
Total	1,787,676.30	50,000.00

(3) Cash related to financing

① Other cash received from financing activities

Item	2024	2023
Recovery of loan deposits	133,000,000.00	
Recovery of time deposits	330,600,944.44	
Total	463,600,944.44	

② Other cash paid related to financing activities

Item	2024	2023
Financing fee	3,078,784.45	1,910,251.87
Principal and interest of lease liabilities	16,984,180.17	16,510,621.53
Payment of loan deposits		142,460,000.00
Payment for repurchase of equity interest in Fangda Zhiyuan	98,116,151.32	113,473,388.12
Payment to minority shareholders due to subsidiary liquidation	1,221,195.25	
Total	119,400,311.19	274,354,261.52

③ Changes in liabilities arising from financing activities

Item	December 31, 2023	Increase		Decrease		December 31, 2024
		Change in cash	Non-cash change	Change in cash	Non-cash change	

Item	December 31, 2023	Increase		Decrease		December 31, 2024
		Change in cash	Non-cash change	Change in cash	Non-cash change	
Short-term loans	2,208,055,039.21	2,904,675,536.37	1,850,888.00	3,450,885,041.10		1,663,696,422.48
Dividend payable			92,872,670.18	92,872,670.18		
Non-current liabilities due in 1 year	64,135,136.46		131,949,671.67	67,615,290.39		128,469,517.74
Long-term loans	660,000,000.00	599,000,000.00			122,000,000.00	1,137,000,000.00
Lease liabilities	6,675,870.04		12,178,149.14		8,201,411.70	10,652,607.48
Long-term payable	48,400,000.00			48,400,000.00		
Total	2,987,266,045.71	3,503,675,536.37	238,851,378.99	3,659,773,001.67	130,201,411.70	2,939,818,547.70

62. Supplementary data of cash flow statement

(1) Supplementary data of cash flow statement

Supplementary information	2024	2023
1. Net profit adjusted to cash flow related to business operations:		
Net profit	146,168,290.32	276,958,898.33
Plus: Asset impairment provision	35,260,579.49	-6,020,287.93
Credit impairment provision	110,686,852.25	35,051,664.32
Fixed asset and investment real estate depreciation	32,873,765.23	29,636,300.00
Depreciation of right to use assets	15,038,434.25	14,476,910.31
Amortization of intangible assets	7,362,948.39	5,534,923.47
Amortization of long-term amortizable expenses	3,854,633.92	4,175,586.27
Loss from disposal of fixed assets, intangible assets, and other long-term assets ("-" for gains)	500,192.81	-381,572.12
Loss from fixed asset discard ("-" for gains)	601,531.09	143,132.97
Loss from fair value fluctuation ("-" for gains)	18,394,198.42	28,534,518.77
Financial expenses ("-" for gains)	62,507,793.94	95,144,503.65
Investment losses ("-" for gains)	1,855,001.49	-349,270.27
Decrease of deferred income tax asset ("-" for increase)	-34,722,077.39	40,194,671.27
Increase of deferred income tax asset ("-" for	-6,409,546.15	-52,978,001.64

Supplementary information	2024	2023
increase)		
Decrease of inventory ("- " for increase)	42,960,388.63	-45,092,089.19
Decrease of operational receivable items ("- " for increase)	-288,233,573.56	-372,906,407.75
Increase of operational receivable items ("- " for decrease)	93,985,965.94	306,550,308.71
Others	28,208,714.36	-58,931,587.09
Cash flow generated by business operations, net	270,894,093.43	299,742,202.08
2. Major investment and financing activities with no cash involved:		
Debt transferred to assets		
Convertible corporate bonds due within one year		
Addition of right-of-use assets	13,743,381.24	17,901,587.49
3. Net change in cash and cash equivalents:		
Balance of cash at period end	1,031,725,216.34	779,661,118.42
Less: Initial balance of cash	779,661,118.42	783,677,929.06
Add: Ending balance of cash equivalents		
Less: Ending balance of cash equivalents		
Net increase in cash and cash equivalents	252,064,097.92	-4,016,810.64

Note: The amount of endorsement transfer of bills receivable received by the Company in selling goods is RMB71,113,109.82.

(2) Composition of cash and cash equivalents

Item	December 31, 2024	December 31, 2023
I. Cash	1,031,725,216.34	779,661,118.42
Including: Cash in stock	148.01	752.40
Bank savings can be used at any time	1,024,641,201.90	765,436,788.41
Other monetary capital can be used at any time	7,083,866.43	14,223,577.61
2. Cash equivalents		
Including: bond investment due within three months		
III. Balance of cash and cash equivalents at end of term	1,031,725,216.34	779,661,118.42

Item	December 31, 2024	December 31, 2023
Including: restricted cash and cash equivalent used by parent company or subsidiaries in the Group		

(3) Supplier financing arrangements

① Terms and conditions of supplier financing arrangements

Supplier Financing Arrangement 1: The Company processes reverse factoring business through the "e-Credit" supply chain financial service platform, provided in cooperation with Jianxin Rongtong Co., Ltd. and China Construction Bank Corporation Shenzhen Branch (hereinafter referred to as "CCB"). This service is for suppliers holding electronic debt certificates on the "e-Credit" platform with payments due from the Company. Suppliers transfer the accounts receivable under the Company's electronic debt certificates to CCB and apply for "e-Credit" business services. CCB evaluates and analyzes the application, and if conditions are met, provides "e-Credit" business services to suppliers. The Company's obligation to fulfill payment under the electronic debt certificates is unconditional and irrevocable, unaffected by any commercial disputes among parties involved in the circulation of electronic debt certificates. The company does not claim offset or defense against this payment obligation. The Company will transfer an amount equivalent to the electronic debt certificates on the promised payment date according to the business rules of the "e-Credit" platform.

Supplier financing arrangement 2: The Company processes reverse factoring business through the "e-Account" supply chain financial service platform, provided by the Agricultural Bank of China Shenzhen Overseas Chinese Town Branch (hereinafter referred to as "ABC"). This service is for suppliers holding electronic debt certificates on the "e-Account" platform with payments due from the Company. Suppliers transfer

the accounts receivable under the Company's electronic debt certificates to ABC and apply for "e-Account" business services. ABC evaluates and analyzes the application, and if conditions are met, provides "e-Account" business services to suppliers. The Company's obligation to fulfill payment under the electronic debt certificates is unconditional and irrevocable, unaffected by any commercial disputes among parties involved in the circulation of electronic debt certificates. The company does not claim offset or defense against this payment obligation. The company will transfer an amount equivalent to the electronic debt certificates on the promised payment date according to the business rules of the "e-Account" platform.

Supplier financing arrangement 3: The Company has signed a *Payment Agency Cooperation Agreement* with China Merchants Bank Corporation Shenzhen Branch, authorizing the branch to deduct payments from the payment account according to the *Agency Payment Details* provided by the group on the specified date. When suppliers initiate financing applications, China Merchants Bank Corporation Shenzhen Branch uses the Company's credit line to process domestic factoring services for suppliers. Upon maturity of the factoring, the Company is only required to pay the factoring financing amount to China Merchants Bank Corporation Shenzhen Branch without interest.

②Financial liabilities under supplier financing arrangements reported on the balance sheet and their book value, and amounts received by suppliers from financing providers

Item	December 31, 2024	January 1, 2024
Account payable	465,016,938.13	390,132,169.21
Including: Amounts received by suppliers	341,199,057.49	-

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

Item	December 31, 2024
Financial liabilities under supplier financing arrangements	90-300 days from receipt of invoice
Comparable accounts payable not under supplier financing arrangements	0-180 days from receipt of invoice

63. Foreign currency monetary items

Foreign currency monetary items

Item	Foreign currency balance on December 31, 2024	Exchange rate	Balance converted into RMB on December 31, 2024
Monetary capital			
Including: USD	4,446,005.48	7.1884	31,959,660.43
HK Dollar	56,349,679.26	0.926	52,182,057.00
INR	36,207,844.47	0.084	3,042,732.64
Vietnamese currency	1,666,020,450.00	0.0003	469,924.39
SGD	1,489,480.22	5.3214	7,926,120.04
AUD	5,781,688.88	4.507	26,058,071.79
Philippine Peso	688,013.00	0.1243	85,521.39
Account receivable			
Including: USD	706,093.63	7.1884	5,075,683.44
AUD	609,202.07	4.507	2,745,673.73
HK Dollar	19,588,663.45	0.926	18,139,885.90
INR	5,621,535.00	0.084	472,377.59
SGD	12,360.00	5.3214	65,772.50
Contract assets			
Including: USD	11,023,664.91	7.1884	79,242,512.83
INR	41,669,105.47	0.084	3,501,454.93
Euro	2,436,878.88	7.5257	18,339,219.39
SGD	500.00	5.3214	2,660.70

Item	Foreign currency balance on December 31, 2024	Exchange rate	Balance converted into RMB on December 31, 2024
AUD	1,106,608.38	4.507	4,987,483.97
HK Dollar	12,339,855.62	0.926	11,427,199.89
Other receivables			
Including: USD	159,577.82	7.1884	1,147,109.20
HK Dollar	66,000.00	0.926	61,118.64
AUD	29,943.84	4.507	134,956.89
INR	560,655.41	0.084	47,111.87
SGD	393,664.33	5.3214	2,094,845.38
UAE Dirham	1,000.00	1.9628	1,962.78
Saudi Riyal	15,000.00	1.9284	28,926.26
Philippine Peso	99,538.00	0.1243	12,372.77
Account payable			
Including: USD	497,906.03	7.1884	3,579,147.71
HK Dollar	4,943,022.21	0.926	4,577,436.29
SGD	19,193.50	5.3214	102,136.29
INR	22,881,875.03	0.084	1,922,763.96
AUD	780,782.71	4.507	3,518,987.67
Philippine Peso	130,720.00	0.1243	16,248.76
Other payables			
Including: USD	276,371.25	7.1884	1,986,667.09
HK Dollar	1,175.27	0.926	1,088.35
AUD	74,906.47	4.507	337,603.46
Saudi Riyal	16,675.20	1.9284	32,156.74
SGD	6,098.47	5.3214	32,452.40
Philippine Peso	79,800.00	0.1243	9,919.14

64. Lease

(1) The Company as leasee

Current gains and losses and cash flows related to leases

Item	2024
Short term lease expenses with simplified treatment included in current profit and loss	37,912,641.43
Lease expenses of low value assets with simplified treatment included in current profit and loss (except short-term lease)	267,467.65
Interest expense on lease liabilities	1,270,121.44
Variable lease payments included in current profits and losses but not included in the measurement of lease liabilities	
Income from subletting right to use assets	
Total cash outflow related to leasing	51,854,374.29
Relevant profits and losses arising from sale and leaseback transactions	

(2) The Company is the lessor

① Operating lease

A. Rental income

Item	2024
Rental income	137,236,551.51
Including: income related to variable lease payments not included in the measurement of lease receipts	350,971.03

B. Undiscounted lease receipts to be received in each of the five consecutive fiscal years after the balance sheet date, and the total undiscounted lease receipts to be received in the remaining years

Year	Amount
2025	134,938,024.44
2026	106,208,000.52
2027	72,916,499.50
2028	53,731,466.05
2029	32,774,253.57
Total undiscounted lease receipts to be received after 2029	89,046,751.97
Including Within 1 year (inclusive)	18,922,916.43
1-2 years	16,076,237.95
2-3 years	13,823,925.84

Year	Amount
Over 3 years	40,223,671.75

VI. R&D expenses

1. By expense nature

Item	2024	2023
Labor costs	100,670,006.36	103,430,062.05
Material costs	50,544,384.90	55,562,482.97
Agencies	11,574,101.52	8,698,692.37
Depreciation costs	3,722,562.74	2,081,830.87
Amortization of intangible assets	1,008,134.37	1,024,410.27
Travel expense	458,913.41	703,972.61
Rental	391,107.49	501,204.01
Others	2,662,160.94	8,068,146.10
Total	171,031,371.73	180,070,801.25
Including: Expensed R&D expenditure	171,031,371.73	180,070,801.25
Capitalization R&D expenses		

VII. Change to Consolidation Scope

During the current period, the scope of consolidation changed with the establishment of 5 new subsidiaries: Facade Singapore, Facade Philippines, General Rail Technology Philippines, Fangda Gulf DMCC, and Global MEGA International Holdings. Additionally, through a non-business combination, one new subsidiary was added: Fangda Construction Technology. Simultaneously, three subsidiaries were deregistered during this period: Fangda Xunfu Investment, Fangda Lifu Investment, and Fangda Investment.

VIII. Equity in Other Entities

1. Interests in subsidiaries

(1) Group Composition

Company	Registered capital	Place of business	Registered address	Business	Shareholding (%)		Obtaining method
					Direct	Indirect	
Fangda Jianke	RMB600,000,000	Shenzhen	Shenzhen	Designing, manufacturing, and installation of curtain walls	98.66	1.34	Incorporation
Fangda Zhiyuan Technology	RMB105,000,000	Shenzhen	Shenzhen	Production, processing and installation of subway screen doors	51.00	49.00	Incorporation
Fangda Jiangxi New Material	USD12,000,000	Nanchang	Nanchang	Production and sales of new-type material composite materials and production of curtain walls	75.00	25.00	Incorporation
Fangda Property	RMB200,000,000	Shenzhen	Shenzhen	Real estate development and operation	99.00	1.00	Incorporation
Fangda New Energy	RMB100,000,000	Shenzhen	Shenzhen	Design and construction of PV power plants	99.00	1.00	Incorporation
Fangda Chengdu Technology	RMB50,000,000	Chengdu	Chengdu	Trusted processing of building curtain wall materials	-	100.00	Incorporation
Shihui International	USD3,000,000	Virgin Islands	Virgin Islands	Investment	100.00	-	Incorporation
Fangda Dongguan New Material	RMB272,800,000	Dongguan	Dongguan	Installation and sales of building curtain walls	-	100.00	Incorporation
Fangda Property Management	RMB10,000,000	Shenzhen	Shenzhen	Property management	-	100.00	Incorporation
Fangda	RMB100,000,000	Nanchang	Nanchang	Real estate	-	100.00	Incorporation

Company	Registered capital	Place of business	Registered address	Business	Shareholding (%)		Obtaining method
					Direct	Indirect	
Jiangxi Property Development				development and operation			
Fangda Luxin New Energy	RMB10,000,000	Pingxiang	Pingxiang	Design and construction of PV power plants	-	100.00	Incorporation
Fangda Xinjian New Energy	RMB10,000,000	Nanchang	Nanchang	Design and construction of PV power plants	-	100.00	Incorporation
Fangda Dongguan New Energy	RMB10,000,000	Dongguan	Dongguan	Design and construction of PV power plants	-	100.00	Incorporation
Kechuangyuan Software	RMB5,000,000	Shenzhen	Shenzhen	Software development	-	94.04	Incorporation
Fangda Zhiyuan Technology Hong Kong	HKD10,000	Hong Kong	Hong Kong	Metro screen door	-	94.04	Incorporation
Fangda Hongjun Investment	RMB100,000,000	Shenzhen	Shenzhen	Investment	98.00	2.00	Incorporation
Fangda Australia	AUD3 million	Australia	Australia	Designing, manufacturing, and installation of curtain walls	-	100.00	Incorporation
Fangda Yunzhi	RMB50,000,000	Shenzhen	Shenzhen	Technology development and sales; Invest in industry; Operation management of science and technology park	-	100.00	Incorporation
Chengdu Curtain Wall	RMB50,000,000	Chengdu	Chengdu	Building decoration and other	-	100.00	Incorporation

Company	Registered capital	Place of business	Registered address	Business	Shareholding (%)		Obtaining method
					Direct	Indirect	
Company				construction industry			
Fangda Southeast Asia	RMB3,000,000	Vietnam	Vietnam	Designing, manufacturing, and installation of curtain walls	-	100.00	Incorporation
Fangda Shanghai Zhijian	RMB100,000,000	Shanghai	Shanghai	Intelligent technology, new energy, automated technology	30.00	70.00	Incorporation
Fangda Shanghai Jianzhi	RMB50,000,000	Shanghai	Shanghai	Construction technology, intelligent technology, automation technology, design, production and installation of building curtain walls	-	100.00	Incorporation
Zhongrong Litai	RMB121,000,000	Shenzhen	Shenzhen	Business service	-	55.00	Purchase
Fangda Investment	RMB237,700,000	Shenzhen	Shenzhen	Project investment and investment consultancy	99.00	0.52	Incorporation
Fangda Lifu Investment	RMB1,000,000	Shenzhen	Shenzhen	Project investment and investment consultancy		52.00	Incorporation
Fangda Xunfu Investment	RMB100,000	Shenzhen	Shenzhen	Project investment and investment consultancy		100.00	Incorporation
Fangda Jianke Hong Kong	HKD40,000	Hong Kong	Hong Kong	Design, sale and installation of building		100.00	Incorporation

Company	Registered capital	Place of business	Registered address	Business	Shareholding (%)		Obtaining method
					Direct	Indirect	
				curtain wall			
Yunzhu Technology	RMB10,000,000	Shenzhen	Shenzhen	Inspection, technical service and consultation of building safety and building energy saving system		100.00	Consolidation of entities under common control
Fangda Yunzhu Testing	RMB5,000,000	Shenzhen	Shenzhen	Inspection, technical service and consultation of building safety and building energy saving system		100.00	Consolidation of entities under common control
General Metro Technology Co., Ltd	SGD10,000	Singapore	Singapore	Production, processing and installation of subway screen doors		100.00	Incorporation
Fangda Zhiyuan Technology Wuhan	RMB10,000,000	Wuhan	Wuhan	Production, processing and installation of subway screen doors		100.00	Incorporation
Fangda Zhiyuan Technology Nanchang	RMB1,000,000	Nanchang	Nanchang	Production, processing and installation of subway screen doors		100.00	Incorporation
Fangda Zhiyuan Dongguan	RMB1,000,000	Dongguan	Dongguan	Production, processing and installation of subway screen doors		100.00	Incorporation

Company	Registered capital	Place of business	Registered address	Business	Shareholding (%)		Obtaining method
					Direct	Indirect	
Fangda Intelligent Manufacturing	RMB100,000,000	Ganzhou	Ganzhou	Production and sales of new-type material composite materials and production of curtain walls	99.00	1.00	Incorporation
Fangda Jianchuang	RMB50,000,000	Shenzhen	Shenzhen	Installation and sales of building curtain walls		100.00	Incorporation
Fangda Construction Technology	RMB50,000,000	Shenzhen	Shenzhen	Installation and sales of building curtain walls		100.00	Non-business combination
Facade Singapore	SGD300,000	Singapore	Singapore	Installation and sales of building curtain walls		100.00	Incorporation
Facade Philippines	USD200,000	Philippines	Philippines	Installation and sales of building curtain walls		98.999	Incorporation
General Rail Technology Philippines	USD200,000	Philippines	Philippines	Metro screen door sales and installation		100.00	Incorporation
Fangda Gulf DMCC	DHS400,000	Dubai	Dubai	Installation and sales of building curtain walls		100.00	Incorporation
Global MEGA International Holdings	SGD600,000	Saudi Arabia	Saudi Arabia	Designing, manufacturing, and installation of		100.00	Incorporation

Company	Registered capital	Place of business	Registered address	Business	Shareholding (%)		Obtaining method
					Direct	Indirect	
				curtain walls			

Note: Fangda Investment, Fangda Lifu Investment, and Fangda Xunfu Investment have been deregistered during this period.

(2) Major non wholly-owned subsidiaries

Company	Shareholding of minority shareholders	Profit and loss attributed to minority shareholders	Dividend to be distributed to minority shareholders	Interest balance of minority shareholders in the end of the period
Zhongrong Litai	45.00%	8,583.38		48,308,010.96
Fangda Zhiyuan Technology		1,346,867.37	6,962,732.02	

Note: During this period, the Company's subsidiary, Fangda Construction Technology, acquired all minority shareholder equity of Fangda Zhiyuan Technology, making Fangda Zhiyuan Technology a wholly-owned subsidiary of the Company.

(3) Financial highlights of major non wholly owned subsidiaries

Company	December 31, 2024					
	Current assets	Non-current assets	Total of assets	Current liabilities	Non-current liabilities	Total liabilities
Zhongrong Litai	209,711,213.30	31,600.00	209,742,813.30	102,391,677.87		102,391,677.87
Fangda Zhiyuan Technology	886,569,276.32	145,741,515.31	1,032,310,791.63	618,892,852.75	19,014,892.92	637,907,745.67

(Continued)

Company	December 31, 2023					
	Current assets	Non-current assets	Total of assets	Current liabilities	Non-current liabilities	Total liabilities

Zhongrong Litai	209,637,980.81	285,106.81	209,923,087.62	102,400,696.16	190,330.21	102,591,026.37
Fangda Zhiyuan Technology	772,725,686.09	147,607,926.78	920,333,612.87	484,982,075.34	13,696,876.21	498,678,951.55

Company	2024			
	Turnover	Net profit	Total of misc. incomes	Business operation cash flows
Zhongrong Litai	110,091.72	19,074.18	19,074.18	-27,370.15
Fangda Zhiyuan Technology	612,820,581.01	82,433,670.84	94,596,194.92	161,768,148.66

(Continued)

Company	2023			
	Turnover	Net profit	Total of misc. incomes	Business operation cash flows
Zhongrong Litai	110,091.72	-122,439.25	-122,439.25	90,964.60
Fangda Zhiyuan Technology	558,421,443.33	71,424,880.42	71,598,313.27	-5,772,922.82

Note: During this period, the Company's subsidiary, Fangda Construction Technology, acquired all minority shareholder equity of Fangda Zhiyuan Technology, making Fangda Zhiyuan Technology a wholly-owned subsidiary of the Company.

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

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

During this period, the Company's subsidiary, Fangda Construction Technology, acquired all minority shareholder equity of Fangda Zhiyuan Technology, making Fangda Zhiyuan Technology a wholly-owned subsidiary of the Company.

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

	Fangda Zhiyuan Technology
Purchase cost/disposal consideration	
— Cash	26,616,725.71
Total purchase cost/disposal consideration	26,616,725.71
Less: share of net assets of subsidiaries calculated according to the proportion of equity acquired / disposed	19,515,085.64
Difference	7,101,640.07
Including: adjustment of capital reserve	7,101,640.07

3. Interests in joint ventures

Financial summary of insignificant joint ventures

Item	December 31, 2024/2024	December 31, 2023/2023
Associate:		
Total book value of investment	56,690,973.97	54,757,017.40
Total shareholding		
— Net profit	-70,043.43	-212,024.74
— Other miscellaneous income		
— Total of misc. incomes	-70,043.43	-212,024.74

IX. Government subsidy

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

As of December 31, 2024, the balance of government grants receivable is RMB642,493.02.

2. Liabilities involving government subsidies

Items presented in the balance sheet	Balance on December 31, 2023	Amount of new subsidy	Amount included in non-operating revenue	Other misc. gains recorded this period	Other change in the current period	Balance on December 31, 2024	Assets/earning-related
Deferred earning	8,978,678.72	2,321,892.00		630,958.59		10,669,612.13	Assets-related

Items presented in the balance sheet	Balance on December 31, 2023	Amount of new subsidy	Amount included in non-operating revenue	Other misc. gains recorded this period	Other change in the current period	Balance on December 31, 2024	Assets/earning-related
Total	8,978,678.72	2,321,892.00		630,958.59		10,669,612.13	

3. Government subsidies accounted into current profit or loss.

Item	2024	2023	Assets/earning-related
Other gains	630,958.59	571,201.72	Assets-related
Other gains	13,396,327.26	12,331,106.46	Earning-related
Financial expenses	2,616,200.00	-131,680.00	Earning-related
Total	16,643,485.85	12,770,628.18	

X. Risks of Financial Tools

The risks associated with the financial instruments of the Company arise from the various financial assets and liabilities recognized by the Company in the course of its operations, including credit risks, liquidity risks and market risks.

The management objectives and policies of various risks related to financial instruments are governed by the management of the Company. The operating management is responsible for daily risk management through functional departments (for example, the Company's credit management department reviews the Company's credit sales on a case-by-case basis). The internal audit department of the Company conducts daily supervision of the implementation of the Company's risk management policies and procedures, and reports relevant findings to the Company's audit committee in a timely manner.

The overall goal of the Company's risk management is to formulate risk management policies that minimize the risks associated with various financial

instruments without excessively affecting the Company's competitiveness and resilience.

1. Credit risk

Credit risk is caused by the failure of one party of a financial instrument in performing its obligations, causing the risk of financial loss for the other party. The credit risk of the Company mainly comes from monetary capital, notes receivable, accounts receivable, other receivables, receivables financing, contract assets, etc. The credit risk of these financial assets comes from the default of the counterparties, and the maximum risk exposure is equal to the book amount of these instruments.

The Company's money and funds are mainly deposited in the commercial banks and other financial institutions. The Company believes that these commercial banks have higher reputation and asset status and have lower credit risk.

For notes receivable, accounts receivable, other receivables, receivables financing and contract assets, the Company sets relevant policies to control credit risk exposure. The Group set the credit line and term for debtors according to their financial status, external rating, and possibility of getting third-party guarantee, credit record and other factors. The Group regularly monitors debtors' credit record. For those with poor credit record, the Group will send written payment reminders, shorten or cancel credit term to lower the general credit risk.

(1) Significant increases in credit risk

The credit risk of the financial instrument has not increased significantly since the initial confirmation. In determining whether the credit risk has increased significantly since the initial recognition, the Company considers reasonable and evidenced information, including forward-looking information, that can be obtained without

unnecessary additional costs or effort. The Company determines the relative risk of default risk of the financial instrument by comparing the risk of default of the financial instrument on the balance sheet date with the risk of default on the initial recognition date to assess the credit risk of the financial instrument from initial recognition.

When one or more of the following quantitative and qualitative criteria are triggered, the Company believes that the credit risk of financial instruments has increased significantly: the quantitative criteria are mainly the probability of default in the remaining life of the reporting date increased by more than a certain proportion compared with the initial recognition; the qualitative criteria are the major adverse changes in the operation or financial situation of the major debtors, the early warning of customer list, etc.

(2) Definition of assets where credit impairment has occurred

In order to determine whether or not credit impairment occurs, the standard adopted by our company is consistent with the credit risk management target for related financial instruments, and quantitative and qualitative indicators are considered.

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

Credit impairment in financial assets may be caused by a combination of multiple

events, not necessarily by events that can be identified separately.

(3) Expected credit loss measurement

Depending on whether there is a significant increase in credit risk and whether a credit impairment has occurred, the Company prepares different assets for a 12-month or full expected credit loss. The key parameters of expected credit loss measurement include default probability, default loss rate and default risk exposure. Taking into account the quantitative analysis and forward-looking information of historical statistics (such as counterparty ratings, guaranty methods, collateral categories, repayment methods, etc.), the Company establishes the default probability, default loss rate and default risk exposure model.

Definition:

The probability of default refers to the possibility that the debtor will not be able to fulfil its obligation to pay in the next 12 months or throughout the remaining period.

Breach Loss Rate means the extent of loss expected by the Company for breach risk exposure. Depending on the type of counterparty, the manner and priority of recourse, and the different collateral, the default loss rate is also different. The default loss rate is the percentage of the risk exposure loss at the time of the default, calculated on the basis of the next 12 months or the entire lifetime.

Exposure to default is the amount payable to the Company at the time of default in the next 12 months or throughout the remaining life. Prospective information credit risks significantly increased and expected credit losses were calculated. Through the analysis of historical data, the Company has identified the key economic indexes that affect the credit risk of each business type and the expected credit loss.

The largest credit risk facing the Group is the book value of each financial asset on the balance sheet. The Group makes no guarantee that may cause the Group credit risks.

Among the accounts receivable of the Company, the accounts receivable of the top five customers account for 20.50% of the total accounts receivable of the Company (comparison period: 23.89%); among the other accounts receivable of the Company, the accounts receivable of the top five companies account for 71.82% of the total accounts receivable of the Company (comparison period: 72.01%).

2. Liquidity risk

Liquidity risk is the risk of capital shortage when the Group needs to pay cash or settled with other financial assets. The Company is responsible for the cash management of its subsidiaries, including short-term investments in cash surpluses and loans to meet projected cash requirements. The Company's policy is to regularly monitor short and long-term liquidity requirements and compliance with borrowing agreements to ensure adequate cash reserves and readily available securities. The Company will also consider negotiating with suppliers to adopt supplier financing arrangements to extend the payment period, in order to alleviate the Company's cash flow pressure.

As of December 31, 2024, the maturity of the Company's financial liabilities is as follows:

In RMB10,000

Item	December 31, 2024			
	Less than 1 year	Within 1-3 years	Over 3 years	Total
Short-term loans	166,369.64	-	-	166,369.64
Derivative financial liabilities	152.06	-	-	152.06
Notes payable	68,118.81	-	-	68,118.81

Item	December 31, 2024			
	Less than 1 year	Within 1-3 years	Over 3 years	Total
Account payable	213,195.52	297.46	1,166.51	214,659.49
Other payables	8,013.60	1,109.24	2,968.96	12,091.80
Non-current liabilities due in 1 year	12,846.95	-	-	12,846.95
Other current liabilities	5,083.56	-	-	5,083.56
Long-term loans	-	96,700.00	17,000.00	113,700.00
Lease liabilities	-	923.06	142.20	1,065.26
Total	473,780.14	99,029.76	21,277.67	594,087.57

(Continued)

In RMB10,000

Item	December 31, 2023			
	Less than 1 year	Within 1-3 years	Over 3 years	Total
Short-term loans	220,805.50	-	-	220,805.50
Notes payable	86,888.69	-	-	86,888.69
Account payable	195,524.32	1,415.80	289.26	197,229.38
Other payables	5,168.51	1,010.36	5,579.31	11,758.18
Non-current liabilities due in 1 year	6,413.51	-	-	6,413.51
Other current liabilities	5,352.47	-	-	5,352.47
Long-term loans	-	30,000.00	36,000.00	66,000.00
Lease liabilities	-	578.60	88.99	667.59
Long-term payable	-	4,840.00	-	4,840.00
Total	520,153.00	37,844.76	41,957.56	599,955.32

3. Market risk

(1) Credit risks

The exchange rate risk of the Company mainly comes from the assets and liabilities of the Company and its subsidiaries in foreign currency not denominated in

its functional currency. Except for the use of Hong Kong dollars, United States dollars, Australian dollars, Vietnamese dong, euro, Indian rupees or Singapore currencies by its subsidiaries established in and outside the Hong Kong Special Administrative Region, other major businesses of the Company shall be denominated in Renminbi.

As of Tuesday, December 31, 2024, the foreign currency financial assets and foreign currency financial liabilities of the Company at the end of the period are listed in the description of foreign currency monetary items in Note V, 63.

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

(2) Exchange rate risk

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

The Finance Department at the Company's head office monitors the level of the Group's interest rates on an ongoing basis. The rising interest rate will increase the cost of the new interest-bearing debt and the interest expenditure on interest-bearing debt

which has not yet been paid by the Company at the floating rate, and will have a significant adverse effect on the Company's financial performance. Management will make adjustments in time according to the latest market conditions.

As of December 31, 2024, when other risk variables remain unchanged, if the borrowing interest rate calculated by floating interest rate increases or decreases by 50 basis points, the net profit of the Company in that year will decrease or increase by RMB4.8 million (December 31, 2023: RMB3.6 million).

4. Hedging

(1) Risk management of hedging operations

Item	Corresponding risk management strategies and objectives	Qualitative and quantitative information about the hedged risk	Economic relationships between hedged items and related hedging instruments	Effective achievement of expected risk management objectives	The impact of the corresponding hedging activities on the risk exposure
Aluminum futures hedging	Utilizing the hedging function of futures tools, the Company carries out aluminum futures hedging business to reasonably avoid the risks brought about by fluctuations in the prices of relevant raw materials to its operations, to enhance the Company's overall ability to withstand risks and to strengthen the robustness of	The Company uses aluminum futures to hedge aluminum-related raw materials in its prospective procurement business. The Company adopts the strategy of dynamic hedging of commodity price risk exposure by adjusting its futures contract position according to a certain percentage of its prospective procurement exposure, and the	The underlying variables are standard aluminum prices, and the values of hedged items and hedging instruments change in opposite directions due to facing the same hedged risks, and there is a relationship of mutual hedging of risks.	The Company has formulated relevant internal management systems for its aluminum futures hedging and forward foreign exchange trading business, and continuously evaluates the effectiveness of hedging to ensure that the hedging relationship is effective in the designated accounting period, and that the risks of fluctuations in	Buy or sell corresponding aluminum futures contracts to hedge the risk exposure existing in the spot business side.

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
	its operating activities.	exposure* hedging ratio is basically the same as the quantity of the commodity represented by the futures position.		raw material purchasing prices and exchange rate fluctuations of foreign-currency receivables are controlled within a	
Forward foreign exchange contract value preservation	Utilizing the hedging and protection function of forward foreign exchange contracts, the Company carries out the business of hedging foreign currency receivables in order to reasonably avoid the risks brought by exchange rate fluctuations to its operations, enhance the Company's overall ability to withstand risks, and strengthen the soundness of its operating activities.	The Company uses forward foreign exchange contracts to hedge expected receivables. The Company employs a strategy of dynamic hedging of exchange rate exposures, whereby foreign exchange contract positions are adjusted according to a certain percentage of the expected foreign currency receivable exposure, and the ratio of the exposure* hedge is essentially the same as the receivable represented by the contract position.	The underlying variables are all foreign currency exchange rates. The exchange rates of the hedged item and the hedging instrument change in opposite directions due to exposure to the same hedged risk, and there is a relationship of risk hedging.	reasonable range, so as to enhance the Company's risk-resistance ability and increase the robustness of its operating activities.	Buy or sell corresponding forward foreign exchange contracts to hedge the risk exposure of foreign currency receivables.

(2) Eligible hedging operations and application of hedge accounting

Item	Carrying value associated with hedged items and hedging instruments	Cumulative fair value hedge adjustments to hedged items included in the carrying value of the hedged item recognized	Hedge effectiveness and sources of hedge ineffectiveness	Impact of hedge accounting related to the Company's financial statements
Types of hedge risk				
Price risk	1,520,625.00	Inapplicable	Relevance of hedged items to hedging instruments	Derivative financial liabilities: RMB1,520,625.00; other comprehensive income: RMB1,292,531.25; deferred tax assets: RMB228,093.75.
Exchange rate risk		Inapplicable	Relevance of hedged items to hedging instruments	Investment income: RMB-1,675,192.30.
Type				
Cash flow hedging	1,520,625.00	Inapplicable	Relevance of hedged items to hedging instruments	Derivative financial liabilities: RMB1,520,625.00; other comprehensive income: RMB1,292,531.25; deferred tax assets: RMB228,093.75; investment income: RMB-1,675,192.30.

5. Transfer of financial assets

(1) Classification of financial assets by method of transfer

Transfer method of financial assets	Nature of financial assets transferred	Amount of financial assets transferred	Derecognition	Basis for judging derecognition
Endorsement or discount	Outstanding promissory notes in notes receivable	34,500,685.65	Not derecognized	Promissory notes used for discounting or endorsement are accepted by banks or enterprises with low credit ratings, discounting or endorsement does not affect recourse, and the credit risk and deferred payment risk associated with the notes remain not transferred
Endorsement or discount	Outstanding bankers' acceptances in	65,199,427.07	Derecognition	Bankers' acceptances used for discounting or endorsement are accepted by banks with high

	receivables financing			credit ratings and the credit risk and deferred payment risk associated with the instruments are low
Factoring	Outstanding receivables in receivables financing	87,143,569.89	Derecognition	Non-recourse factoring
Total	-	186,843,682.61	-	-

(2) Financial assets derecognized due to transfers

Item	Transfer method of financial assets	De-recognized amount	Gain or loss related to the de-recognition
Outstanding bankers' acceptances in receivables financing	Endorsement or discount	65,199,427.07	-154,143.85
Account receivable	Factoring	87,143,569.89	-2,538,217.26
Total	-	152,342,996.96	-2,692,361.11

XI. Fair Value

The level of fair value measurement results is determined by the lowest level of input values of importance to the fair value measurement as a whole:

First level: quotation of same assets or liabilities in an active market (unadjusted)

Second level: a directly or indirectly observable input value of the asset or liability in addition to the first level input value.

Third level: unobservable input value of the related asset or liability.

On December 31, 2024, the fair value of assets and liabilities measured at fair value

Item	Fair Value on December 31, 2024			
	First level fair value	Second level fair value	Third level fair value	Total
1. Continuous fair value measurement				
(I) Transactional financial assets				
1. Financial assets				

Item	Fair Value on December 31, 2024			
	First level fair value	Second level fair value	Third level fair value	Total
measured at fair value with variations accounted into current income account				
(1) Derivative financial assets				
(2) Receivable financing		4,568,000.10		4,568,000.10
(3) Investment real estate			5,835,036,098.20	5,835,036,098.20
1. Leased building			5,835,036,098.20	5,835,036,098.20
(IV) Investment in other equity tools				
(5) Other non-current financial assets			6,519,740.17	6,519,740.17
Total assets measured at fair value continuously		4,568,000.10	5,841,555,838.37	5,846,123,838.47
(6) Transactional financial liabilities		1,520,625.00		1,520,625.00
1. Financial liabilities measured at fair value with variations accounted into current income account		1,520,625.00		1,520,625.00
1. Derivative financial liabilities		1,520,625.00		1,520,625.00
Total assets measured at fair value continuously		1,520,625.00		1,520,625.00

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.

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.

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.

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

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

XII. Related Parties and Transactions

The criteria for determining a party: One party controls, jointly controls or exerts a significant influence on the other party, and the two or more parties are jointly controlled, jointly controlled by the other party.

1. Major shareholders

Major shareholder	Relationship	Ownership type	Registered address	Legal representative	Business
Shenzhen Banglin Technologies Development Co., Ltd.	Affiliated party	Limited liability company	Shenzhen	Chen Jinwu	Industrial investment
Shengjiu Investment Ltd.	Affiliated party	Limited liability company	Hong Kong	Xiong Jianming	Industrial investment

Major shareholders (Continued):

Major shareholder	Registered capital (in RMB10,000)	Shareholding in the Company (%)	Voting rights in the Company (%)
Shenzhen Banglin Technologies Development Co., Ltd.	3,000.00	11.11	11.11
Shengjiu Investment Ltd.	HKD100.00	10.25	10.25

Notes:

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.

2. Profiles of the subsidiaries

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

3. Joint ventures and associates

(1) Important joint ventures and associates of the Company

There are no important joint ventures and associates in this year.

(2) During the reporting period, the related party transactions with the Company and other joint ventures or joint ventures with the balance formed by the related party transactions with the Company are as follows:

Joint venture or associate	Relationship with the Company
Ganshang Joint Investment	Affiliates of the Company

4. Other related parties

Other related parties	Relationship with the Company
Jiangxi Business Innovative Property Joint Stock Co., Ltd.	Affiliates of the Company
Shenyang Fangda	Subsidiary in liquidation
Shenzhen Yikang Real Estate Co. Ltd.	Controlled subsidiaries
Shenzhen Qijian Technology Co., Ltd. (Qijian Technology)	Common actual controller
Director, manager and secretary of the Board	Key management

5. Related transactions

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

Sales of goods and services

Associated party	Related transaction	2024	2023
Qijian Technology	Property service and sales of goods	17,392.00	181,132.08

(2) Related leasing

The Company is the leasor:

Name of the leasee	Category of asset for lease	Rental recognized in the 2024	Rental recognized in the 2023
Qijian Technology	Houses & buildings	86,857.15	868,571.40

(3) Related guarantees

The Company is the guarantor:

Beneficiary party	Amount (in RMB10,000)	Start date	Due date	Completed or not
Fangda Jianke	24,000.00	May 5, 2023	Three years after the expiration date of debt performance	Yes
Fangda Jianke	15,000.00	May 23, 2022	Three years after the expiration date of debt performance	Yes
Fangda Jianke	4,000.00	May 15, 2023	Three years after the expiration date of debt performance	Yes
Fangda Jianke	30,000.00	September 25, 2023	Three years after the expiration date of debt performance	Yes
Fangda Jianke	48,000.00	December 15, 2023	Three years after the expiration date of debt performance	Yes
Fangda Jianke	20,000.00	October 9, 2023	Three years after the expiration date of debt performance	Yes
Fangda Jianke	50,000.00	September 28, 2023	Three years after the expiration date of debt performance	Yes
Fangda Jianke	60,000.00	January 21, 2023	Three years after the expiration date of debt performance	Yes
Fangda Jianke	20,000.00	March 31, 2023	Three years after the expiration date of debt performance	Yes
Fangda Jianke	20,000.00	November 2, 2023	Three years after the expiration date of debt performance	Yes
Fangda Zhiyuan	10,000.00	May 23, 2022	Three years after the expiration date of debt performance	Yes

Beneficiary party	Amount (in RMB10,000)	Start date	Due date	Completed or not
			performance	
Fangda Zhiyuan	20,000.00	October 7, 2023	Three years after the expiration date of debt performance	Yes
Fangda Zhiyuan	18,000.00	December 15, 2023	Three years after the expiration date of debt performance	Yes
Fangda Zhiyuan	15,000.00	September 25, 2023	Three years after the expiration date of debt performance	Yes
Fangda Zhiyuan	36,000.00	June 20, 2023	Three years after the expiration date of debt performance	Yes
Fangda Zhiyuan	15,000.00	May 5, 2023	Three years after the expiration date of debt performance	Yes
Fangda New Material	10,000.00	April 18, 2023	Three years after the expiration date of debt performance	Yes
Fangda Zhijian	7,000.00	May 15, 2023	Three years after the expiration date of debt performance	Yes
Fangda Yunzhu	1,000.00	March 30, 2023	Three years after the expiration date of debt performance	Yes
Fangda Yunzhu	600.00	May 11, 2023	Three years after the expiration date of debt performance	Yes
Fangda Jianke	39,000.00	December 9, 2022	Three years after the expiration date of debt performance	Yes
Total amount of guarantee fulfilled	462,600.00			
Fangda Jianke	93,000.00	December 28, 2023	Three years after the expiration date of debt performance	No
Fangda Jianke	39,000.00	January 24, 2024	Three years after the expiration date of debt performance	No
Fangda Jianke	15,000.00	May 11, 2024	Three years after the expiration date of debt performance	No
Fangda Jianke	48,000.00	December 15, 2024	Three years after the expiration date of debt performance	No
Fangda Jianke	11,400.00	August 16, 2023	Three years after the expiration date of debt performance	No
Fangda Jianke	50,000.00	September 4, 2024	Three years after the expiration date of debt performance	No
Fangda Jianke	30,000.00	November 11, 2024	Three years after the expiration date of debt	No

Beneficiary party	Amount (in RMB10,000)	Start date	Due date	Completed or not
			performance	
Fangda Jianke	30,000.00	October 20, 2023	Three years after the expiration date of debt performance	No
Fangda Jianke	4,000.00	June 20, 2024	Three years after the expiration date of debt performance	No
Fangda Jianke	20,000.00	November 4, 2024	Three years after the expiration date of debt performance	No
Fangda Jianke	60,000.00	June 27, 2024	Three years after the expiration date of debt performance	No
Fangda Jianke	24,000.00	May 27, 2024	Three years after the expiration date of debt performance	No
Fangda Jianke	30,000.00	December 21, 2023	Three years after the expiration date of debt performance	No
Fangda Jianke	20,000.00	December 27, 2024	Three years after the expiration date of debt performance	No
Fangda Jianke	60,000.00	December 19, 2024	Three years after the expiration date of debt performance	No
Fangda Zhiyuan	10,000.00	September 25, 2023	Three years after the expiration date of debt performance	No
Fangda Zhijian	7,000.00	May 17, 2024	Three years after the expiration date of debt performance	No
Fangda Zhiyuan	10,000.00	December 21, 2023	Three years after the expiration date of debt performance	No
Fangda Zhiyuan	18,000.00	December 15, 2024	Three years after the expiration date of debt performance	No
Fangda Zhiyuan	36,000.00	June 27, 2024	Three years after the expiration date of debt performance	No
Fangda Zhiyuan	15,000.00	May 30, 2024	Three years after the expiration date of debt performance	No
Fangda Zhiyuan	20,000.00	November 11, 2024	Three years after the expiration date of debt performance	No
Fangda Zhiyuan	15,000.00	September 4, 2024	Three years after the expiration date of debt performance	No
Fangda Zhiyuan	10,000.00	May 11, 2024	Three years after the expiration date of debt performance	No

Beneficiary party	Amount (in RMB10,000)	Start date	Due date	Completed or not
Fangda Zhiyuan	15,550.00	November 21, 2023	Three years after the expiration date of debt performance	No
Fangda Yunzhu	1,000.00	May 7, 2024	Three years after the expiration date of debt performance	No
Fangda Yunzhu	1,000.00	June 28, 2024	Three years after the expiration date of debt performance	No
Fangda Yunzhu	600.00	June 3, 2024	Three years after the expiration date of debt performance	No
Fangda New Material	10,000.00	July 8, 2024	Three years after the expiration date of debt performance	No
Fangda New Material	8,500.00	November 2, 2023	Three years after the expiration date of debt performance	No
Fangda Dongguan New Material	5,000.00	August 26, 2024	Three years after the expiration date of debt performance	No
Fangda Property	135,000.00	February 25, 2020	Three years after the expiration date of debt performance	No
Fangda Intelligent Manufacturing	30,000.00	February 22, 2024	Three years after the expiration date of debt performance	No
Fangda Zhiyuan	31,896.02	February 17, 2024	Date of completion of project contract	No
Fangda Zhiyuan	24,885.16	February 17, 2024	Date of completion of project contract	No
Total amount of guarantee being performed	938,831.18			

Description of related party guarantee: The above-mentioned guarantees are all associated guarantees within interested entities of the Company.

6. Receivable and payables due with related parties

(1) Receivable interest

Project name	Affiliated party	December 31, 2024		December 31, 2023	
		Remaining book value	Bad debt provision	Remaining book value	Bad debt provision
Account receivable	Qijian Technology	85,792.00	857.92	4,763.36	47.63
Other receivables	Ganshang Joint	3,791,089.25	56,487.23	3,791,089.25	56,487.23

Project name	Affiliated party	December 31, 2024		December 31, 2023	
		Remaining book value	Bad debt provision	Remaining book value	Bad debt provision
	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

Project name	Affiliated party	December 31, 2024	December 31, 2023
Other payables	Shenzhen Yikang Real Estate Co. Ltd.	26,159,711.72	26,102,009.60
Other payables	Qijian Technology	19,760.00	400.00
Other payables	Ganshang Joint Investment	3,355.36	

XIII. 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 December 31, 2024, Fangda Real Estate has paid a deposit of RMB20 million and a transitional compensation of RMB5 million.

(2) In July 2018, the Company's subsidiary Fangda Real Estate Co. Ltd. (Party A) signed a contract with Shenzhen Yikang Real Estate Co. Ltd. (Party B1) and Shenzhen

Qianhai Zhongzheng Dingfeng No. 6 Investment Enterprise (Limited Partnership) (Party B2), "Shenzhen Henggang Dakang Village Project Cooperation Agreement". Party B agrees to transfer the entire equity of the project company it holds and the entire development interest of the project to Party A. Party A shall pay Party B a total of RMB600 million for the cooperation price. As of December 31, 2024, Fangda Property has paid Party B and the project company RMB50 million of security deposit, RMB20 million of service fee, RMB61,937,200 of equity transfer and RMB79,362,900 of other related payments.

The Company has no other commitments that should be disclosed by December 31, 2024.

2. Contingencies

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

① On June 19, 2019, Langfang Aomei Jiyuan Real Estate Development Co., Ltd. filed a lawsuit against Fangda Jianke Company at the People's Court of Langfang Development Zone, requesting the termination of the construction contract, compensation for delay and quality breach penalties of RMB13,721,315.00, double return of the project payment of RMB6,000,000, and later added a claim for repair project costs of RMB22,935,269.98; Fangda Jianke filed a counterclaim on September 11, 2019, requesting payment for project costs and others totaling RMB13,939,863.27. As of the disclosure date of this report, the case is still under trial.

② In March 2022, Xiangheng Real Estate (Jinan) Co., Ltd. filed an arbitration with the Jinan Arbitration Commission, requesting Fangda Jianke to bear the deduction, maintenance, rectification and rework costs of RMB8,956,563.81 and lawyer's fees of

RMB350,000.00 caused by the quality problems of the supply and installation of aluminum alloy doors and windows, louvers and curtain walls of Jinan Kerry comprehensive development project (phase I and II); In April 2022, Fangda Construction Technology Co., Ltd. filed an anti arbitration application, requiring Xiangheng Real Estate (Jinan) Co., Ltd. to pay a total of RMB18,062,462.28 for the project funds and project expenses. As of the date of this report, the two cases are under joint trial.

③ In August 2024, Fangda Jianke filed a lawsuit with the People's Court of Longgang District, Shenzhen, requesting South China International Industrial Raw Material City (Shenzhen) Co., Ltd. and South China City Holdings Co., Ltd. to pay Fangda Jianke the principal and interest of the project payment for the South China International Electronic Industrial Raw Materials Logistics Zone (Phase I) in the amount of RMB46,004,481.42, and asserted the priority right of compensation for construction project payment. As of the disclosure date of this report, the court has filed and accepted the case, and is awaiting a hearing.

④ In October 2024, Fangda Jianke filed a lawsuit with the People's Court of Qingyang District, Chengdu, requesting Chengdu Zhongda Investment Co., Ltd. to pay Fangda Jianke the principal and interest of the project payment for the Fengde Chengda Center Project in the amount of RMB10,134,822.27, and asserted the priority right of compensation for construction project payment. Chengdu Zhongda Investment Co., Ltd. has filed a counterclaim application, demanding that Fangda Jianke pay a total of RMB9,089,237.21 in liquidated damages for project delay, fines for delayed parallel acceptance, and compensation for delayed entry losses. As of the disclosure date of this report, the case is still under trial.

⑤ In October 2024, Fangda Jianke filed a lawsuit with the Nanshan District People's Court of Shenzhen City, requesting Shenzhen Energy Environmental Protection Co., Ltd. to pay Fangda Jianke the principal and interest of the project payment for the curtain wall engineering of the Shenzhen Mawan Urban Energy Ecological Park Project, amounting to RMB13,346,184.19, and asserted the priority right of compensation for construction project payments. As of the disclosure date of this report, the court has filed and accepted the case, and is awaiting a hearing.

⑥ In December 2024, Fangda Jianke filed a lawsuit with the Futian District People's Court of Shenzhen, requesting Shenzhen Suhao Investment Co., Ltd. and Zhang Shengjie to pay Fangda Jianke the principal and interest of the project payment for the Ziyuanyuan Building curtain wall project, amounting to RMB18,600,899.46, and asserted the priority right of compensation for construction project payments. As of the disclosure date of this report, the court has filed and accepted the case, and is awaiting a hearing.

(2) Pending major lawsuits

① In September 2022, Fangda Real Estate Co., Ltd. filed a lawsuit to the People's Court of Nanshan District, Shenzhen, requiring Shenzhen Hongtao Group Co., Ltd. to pay the total principal and interest of Fangda Real Estate Co., Ltd. to Fangda Real Estate Co., Ltd. for the purchase of building 3 # in Fangda City, amounting to RMB56,527,427.01, and Hongtao Company's counterclaim party, Dada Real Estate Co., Ltd., requested to cancel the signed Supplementary Agreement on Real Estate Sales and pay the liquidated damages of RMB44,046,859.04 for overdue certificate processing. The court has issued a first instance judgment, ruling that Hongtao Company shall pay Fangda Real Estate Company the purchase price of

RMB40,127,678.19 and overdue payment interest (temporarily calculated as RMB8,418,135.54 until June 30, 2022). The subsequent interest shall be calculated based on RMB40,127,678.19 and continue to be calculated until the actual payment date according to the loan market quotation interest rate standard published by the National Interbank Funding Center. Reject all counterclaim requests from Hongtao Company. Both parties later filed an appeal. As of the disclosure date of this report, the second instance judgment has been issued and the original judgment has been upheld. Currently, the case has entered the execution stage.

② In April 2023, Fangda Jianke filed a lawsuit with the Guangzhou Intermediate People's Court, demanding the termination of the construction contract signed with Guangzhou Kaidar Investment Co., Ltd. for the Kaidar Hub International Plaza project, and requiring Guangzhou Kaidar Investment Co., Ltd. to pay the principal amount of the project payment of RMB113,529,244.60 and interest to Fangda Jianke, and claiming the priority right to receive compensation for the construction project price. As of the date of this report, the court has issued a first instance judgment, stating that Kedar is required to pay the principal amount of the project payment of RMB113, 529, 244.60 and corresponding interest to Fangda Jianke, and has the priority right to be compensated for the discount or auction price of the project curtain wall. Currently, the case has entered the execution stage.

③ In September 2022, Fangda Jianke Co., Ltd. filed a lawsuit to the People's Court of Longhua District, requiring Longguang Engineering Construction Co., Ltd. to pay the total principal and interest of the project funds of Longguang Jiuzuan Project Plot 05 and Plot 09 to Fangda Construction Technology Co., Ltd., totaling RMB33,197,543.00. As of the disclosure date of this report, the case concerning the

Jiuzuan Plot 05 project has resulted in both first-instance and second-instance judgments: The first-instance judgment ordered Longguang Company to pay Fangda Jianke the project payment of RMB7,709,679.55, the quality assurance deposit of RMB6,033,911.38, and the corresponding interest, while granting the priority right of compensation from the proceeds of the sale or auction of the curtain wall production and installation project. The second-instance judgment upheld the first-instance decision regarding the project payment, quality assurance deposit, corresponding interest, and the priority right of compensation, and additionally ruled that the owner of the Longguang Jiuzuan Project Plot 05, Shenzhen Longguang Junjing Real Estate Development Co., Ltd., bears joint and several liability for the payment to Fangda Jianke. Fangda Jianke has applied for compulsory enforcement. As of the disclosure date of this report, the case concerning the Jiuzuan Plot 09 project has resulted in both first-instance and second-instance judgments: The first-instance judgment ordered Longguang Company to pay Fangda Jianke the project payment of RMB9,166,924.08, the quality assurance deposit of RMB4,875,762.96, and the corresponding interest, while granting the priority right of compensation from the proceeds of the sale or auction of the curtain wall production and installation project. The second-instance judgment upheld the first-instance decision regarding the project payment, quality assurance deposit, corresponding interest, and the priority right of compensation, and additionally ruled that the owner of the Longguang Jiuzuan Project Plot 09, Shenzhen Longguang Junjing Real Estate Development Co., Ltd., bears joint and several liability for the payment to Fangda Jianke. Fangda Jianke has applied for compulsory enforcement.

④ In November 2023, Fangda Jianke filed a lawsuit with the People's Court of Honggutan District, Nanchang, requesting Jiangxi Huilian Real Estate Co., Ltd. and

Jiangxi Boneng Industrial Group Co., Ltd. to pay the project payment and interest for the Nanchang Shanglian Center Project, totaling RMB45,309,399.07, and asserted the priority right of compensation for the project payment. The first-instance judgment ruled that Jiangxi Huilian Real Estate Co., Ltd. should pay Fangda Jianke RMB38,800,206.53 and interest, and that Jiangxi Boneng Industrial Group Co., Ltd. should bear joint and several liability for RMB37,563,144.42 of the project payment and interest. The request for accelerated maturity of the quality assurance deposit and the priority right of compensation for the project payment was not supported, leading Fangda Jianke to file an appeal. The second-instance judgment supported the priority right of compensation. As of the disclosure date of this report, Fangda Jianke has applied to the court for compulsory enforcement.

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

By December 31, 2024, the Company has provided loan guarantees for the following entities:

Name of guaranteed entity	Guarantee	Amount (RMB10,000)	Term	Remarks
Fangda Property	Guarantee and mortgage guarantee	66,000.00	2020.03.13-2030.03.12	
Fangda Intelligent Manufacturing	Guarantee	30,000.00	2024.03.15-2030.03.14	
Fangda Jianke	Guarantee	10,500.00	2024.06.05-2025.03.05	
Fangda Jianke	Guarantee	4,000.00	2024.03.14-2025.03.14	
Fangda Jianke	Guarantee	5,000.00	2024.05.17-2025.05.16	
Fangda Jianke	Guarantee	5,000.00	2024.11.29-2025.05.29	
Fangda Jianke	Guarantee	4,000.00	2024.06.20-2025.06.15	
Fangda Jianke	Guarantee	29,900.00	2024.06.26-2026.06.25	
Fangda Yunzhu	Guarantee	1,000.00	2024.06.28-2025.06.23	

Name of guaranteed entity	Guarantee	Amount (RMB10,000)	Term	Remarks
Fangda Zhiyuan	Guarantee	2,000.00	2024.06.21-2025.06.21	
Fangda Zhiyuan	Guarantee	4,000.00	2024.06.24-2025.06.24	
Fangda Zhiyuan	Guarantee	2,400.00	2024.07.12-2025.07.11	
Fangda Jianke	Guarantee	3,000.00	2024.08.13-2025.07.13	
Fangda Jianke	Guarantee	5,000.00	2024.08.14-2025.08.13	
Total		171,800.00		

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

Notes 2: The Company's property business provides periodic mortgage guarantee for property purchasers. The term of the periodic guarantee lasts from the effectiveness of guarantee contracts to the completion of mortgage registration and transfer of housing ownership certificates to banks. As of December 31, 2024, the Company has undertaken the above phased guarantee amount of RMB3.94 million.

(4) Other contingent liabilities and their influences

As of December 31, 2024, the Company has no significant contingencies that need to be disclosed.

3. Others

Status of non-revocation of company as at December 31, 2024:

Currency	Guarantee balance (original currency)	Deposit (RMB)	Credit line used (RMB)
CNY	963,954,497.55	845,397.96	963,109,099.59
INR	38,164,259.78	46,099.32	3,161,110.58

Currency	Guarantee balance (original currency)	Deposit (RMB)	Credit line used (RMB)
HKD	22,259,665.45	15,000,000.00	5,613,340.59
USD	3,562,595.83	1,475,777.51	24,133,586.35
SGD	15,681,338.00	-	83,700,709.71
AUD	2,232,300.00	234,364.00	9,826,612.10
EUR	3,771,764.01	-	28,385,164.41
Total		17,601,638.79	1,117,929,623.33

XIV. Post-balance-sheet events

1. Profit distribution

On April 18, 2025, the Company held the 13th meeting of the 10th Board of Directors and passed the *Proposal on the 2024 Annual Profit Distribution*. According to the 13th meeting of the 10th Board of Directors, based on the total share capital of 1,073,874,227 shares as of December 31, 2024, the Company plans to distribute a cash dividend of RMB0.50 (inclusive of tax) for every 10 shares to all shareholders, totaling RMB53,693,711.35. No dividend share or capitalization share was issued in the year.

2. Notes to other issues in post balance sheet period

The Company has no other issues in post balance sheet period that need to be disclosed on April 18, 2025 (report date approved by the Board of Directors).

XV. Other material events

1. Segment information

(1) Recognition basis and accounting policy for segment report

The Group divides its businesses into five reporting segments. The reporting segments are determined based on financial information required by routine internal

management. The Group's management regularly review the operating results of the reporting segments to determine resource distribution and evaluate their performance.

The reporting segments are:

① Curtain wall 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) Segment profit or loss, assets and liabilities

2024 / December 31, 2024	Curtain wall	Rail transport	Real estate	New energy	Others	Offset	Total
Turnover	3,561,702,648.49	612,820,581.01	230,469,222.06	19,026,115.66	22,532,419.32	22,326,788.83	4,424,224,197.71
Including: external transaction income	3,555,996,915.26	612,820,581.01	222,272,168.63	18,259,004.01	14,875,528.80		4,424,224,197.71

Inter-segment transaction income	5,705,733.23	-	8,197,053.43	767,111.65	7,656,890.52	22,326,788.83	
Including: major business turnover	3,507,442,041.54	612,264,588.95	229,870,892.86	19,026,115.66	22,532,419.32	18,016,623.58	4,373,119,434.75
Operating cost	3,091,539,824.79	438,654,376.83	61,531,185.13	8,032,304.65	81,137.33	11,696,532.25	3,588,142,296.48
Including: major business cost	3,047,951,367.08	438,554,056.89	61,531,185.13	8,032,304.65	81,137.33	10,755,162.77	3,545,394,888.31
Operation cost	429,824,307.98	78,706,103.75	106,801,017.62	611,754.43	-32,044,875.40	-92,308,898.05	676,207,206.43
Operating profit/(loss)	40,338,515.72	95,460,100.43	62,137,019.31	10,382,056.58	54,496,157.39	102,939,154.63	159,874,694.80
Total assets	7,532,568,590.72	1,032,310,791.63	6,175,077,185.56	135,707,679.69	3,854,072,616.26	5,174,349,638.65	13,555,387,225.21
Total liabilities	5,019,209,775.53	637,907,745.67	3,341,408,537.22	4,400,541.98	1,564,868,771.71	3,186,519,125.29	7,381,276,246.82

(Continued)

2023 / December 31, 2023	Curtain wall	Rail transport	Real estate	New energy	Others	Offset	Total
Turnover	3,482,103,053.34	558,421,443.33	230,104,601.37	20,200,575.78	24,683,056.18	23,308,013.99	4,292,204,716.01
Including: external transaction income	3,477,209,982.02	558,421,443.33	222,262,890.97	19,389,107.63	14,921,292.06		4,292,204,716.01
Inter-segment transaction income	4,893,071.32		7,841,710.40	811,468.15	9,761,764.12	23,308,013.99	
Including: major business turnover	3,449,053,410.55	557,935,244.31	96,383,443.14	20,200,575.78		5,238,520.40	4,118,334,153.38
Operating cost	2,941,887,012.76	411,961,267.09	55,778,641.55	8,139,275.89	26,289.08	5,670,463.57	3,412,122,022.80
Including: major business cost	2,927,833,082.44	413,161,467.14	47,178,723.70	8,139,275.89		5,670,463.57	3,389,441,885.55
Operation cost	352,165,756.64	63,757,384.76	110,258,413.71	386,336.58	25,596,591.89	-11,404,630.20	563,569,113.78
Operating profit/(loss)	188,050,283.94	82,702,791.48	64,067,546.11	11,674,963.31	-939,824.79	29,042,180.62	316,513,579.43
Total assets	6,917,532,966.35	920,333,612.87	6,195,269,979.20	148,509,100.60	3,754,244,988.00	4,559,538,790.16	13,376,351,856.86
Total liabilities	4,845,270,214.47	498,678,951.55	3,404,409,304.62	24,086,072.74	1,464,598,412.21	2,895,486,937.00	7,341,556,018.59

Note: Based on the business development situation, the Company has reported the rental income of real estate from the real estate segment under main business revenue for this period.

(3) Others

① Product and external labor transaction income

Item	2024	2023
Metal production	3,506,046,473.56	3,448,357,805.90
Railroad industry	612,264,588.95	557,935,244.31
New energy industry	18,259,004.01	20,200,575.78
Real estate	236,549,368.23	91,840,527.39
Total	4,373,119,434.75	4,118,334,153.38

② Regional information on operating revenues

Item	2024	2023
In China	4,027,988,850.55	3,886,216,878.96
Out of China	396,235,347.16	405,987,837.05
Total	4,424,224,197.71	4,292,204,716.01

XVI. Notes to Financial Statements of the Parent

1. Account receivable

(1) Account age

Age	December 31, 2024	December 31, 2023
Less than 1 year	2,857,394.06	416,495.45
1-2 years		
2-3 years		
3-4 years		359,129.89
4-5 years	359,129.89	
Over 5 years		
Subtotal	3,216,523.95	775,625.34
Less : Bad debt provision	331,398.60	92,032.81
Total	2,885,125.35	683,592.53

(2) Disclosure by bad debt accrual method

Type	December 31, 2024		
	Remaining book value	Bad debt provision	Book value

	Amount	Proportion (%)	Amount	Provision rate %	
Separate bad debt provision					
Provision for bad debts by combination	3,216,523.95	100.00	331,398.60	10.30	2,885,125.35
Total	3,216,523.95	100.00	331,398.60	10.30	2,885,125.35

(Continued)

Type	December 31, 2023				
	Remaining book value		Bad debt provision		Book value
	Amount	Proportion (%)	Amount	Provision rate %	
Separate bad debt provision					
Provision for bad debts by combination	775,625.34	100.00	92,032.81	11.87	683,592.53
Total	775,625.34	100.00	92,032.81	11.87	683,592.53

Method of bad debt provision:

① On December 31, 2024, accounts receivable with bad debt reserves withdrawn according to combination 3: other categories

Age	December 31, 2024			December 31, 2023		
	Remaining book value	Bad debt provision	Providing rate (%)	Remaining book value	Bad debt provision	Providing rate (%)
Less than 1 year	2,857,394.06	20,858.98	0.73	416,495.45	3,040.42	0.73
1-2 years						
2-3 years						
3-4 years				359,129.89	88,992.39	24.78
4-5 years	359,129.89	310,539.62	86.47			
Over 5 years						
Total	3,216,523.95	331,398.60	10.30	775,625.34	92,032.81	11.87

Provision for bad debts by combination: 10.

(3) Changes in bad debt provision

Type	December 31, 2023	Change in the period				December 31, 2024
		Provision	Written-back or recovered	Write-off	Other change	
Portfolio						
3.	92,032.81	239,365.79				331,398.60
Others						

(4) No written-off account receivable during the report period

(5) Accounts receivable and contract assets with the top-5 ending balances, grouped by party owed

The total balance of top-five accounts receivable at the end of the period is RMB3,201,523.35, accounting for 99.54% of the total remaining balance of all accounts receivable. The bad debt provision made at the end of the period is RMB331,289.09.

2. Other receivables

(1) Classification of notes receivable

Item	December 31, 2024	December 31, 2023
Interest receivable		
Dividend receivable		
Other receivables	1,622,103,166.85	1,684,718,397.92
Total	1,622,103,166.85	1,684,718,397.92

(2) Other receivables

① Disclosure by age

Age	December 31, 2024	December 31, 2023
Less than 1 year	53,408,271.79	692,784,064.86
1-2 years	642,978,380.00	92,578,310.00
2-3 years	92,577,980.00	694,397,404.79
3-4 years	680,897,404.79	204,960,662.54
4-5 years	152,242,066.54	
Subtotal	1,622,104,103.12	1,684,720,442.19

Age	December 31, 2024	December 31, 2023
Less : Bad debt provision	936.27	2,044.27
Total	1,622,103,166.85	1,684,718,397.92

② Classification by nature of funds

By nature	December 31, 2024	December 31, 2023
Deposit		80,000.00
Others	62,836.90	57,199.41
Accounts between related parties within the scope of consolidation	1,622,041,266.22	1,684,583,242.78
Subtotal	1,622,104,103.12	1,684,720,442.19
Less : Bad debt provision	936.27	2,044.27
Total	1,622,103,166.85	1,684,718,397.92

③ Method of bad debt Disclosed

A. The provision for bad debts as at Tuesday, December 31, 2024 is based on the three-phase model as follows:

Step segment	Remaining book value	Bad debt provision	Book value
First stage	1,622,104,103.12	936.27	1,622,103,166.85
Second stage			
Third stage			
Total	1,622,104,103.12	936.27	1,622,103,166.85

As at Tuesday, December 31, 2024, the first phase of the provision for bad debts:

Type	Remaining book value	Providing rate (%)	Bad debt provision	Book value	Reason
Separate bad debt provision					
Provision for bad debts by combination	1,622,104,103.12	0.00	936.27	1,622,103,166.85	
Portfolio 3: deposit and margin receivable					
Portfolio 7: Other receivables	62,836.90	1.49	936.27	61,900.63	
Portfolio 6: related party funds within the	1,622,041,266.22			1,622,041,266.22	

Type	Remaining book value	Providing rate (%)	Bad debt provision	Book value	Reason
scope of consolidation					
Total	1,622,104,103.12	0.00	936.27	1,622,103,166.85	

B. The provision for bad debts as at December 31, 2023 is based on the three-phase model as follows:

Step segment	Remaining book value	Bad debt provision	Book value
First stage	1,684,720,442.19	2,044.27	1,684,718,397.92
Second stage			
Third stage			
Total	1,684,720,442.19	2,044.27	1,684,718,397.92

As at Sunday, December 31, 2023, the first phase of the provision for bad debts:

Type	Remaining book value	Providing rate (%)	Bad debt provision	Book value	Reason
Separate bad debt provision					
Provision for bad debts by combination	1,684,720,442.19	0.00	2,044.27	1,684,718,397.92	
Portfolio 3: deposit and margin receivable	80,000.00	1.49	1,192.00	78,808.00	
Portfolio 7: Other receivables	57,199.41	1.49	852.27	56,347.14	
Portfolio 6: related party funds within the scope of consolidation	1,684,583,242.78			1,684,583,242.78	
Total	1,684,720,442.19	0.00	2,044.27	1,684,718,397.92	

The amount of the bad debt provision is Basis:

Provision for bad debts by combination: 10.

④ Changes in bad debt provision

Type	December 31, 2023	Change in the period				December 31, 2024
		Provision	Written-back or recovered	Write-off	Other change	

Type	December 31, 2023	Change in the period			December 31, 2024
		Provision	Written-back or recovered	Write-off	
Other receivables and bad debt provision	2,044.27	-1,108.00			936.27

⑤ Other receivables actually written off in the current period

Item	Amount
Other receivable written off	0.00

⑥ Balance of top 5 other receivables at the end of the period

Entity	By nature	Balance on December 31, 2024	Age	Percentage (%)	Bad debt provision
Shenzhen Fangda Property Development Co., Ltd.	Related party funds within the scope of consolidation	53,345,434.89	Less than 1 year	87.00	
		625,478,380.00	1-2 years		
		72,577,980.00	2-3 years		
		538,000,000.00	3-4 years		
		121,782,273.45	4-5 years		
Fangda (Jiangxi) Property Development Co., Ltd.	Related party funds within the scope of consolidation	17,500,000.00	1-2 years	11.12	
		20,000,000.00	2-3 years		
		142,897,404.79	3-4 years		
Shihui International Holding Co., Ltd.	Related party funds within the scope of consolidation	30,459,793.09	4-5 years	1.88	
Reserve fund	Non-affiliated party	31,372.00	Less than 1 year	0.00	467.44
Social security fees	Non-affiliated party	27,410.63	Less than 1 year	0.00	408.42
Total		1,622,100,048.85		100.00	875.86

3. Long-term share equity investment

(1) Long-term share equity investment

Item	December 31, 2024	December 31, 2023
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	Remaining book value	Impairment provision	Book value	Remaining book value	Impairment provision	Book value
Investment in subsidiaries	1,657,062,530.00		1,657,062,530.00	1,526,831,253.00		1,526,831,253.00

(2) Investment in subsidiaries

Invested entity	December 31, 2023	Increase	Decrease	December 31, 2024	Provision made in this period	Balance of provision for impairment on December 31, 2024
Fangda Jianke	751,950,000.00			751,950,000.00		
Fangda Jiangxi New Material	74,496,600.00			74,496,600.00		
Fangda Property	198,000,000.00			198,000,000.00		
Shihui International	61,653.00			61,653.00		
Fangda New Energy	99,000,000.00			99,000,000.00		
Fangda Hongjun Investment	98,000,000.00			98,000,000.00		
Fangda Investment	235,323,000.00		235,323,000.00			
Fangda Intelligent Manufacturing	70,000,000.00	128,000,000.00		198,000,000.00		
Fangda Zhiyuan		237,554,277.00		237,554,277.00		
Total	1,526,831,253.00	365,554,277.00	235,323,000.00	1,657,062,530.00		

4. Operational revenue and costs

Item	2024		2023	
	Income	Cost	Income	Cost
Main business	22,532,419.32	81,137.33		
Other businesses			24,692,199.04	26,289.08

Note: Based on the business development situation, the Company has reported the rental income of real estate from the real estate segment under main business revenue for this period.

5. Investment income

Item	2024	2023
Dividends distributed by subsidiaries	72,929,550.62	
Total	72,929,550.62	

XVII. Supplementary Materials

1. 1. Detailed accidental gain/loss

Item	2024
Non-current asset disposal gain/loss (including the write-off part for which assets impairment provision is made)	-1,101,723.90
Government grants recognized in the current period's profit or loss (except for government grants that are closely related to the Company's normal business operations, in line with national policies and in accordance with defined criteria, and have a continuous impact on the Company's profit or loss)	12,652,732.81
Gain/loss from debt reorganization	-118,701.78
Expenditure for Employee resettlement	-10,301,966.12
Gains and losses from changes in the fair value of financial assets and liabilities held by non-financial corporations and gains and losses from the disposal of financial assets and liabilities, except for effective hedging operations related to the Company's normal business operations	-1,663,158.03
Gain/loss from change of fair value of investment property measured at fair value in follow-up measurement	-18,397,296.67
Other non-business income and expenditures other than the above	87,650.88
Total non-recurring gain and loss	-18,842,462.81
Less: Influence of non-recurring gain and loss on income tax	-3,890,432.45
Net non-recurring gain and loss	-14,952,030.36
Less: Net non recurring profit and loss attributable to minority shareholders	12,674.24
Net non recurring profit and loss attributable to common shareholders of the company	-14,964,704.60

Notes:

① The Company defines the items of non-recurring gains and losses listed in "Interpretative Announcement for Disclosure of Information by Public Companies Issuing Securities No. 1 - Non-Recurring Gains and Losses (Revised in 2023)" (SEC Bulletin [2023] No. 65) as items of recurring gains and losses, and the details and reasons for the same are set out below:

Item	Amount	Reason
VAT rebated into revenue	3,359,794.45	Continuous operating
Assets-related government subsidy	630,958.59	Continuous operating

②The expenditure for resettling employees amounting to RMB10,301,966.12 is associated with the relocation of our Company's production site.

2. Net income on asset ratio and earning per share

① 2024

Profit of the report period	Weighted average net income/asset ratio (%)	Earning per share	
		Basic earnings per share	Diluted earnings per share
Net profit attributable to common shareholders of the Company	2.41	0.13	
Net profit attributable to the common owners of the PLC after deducting of non-recurring gains/losses	2.66	0.15	

② 2023

Profit of the report period	Weighted average net income/asset ratio (%)	Earning per share	
		Basic earnings per share	Diluted earnings per share
Net profit attributable to common shareholders of the Company	4.67	0.25	
Net profit attributable to the common owners of the PLC after deducting of non-recurring gains/losses	4.66	0.25	

Company's name: China Fangda Group Co., Ltd.

Date: April 18, 2025