China Fangda Group Co., Ltd.

2025 Annual Report

April 2026

2025 Annual Report

Chapter 1 Important Statement, Table of Contents and Definitions

The Board of Directors, individual directors, and senior management of the Company hereby affirm that the content of this annual report is true, accurate, and complete, and that there are no false records, misleading statements, or material omissions. They assume individual and joint legal liability accordingly.

Mr. Xiong Jianming, the Company's principal officer; Mr. Lin Kebin, the officer in charge of accounting affairs; and Ms. Wang Huan, head of the accounting department (chief accounting officer), declare that they guarantee the truthfulness, accuracy, and completeness of the financial statements included in this annual report.

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

This annual report contains forward-looking statements regarding future plans and expectations. Such statements do not constitute substantive commitments by the Company to investors. Investors and other interested parties should fully recognize the associated risks and understand the distinctions among plans, forecasts, and actual commitments.

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

For the year 2025, the Company's consolidated financial statements reported a net loss attributable to shareholders of the listed company. Pursuant to the Articles of Association, the Company did not meet the conditions for cash dividend distribution in 2025. Accordingly, the Company will not distribute cash dividends, issue bonus shares, or convert capital reserves into share capital for 2025.

Contents

Reference

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

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

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

Definitions

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

Chapter II About the Company and Financial Highlights

1. Company profiles

Stock ID	Fangda Group, Fangda B	Stock code	000055, 200055
Modified stock ID (if any)	None		
Stock Exchange	Shenzhen Stock Exchange		
Chinese name	China Fangda Group Co., Ltd.		
Chinese abbreviation	Fangda Group		
English name (if any)	CHINA FANGDA GROUP CO.,LTD.		
English abbreviation (if any)	CFGC		
Legal representative	Xiong Jianming		
Registered address	20th Floor, Fangda Building, No. 011, Keji South 12th Road, Gaoxin Community, Yuehai Street, Nanshan District, Shenzhen		
Zip code	518057		
Changes in the Company's registered address	None		
Office address	39th Floor, Building T1, Fangda Town, No.2, Longzhu 4th Road, Nanshan District, Shenzhen		
Zip code	518055		
Website	http://www.fangda.com		
Email	fd@fangda.com		

2. Contacts and liaisons

	Secretary of the Board	Representative of Stock Affairs
Name	Ye Zhiqing	Guo Lingchen
Address	39th Floor, Building T1, Fangda Town, No.2, Longzhu 4th Road, Nanshan District, Shenzhen	39th Floor, Building T1, Fangda Town, No.2, Longzhu 4th Road, Nanshan District, Shenzhen
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Email	zqb@fangda.com	zqb@fangda.com

3. Information disclosure and inquiring

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

4. Registration changes

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

5. Other information

Public accountants employed by the Company

Public accountants	RSM Thornton (limited liability partnership)
Address	901-22 to 901-26, Foreign Trade Building, No.22, Fuchengmenwai Street, Xicheng District, Beijing, China
Signing accountant names	Zhou Junchao, Yang Yang

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

☐ Applicable ☑ Inapplicable

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

☐ Applicable ☑ Inapplicable

6. Financial Highlight

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

☐ Yes ☑ No

	2025	2024	Increase/decrease	2023
Turnover (yuan)	3,377,303,066.44	4,424,224,197.71	-23.66%	4,292,204,716.01
Net profit attributable to shareholders of the listed company (yuan)	-515,466,884.24	144,813,705.53	-455.95%	272,758,249.50
Net profit attributable to the shareholders of the listed company and after deducting of non-recurring gain/loss (yuan)	-295,072,848.19	159,778,410.13	-284.68%	272,138,072.87
Net cash flow generated by business operation (yuan)	187,412,899.87	270,894,093.43	-30.82%	299,742,202.08
Basic earnings per share (yuan/share)	-0.48	0.13	-469.23%	0.25
Diluted Earnings per share (yuan/share)	-0.48	0.13	-469.23%	0.25
Weighted average net income/asset ratio	-8.75%	2.41%	-11.16%	4.67%

	End of 2025	End of 2024	Increase/decrease from the end of last year	End of 2023
Total asset (yuan)	12,575,400,067.75	13,555,387,225.21	-7.23%	13,376,351,856.86
Net profit attributable to the shareholders of the listed company (RMB)	5,559,285,130.74	6,125,803,906.35	-9.25%	5,960,140,567.07

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

☐ Yes ☑ No

The lowest of the Company's audited profit before tax, net profit, and net profit after deducting non-recurring gains and losses for the reporting period was negative.

☑ Yes ☐ No

Item	2025	2024	Remarks
Turnover (yuan)	3,377,303,066.44	4,424,224,197.71	
Revenue from operations unrelated to the principal business	49,354,482.92	51,104,762.96	
Amount deducted from operating revenue (RMB)	49,354,482.92	51,104,762.96	Deduction items primarily include scrap sales and property sales revenue from non-commercial real estate operations, etc.
Operating revenue after deductions (RMB)	3,327,948,583.52	4,373,119,434.75	Amount after deducting scrap sales and property sales revenue from non-commercial real estate operations, among others.

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

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

☐ Applicable ☑ Inapplicable

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

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

☐ Applicable ☑ Inapplicable

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

8. Financial highlights by quarters

In RMB

	Q1	Q2	Q3	Q4
Turnover	754,337,708.14	843,948,741.90	961,013,772.34	818,002,844.06
Net profit attributable to the shareholders of the listed company	33,026,526.97	-15,736,928.74	-1,399,267.06	-531,357,215.41
Net profit attributable to the shareholders of the listed company and after deducting of non-recurring gain/loss	31,047,346.67	-16,663,850.34	-3,156,820.28	-306,299,524.24
Cash flow generated by business operations, net	-306,125,952.98	39,778,725.13	72,086,305.98	381,673,821.74

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

☐ Yes ☑ No

9. Accidental gain/loss item and amount

☑ Applicable □ Inapplicable

In RMB

Item	2025	2024	2023	Notes
Non-current asset disposal gain/loss (including the write-off part for which assets impairment provision is made)	-3,032,277.77	-1,101,723.90	381,572.12	
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)	7,081,782.93	12,652,732.81	8,781,578.52	
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	1,491,525.97	-1,663,158.03	509,477.49	

effective hedging operations related to the Company's normal business operations				
Capital using expense charged to non-financial enterprises and accounted into the current income account			3,790,999.98	
Write-back of impairment provision of receivables for which impairment test is performed individually			13,228,201.06	
Gain/loss from debt reorganization		-118,701.78		
One-time expenses incurred by the enterprise due to the discontinuation of related business activities, such as expenditures for employee placement.	-1,145,361.48	-10,301,966.12		
Gain/loss from change of fair value of investment property measured at fair value in follow-up measurement	-280,731,968.67	-18,397,296.67	-28,482,701.26	
Other non-business income and expenditures other than the above	-17,778,105.99	87,650.88	1,262,814.78	
Less: Influenced amount of income tax	-73,720,330.38	-3,890,432.45	-1,262,507.89	
Impact on minority interests (after tax)	-38.58	12,674.24	114,273.95	
Total	-220,394,036.05	-14,964,704.60	620,176.63	--

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

☐ Applicable ☑ Inapplicable

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

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

☐ Applicable ☑ Inapplicable

The Company has no circumstance that should be defined as recurrent profit and loss to Explanation Announcement of Information Disclosure No. 1 - Non-recurring gain/loss

Chapter III Management Discussion and Analysis

1. Major businesses of the Company during the report period

China Fangda Group Co., Ltd. was founded in Shenzhen in 1991, with businesses spanning intelligent platform screen door systems for rail transit, high-end smart curtain wall systems and materials, new energy, and commercial services. In terms of core business competitiveness, the Company's intelligent platform screen door systems for rail transit and smart curtain wall systems are both industry-leading. Notably, its urban rail transit platform screen door system has been awarded the title of "Manufacturing Single-Product Champion" by China's Ministry of Industry and Information Technology. The Company owns seven national high-tech enterprises, six "Specialized, Sophisticated, Distinctive, and Innovative" (SSDI) enterprises, two "National Intellectual Property Advantage Enterprises," one "National Quality Leader Enterprise," and two provincial-level engineering technology research centers.

During the reporting period, the Company closely followed its annual theme of "Digital Intelligence Empowerment and Scientific Management," achieving notable progress in innovation-driven development, overseas market expansion, and operational risk control. Adhering to an innovation-driven strategy, the Company actively promotes deep integration of artificial intelligence (AI) technologies across all business segments, embeds risk management throughout the entire production and operation process, and rigorously manages operating cash flow to effectively safeguard operational security. While solidifying its competitive edge in the domestic market, the Company has expanded its global footprint through high-quality products and superior services, demonstrating strong resilience and growth potential across all business segments. For the full year, the Company reported operating revenue of RMB3,377,303,100, net operating cash flow of RMB187,412,900, newly signed overseas orders accounting for 27.06% of total new orders, and an end-of-period order backlog of RMB6,610,286,300, including RMB2,536,530,100 in overseas orders, an increase of 12.31% year-on-year. China Fangda Group Co., Ltd. maintained a solid operational stance amid a complex environment through robust cash flow management and a continuously optimized order portfolio, laying a strong foundation for transformation, upgrading, and sustainable development.

(I) Intelligent Platform Screen Door Systems for Rail Transit

1. Empowered by Artificial Intelligence (AI) Technology, Pioneering a New Growth Frontier in the Industry

The Company adheres to an innovation-driven strategy to cultivate new-quality productive forces. During the reporting period, the Company became the first in the industry to enter the "uncharted territory" of intelligent safety protection systems for high-speed rail platforms. Leveraging artificial intelligence (AI) technology, it successfully developed the world's first fully sliding door system for high-speed rail platforms, achieving a major breakthrough in a critical domain. The system commenced successful operation at Shenzhen Futian High-Speed Railway Station in October 2025. This milestone not only opened a completely new business frontier for the Company but also established a powerful engine for its high-quality growth. This system integrates AI-powered multimodal fusion technology, delivering three world-first achievements: the first platform screen door system compatible with all train models; the first capable of deployment along varying platform edge configurations for adjacent high-speed rail tracks; and the first to obtain CRCC certification for high-speed rail platform doors. By harnessing AI technology and leveraging its end-to-end in-house capabilities—from independent R&D and manufacturing to service delivery—the Company effectively addresses long-standing industry challenges related to compatibility and precise alignment of existing high-speed rail platform doors. It provides customers with smarter, more efficient, energy-saving, environmentally friendly, and safer rail transit equipment, along with comprehensive lifecycle system solutions.

The Company's independently developed CBMS intelligent operation and maintenance system (including both web and mobile applications) has been fully deployed in MTR Corporation's Project 1254 in Hong Kong and is stably operating in a public cloud environment, receiving positive feedback on both system reliability and user experience. Through AI-driven technological innovation, the Company has reached a new height in its innovation capability and is now leading the global race in this sector.

Focusing on critical reliability bottlenecks during product operation, the Company successfully overcame multiple core technical challenges in the industry, including voltage drop in safety circuits, connector durability, and switch contact stability. Through in-depth analysis and validation of representative issues, the Company has developed reusable standardized technical solutions and systematically integrated them into the R&D and manufacturing processes of new projects—marking a strategic leap from "solving individual cases" to "building a systematic framework." This advancement has significantly enhanced product reliability and operational stability, further strengthening the Company's technological moat in the field of intelligent platform screen doors for rail transit, and providing a solid foundation to consistently meet the demanding requirements of high-safety, high-availability application scenarios.

In the field of retrofitting existing rail transit platform screen door systems and safety control, the Company has successfully developed rapid iteration and integration solutions for legacy systems from other manufacturers on older lines. The development of a SIL4-certified platform screen door control system has achieved a breakthrough, laying a solid technical foundation for retrofitting both domestic and international rail transit lines.

The Company has been deeply involved in the formulation of national and industry standards. It served as the lead editor for the first national standard in the urban rail transit platform screen door sector—"Platform Screen Door Systems for Urban Rail Transit" (GB/T 46749-2025)—and the first industry standard—"Platform Screen Doors for Urban Rail Transit" (CJ/T 236-2022). It also participated in drafting "Technical Specification for Platform Screen Door Systems of Urban Rail Transit," "Technical Guidelines for Smart Station Construction in Rail Transit," "Technical Specification for Intelligent Foreign Object Detection Systems Between Platform Screen Doors and Train Doors in Urban Rail Transit," "Acceptance Specification for Fully Automated Operation Systems in Urban Rail Transit," and "Technical Specification for Platform Door Systems of High-Speed Railways." Through these standardization efforts, the Company has further consolidated its leading position in the industry, promoted standardized and regulated development of the rail transit platform screen door sector, and provided Chinese technical standards to support technology adaptation for projects along the "Belt and Road" routes.

The Company adheres to sustained investment in R&D and innovation. As of now, the Company holds 315 patents (including 70 invention patents) for its intelligent urban rail transit platform screen door systems in China and overseas, 22 international PCT patents, and 15 software copyrights, forming a core technology cluster and a comprehensive intellectual property system with full independent ownership.

2. Deepening Overseas Market Penetration and Achieving Dual Improvement in Scale and Quality of Global Layout

For many years, the Company has continuously expanded into overseas rail transit markets, establishing a market development pattern that fosters mutual reinforcement between domestic and international dual circulation. During the reporting period, the Company achieved historic breakthroughs in both order acquisition and project execution across domestic and overseas markets. In the domestic market, the Company focused on core urban agglomerations—including the Guangdong-Hong Kong-Macao Greater Bay Area, the Yangtze River Delta, and the Beijing-Tianjin-Hebei region—as well as key cities in central and western China, actively supporting the networked development of urban rail transit systems. It successfully delivered seven major domestic projects to high standards, including Dongguan Metro Line 1 and Shenzhen Metro Line 16 Phase II. Internationally, it completed the landmark Mumbai Metro Line 3 project in India, achieving commercial operation for a total of eight projects worldwide—four domestically and four overseas. Among these, the opening of Dongguan Metro Line 1 propelled the Greater Bay Area into a new era of grid-based rail transit operations; Shenzhen Metro Line 8 Phase III realized "subway connectivity in every district" across Shenzhen; and the newly opened section of Nanning Metro Line 4 marked the first-ever metro service in Yongning District.

Meanwhile, Mumbai Metro Line 3—the first fully underground metro line in India—has fundamentally transformed local public transportation patterns, demonstrating the Company's strong capability in high-quality project delivery. In terms of market expansion, in 2025 the Company successfully won bids for key domestic projects such as Shenzhen Metro Line 13 Phase II and Shijiazhuang Metro Line 4 Phase I, as well as the Almaty Metro Line 1 project in Kazakhstan. Its order backlog reached RMB2,301,044,700, with newly signed overseas orders accounting for 46.46% of total orders in this business segment. The Company has further deepened its presence in Southeast Asia, Central Asia, and South Asia, while also expanding its reach into emerging markets in Europe and South America, writing a new chapter in its global market development. By closely aligning with the development status of overseas rail transit markets, the Company provides customized technical solutions and product services, establishing itself as a leading benchmark for the internationalization of China's rail transit equipment technology.

3. Enhancing Integrated Technical Service Capabilities and Continuously Refining Full-Chain Industrial Layout

The Company is accelerating its transformation from a rail transit platform screen door system equipment manufacturer to a full-industry-chain service provider integrating "equipment manufacturing + integrated technical services." During the reporting period, the Company secured overseas projects including long-term maintenance and servicing contracts for platform screen door systems in Hong Kong. Notably, the 30-year long-term maintenance contract for half-height safety doors on Singapore's Jurong Region Line and the 6-year maintenance contract for Hong Kong's East Rail Line mark significant breakthroughs in the Company's after-sales service capabilities in the rail transit platform screen door sector, ushering in a new chapter for integrated technical service offerings in the industry.

In the area of technical retrofits for rail transit platform screen door systems, the Company has consistently remained at the forefront of the industry. In 2025, leveraging its proprietary "plug-and-play" technology, the Company won the contract to install half-height doors on Hong Kong's East Rail Line and completed the project six months ahead of schedule, earning the "Outstanding Collaboration Award" from MTR Corporation Limited. This project has become a benchmark case exemplifying the integration of advanced technology and high-quality service in the industry.

The Company has established a full-industry-chain service system covering "R&D - manufacturing - installation - maintenance," successfully upgrading its business model from product-only delivery to dual output of "products + services," providing strong support for global market expansion. In terms of industrial layout, the Company closely aligns with overseas market demands and has further optimized its global operations and maintenance center network by establishing a maintenance center in Hong Kong, significantly enhancing service efficiency for international clients. Domestically, the Wuhan production base commenced smooth operations during the reporting period.

For the reporting period, the Company's rail transit platform screen door business generated revenue of RMB596,770,500, of which integrated technical service revenue amounted to RMB87,850,600, accounting for 14.72%. Newly signed orders for integrated technical services increased by 32.32% compared to the same period of the prior year.

4. Deepening International Cooperation and Strengthening the Industrial Ecosystem in Overseas Markets

Using technical exchange as a bridge and win-win collaboration as the core principle, the Company has continuously deepened industry engagement and international cooperation both domestically and overseas. In 2025, it conducted more than 20 external technical exchanges with internationally renowned enterprises and institutions—including Alstom headquarters (France), Land Transport Authority (LTA) headquarters (Singapore), and Egypt's National Authority for Tunnels—as well as leading domestic entities such as Shanghai Shentong Metro and Guangzhou Metro—significantly enhancing its global brand influence and industry recognition. In its international collaborations, the Company has actively integrated into the industrial ecosystem of the Belt and Road Initiative. It signed a Memorandum of Understanding (MoU) on "Localization of Platform Screen Door Systems" with Egypt's National Authority for Tunnels, promoting localized deployment and application of platform screen door technology in the region. Additionally, the Company jointly established the "Rail Transit Construction and Development Laboratory" with Ho Chi Minh City University of Transport. This laboratory serves as a showcase for China's rail transit technology exports, supporting local talent development while achieving deep integration of technology and industry, thereby injecting Chinese expertise into the advancement of overseas rail transit markets.

(II) Intelligent Curtain Wall Systems and New Materials

1. Focusing on a High-End Premium Strategy and Building Brand Foundation through Benchmark Projects

The Company adheres to an innovation-driven approach to develop new-quality productive forces, focusing on a high-end premium strategy and countering the industry's "involutionary" competition by delivering high-quality products and superior services to clients. It precisely targets the high-end curtain wall markets both domestically and internationally, deepens engagement with premium client groups and key regions, and secures major benchmark projects, providing clients with end-to-end, one-stop integrated curtain wall solutions. This consistent delivery of high-quality projects reinforces its core competitive advantage. During the reporting period, the Company won bids for a series of high-quality benchmark projects, including the Medical School of The Chinese University of Hong Kong, Shenzhen; Phase I (Emergency Comprehensive Building) of the Shenzhen People's Hospital Expansion and Reconstruction Project; Shenzhen Guoxing Core Tower; Zhuhai Yibos' R&D, Operations, and Intelligent Manufacturing Headquarters; JD Group Shanghai Headquarters T1; and the podium building of China Merchants Shekou Tower in Shenzhen—further demonstrating its strong competitiveness in the high-end market. In 2025, the Company's intelligent curtain wall and new materials business generated revenue of RMB2,569,944,700, with an order backlog at year-end amounting to RMB4,309,241,600, which is 1.68 times the segment's 2025 revenue. The robust order pipeline provides solid support for sustained and stable business growth.

Through exceptional engineering quality and professional service, the Company has earned widespread recognition and high praise from clients. During the reporting period, the curtain wall projects for Shenzhen China Electronics Tower and Qianhai Information Hub Tower in Shenzhen received the "Excellent" rating in the Guangdong Provincial Evaluation of Building Decoration Engineering Quality. Qianhai Financial Holdings Tower in Shenzhen was recognized among the "Top 10 Innovative Projects" in the curtain wall industry. Projects including Tencent Digital Building, ByteDance Houhai Center, and Kingdee Cloud Tower in Shenzhen were designated as "Shenzhen Standard" Demonstration Projects. Additionally, Shenzhen Bay Cultural Plaza, The Seventh Affiliated Hospital of Sun Yat-sen University (Shenzhen), Futian Greater Bay Smart Plaza, China Merchants Shekou Tower, OPPO Binhai Bay Intelligent Manufacturing Industrial Park, and Ant Group Global Headquarters Phase II all received high commendations from their respective clients. The successful, high-quality delivery of these benchmark projects and the strong market recognition they have garnered fully reflect the Company's technical excellence and brand influence in the curtain wall engineering sector, laying a solid reputation foundation for continued high-quality business development.

2. Deepening the Globalization Strategy and Building New Growth Engines Overseas

Faced with dual pressures from slowing global economic growth and intensifying competition in China's domestic curtain wall market, the Company has firmly advanced its international transformation strategy. Through a globally diversified layout, it effectively hedges against risks associated with reliance on a single market. In 2025, overseas business achieved simultaneous growth in both volume and quality, with newly signed overseas orders increasing by 48.67% year-on-year. Breakthrough progress was made in key regions—including Australia, the Middle East, South Asia, and South America—establishing them as critical drivers for the Company's high-quality industrial development.

Australia, as a core strategic market, continues to be deeply cultivated, resulting in a mature operational framework centered on "two hubs—Melbourne and Sydney—with multi-point radiating coverage." The Company has established long-term strategic partnerships with leading local contractors and top-tier distributors and has successfully passed CodeMark certification audits, further solidifying its brand position in the region. During the reporting period, the Company secured key projects in Sydney and Brisbane, fully implementing localized operations by establishing local project management and design teams. This approach enables efficient alignment with local technical standards and market regulations, significantly enhancing project execution efficiency and service quality.

Emerging markets in the Middle East, South Asia, and South America have seen accelerated breakthroughs across multiple fronts. In the Middle East, the Company achieved the "Fangda Speed"—establishing a local team, securing projects, and commencing implementation all within the same year. It forged deep collaborations with renowned Dubai-based contractors and leading developers, winning the curtain wall contract for the landmark One River Point project in Dubai and signing an aluminum panel order for the wind-responsive façade project with DP World (Dubai Ports World). In South Asia, Bangladesh serves as the focal point, with the Company successively winning bids for multiple premium curtain wall projects, including Forum Tower, Pinnacle, and Mirai of Nirman. In South America, the Company successfully delivered the curtain wall project for Bogotá Metro Station in Colombia, where its ultra-large terracotta panel unitized curtain wall technology received high praise from the client. Leveraging superior product quality, comprehensive service capabilities, rapid adaptability to local regulatory requirements, and customized design expertise, the Company precisely meets the differentiated demands of high-end projects, earning strong recognition from clients and laying a solid foundation for further expansion into emerging markets.

Looking ahead, the Company will continue to deepen its presence in overseas markets, prioritize breakthroughs in the high-end Middle Eastern market, steadily expand its business footprint in Southeast Asia and South America, and continuously increase the share of overseas revenue. This strategic focus aims to drive leapfrog growth in international operations and establish China Fangda Group Co., Ltd. as a global leader in intelligent curtain wall systems.

3. Empowering Technological Innovation with Artificial Intelligence (AI) to Strengthen Core Industrial Advantages

The Company consistently regards intelligent manufacturing and artificial intelligence (AI) technologies as the core engines of industrial upgrading, integrating technological innovation across key areas including green energy efficiency, prefabricated construction, new material applications, and complex curtain wall systems. This approach has enabled the Company to establish end-to-end breakthrough capabilities spanning R&D, product iteration, and engineering implementation.

① Deep AI Integration Across the Entire Industrial Chain

The Company has comprehensively advanced its digital and intelligent manufacturing strategy. Its nine self-developed information management systems—including the OA office system, PMS project management system, and MES production management system—enable seamless information exchange and resource sharing across daily operations and the entire curtain wall lifecycle.

In engineering practice, the Company has deeply integrated full-process BIM application, 3D scanning, and reverse modeling to enhance the practical application of digital twin technology. By combining a BIM parametric design platform with AI intelligent algorithms, it has developed an integrated solution for intelligent curtain wall construction drawing design and precise material cutting. Additionally, leveraging lightweight component models and QR code traceability technology, the Company has established a comprehensive digital curtain wall construction system that achieves end-to-end data connectivity across design, fabrication, and construction. This system has been successfully applied to multiple landmark projects featuring supertall structures and complex geometries, including Shenzhen Bay Cultural Plaza and Futian Smart Plaza.

In production, the Company partnered with Huawei Cloud to upgrade its manufacturing base's MES system, integrating core modules such as production planning and execution control. By fusing AI intelligent algorithms, it built an automated aluminum panel unfolding model linked with the MES system, establishing a digital control center for the entire aluminum panel processing workflow. This has realized digital process upgrades and refined closed-loop management of the fabrication process. Furthermore, the Company has embedded AI technology into core processes like production scheduling and quality inspection. By combining deep learning algorithms with high-precision visual recognition, it is actively exploring scenario-based applications for aluminum panel surface quality inspection, effectively overcoming the limitations of manual inspection and significantly enhancing production efficiency and quality control.

In the field of intelligent operation and maintenance, the Company has initiated technical collaborations with multiple drone and robotics companies, achieving successful commercial application at the Shenzhen Greater Bay Area Fashion Headquarters Center project.

Moreover, the Company has independently developed and launched several professional curtain wall AI agents covering diverse office scenarios such as intelligent image processing, copywriting assistance, engineering document retrieval, and full-cycle design management. These AI agents empower end-to-end efficiency gains, comprehensively driving the digital and intelligent transformation of curtain wall engineering design and construction methodologies.

② Accelerating the Market Transformation of Innovation Achievements

The Company actively responds to national policies on energy conservation and carbon reduction, focusing on key areas such as green energy efficiency, prefabricated construction, high-performance new materials, and premium curtain wall systems. Leveraging the platform advantages of the Guangdong Provincial Prefabricated Building Curtain Wall Engineering Technology Research Center, it continuously intensifies technological R&D and product innovation, significantly accelerating the commercialization of scientific and technological achievements and breakthroughs in core technologies to precisely meet the diversified, high-quality application requirements of global clients.

In product innovation, the Company prioritizes the development of next-generation curtain wall systems, including the novel shading and energy-saving glass light-well curtain wall system, AI-intelligent weather-responsive motorized casement window system, and ultra-high-weatherability titanium honeycomb panel system. Among these, the AI-intelligent weather-responsive motorized casement window system—integrating AI algorithms and smart sensing technology—has been successfully implemented at the Shenzhen Bay Coastal Business Center project, further expanding the application boundaries of intelligent curtain wall technology. The Company's self-developed product series—including Fangda System Louvers, Fangda Channel Embedments, and Fangda System Windows—have been widely applied in landmark buildings such as Guangzhou Xiangjiang No.1 and Shenzhen Medical Academy, empowering premium architectural quality through technological innovation.

Relying on China's first intelligent fully automated aluminum panel production line built independently by the Company, a major breakthrough in "Made in China" for intelligent aluminum panel manufacturing has been achieved. New products, including ultra-high-precision prefabricated double-curved aluminum panels and high-performance, ultra-weather-resistant copper-finish brushed aluminum panels, have entered large-scale mass production. Notably, the copper-finish brushed aluminum panels—a pioneering achievement—have been successfully applied to the Xiong'an Headquarters Project of China Mineral Resources Group. Additionally, the Company's self-developed integrated corner-forming technology for stone-effect roller-coated aluminum panels was implemented at scale for the first time in the Wuhan Business College project, successfully achieving domestic substitution for imported U.S. White Granite material, thereby significantly enhancing supply chain autonomy, controllability, and core competitiveness.

In international market expansion, the Company continuously launches customized products tailored to regional market demands.

In the Australian market, the Company strictly adheres to the Australian Standard AS NZS 4284-2008 "Testing of building facades," independently developing an extra-large seismic-resistant GRC green energy-efficient unitized curtain wall system. It has also completed critical performance validations—including CWCT soft-body impact and hail resistance tests—for terracotta panels, providing robust technical assurance for the safe and reliable application of curtain wall systems. These technologies have already been successfully deployed in projects in Melbourne and Ballarat. The Company has developed a series of products compliant with Australian standards, including the FD-WW115x70B green energy-efficient window-wall system, FD-CW145x90A green energy-efficient unitized curtain wall system, high-performance double-layer rain-resistant ventilation louvers, and green energy-efficient sliding doors. These products have been applied in projects in Melbourne, Australia, and Bangladesh, continuously enhancing brand influence and market recognition.

In the South American market, targeting rail transit and public building scenarios, the Company has specifically developed distinctive products such as extra-large energy-efficient window-wall systems, extra-large terracotta unitized curtain walls, and ceramic-effect aluminum unitized curtain walls. It efficiently delivered the curtain wall project for Bogotá Metro Station in Colombia, leveraging mature technical solutions to enter the high-end curtain wall market in South America.

In the Middle Eastern market, the Company has partnered with a local Dubai-based curtain wall systems firm and the internationally renowned consultancy Inhabit to co-develop customized solutions—including a novel energy-efficient framing system, sand-resistant louver system, and energy-efficient unitized curtain wall skylight system—tailored to regional climatic conditions and project-specific requirements. These innovations comprehensively address the challenges of high temperatures and sandstorms, establishing a solid foundation for market expansion in the Middle East through localized collaborative innovation.

③ Synergistic Industry-Academia-Research Collaboration

The Company steadfastly advances deep integration of industry, academia, and research, actively building a collaborative innovation ecosystem linking "universities–enterprises–industries." In R&D talent development, the Company regularly organizes innovation training sessions and technical exchange activities for employees, inviting industry experts to deliver lectures and provide guidance—broadening staff horizons and enhancing innovative capabilities. The Company has established talent cultivation cooperation frameworks with multiple universities, including Jinan University and Guangdong Polytechnic College, to secure a steady pipeline of R&D personnel. During the reporting period, the Company successfully obtained approval to establish the "Shenzhen Postdoctoral Innovation Practice Base," creating a powerful hub for attracting and nurturing high-end scientific research talent and driving curtain wall technologies toward intelligent and green development. Leveraging this platform, the Company continues to intensify R&D efforts on core key technologies. Its two independently developed innovations—the "Offset Upper-Lower Curtain Wall Closure System" and the "Extra-Large High-Vanadium Cable-Supported Curtain Wall Technology"—earned the Company inclusion in the 24th "Shenzhen Enterprise Innovation (China) Records," highlighting its systematic and leading-edge technical capabilities in complex curtain wall engineering.

The Company also actively contributes its accumulated technical expertise back to the broader industry. Its subsidiary, Fangda Yunzhu, participated in drafting the industry standard "Standard Test Methods for Building Curtain Wall Engineering." This effort not only advances the upgrading of industry-wide quality inspection systems but also continuously reinforces the Company's influence and authority in industry standardization.

4. Enhancing the Ganzhou Base to Strengthen Foundations for Intelligent and Green Development

In 2025, the Ganzhou intelligent manufacturing base focused comprehensively on market expansion, technological innovation, capacity upgrading, management enhancement, and green manufacturing—solidifying the foundation for high-quality development and continuously strengthening its industrial carrying capacity and core competitiveness.

In terms of production capacity, the base has commissioned a double-curved panel production line, a honeycomb panel processing line, and a dedicated platform screen door production line. Both double-curved aluminum panels and honeycomb panels now achieve stable large-scale production with full coverage across all panel types, strongly supporting the Company's competitive edge in the high-end complex-shaped aluminum panel market and laying a solid capacity foundation for sustained core business growth.

Regarding digital and intelligent empowerment, the new MES platform has been fully launched, enabling dynamic real-time monitoring of the entire production process and precise cost accounting, significantly improving manufacturing operational efficiency. The CRM system has been successfully deployed and put into use, continuously enhancing sales management and data-driven capabilities. Moreover, the industry's first fully automated aluminum single-panel production line in China has achieved large-scale mass production, simultaneously elevating both production efficiency and product quality.

On green manufacturing and certification systems, the Ganzhou factory has been awarded multiple recognitions: High-Tech Enterprise, "Specialized, Sophisticated, Distinctive, and Innovative" SME, Jiangxi Province Digital Transformation L6-Level Enterprise, and Performance Grade B Enterprise among key atmospheric-emission-intensive sectors in Jiangxi Province. Notably, it is the only enterprise in Zhanggong District, Ganzhou City, Jiangxi Province, exempted from mandatory production halts or output restrictions during heavy pollution weather emergency responses—providing robust assurance for uninterrupted production and efficient order fulfillment. Additionally, the base has successfully obtained Alstom supplier qualification and ISO 3834-2 international welding system certification. It continues to maintain rigorous compliance with ISO 9001, ISO 45001, ISO 14001, and Level-3 Work Safety Standardization management systems, empowering steady industrial growth through high-standard governance.

(3) New energy industry

New energy is one of the Company's key business segments. The Company actively responds to China's national "Dual Carbon" strategy, positioning new energy as a critical engine for green transformation and sustainable development. Beyond operating its own distributed photovoltaic (PV) power stations, the Company focuses on developing Building-Integrated Photovoltaics (BIPV) solutions for clients. As one of China's earliest enterprises engaged in BIPV technology R&D and application, the Company has established a full-industry-chain service system covering design, manufacturing, integration, and operation, accumulating significant technological leadership in the green energy sector.

During the reporting period, the Company successfully delivered BIPV distributed power stations for projects including Shenzhen Luhu Center and Guangzhou KuGou Music Building. The photovoltaic power stations cover an area of approximately 1,400 square meters, with an estimated average annual power generation of about 230,000 kWh—equivalent to saving 92 tons of standard coal and reducing CO_2 emissions by 230 tons annually—offering a replicable technical pathway toward urban building carbon neutrality.

The Company's self-owned PV power station projects in Pingxiang and Nanchang (Jiangxi Isuzu Automobile parking lot), Jiangxi Province, and Songshan Lake Base in Dongguan, Guangdong Province, continue to operate reliably, generating stable profits and cash flow. During the reporting period, the Company fully utilized the rooftop space of the Ganzhou factory to construct a distributed PV power station with an installed capacity of 3,200 kWp, expected to generate approximately 3.52 million kWh annually. Operating under the "self-generation for self-use, surplus power to grid" model, over 80% of the generated electricity is consumed on-site during peak-load periods, reducing external electricity purchases by about 2.82 million kWh per year—saving approximately 1,056 tons of standard coal and cutting CO_2 emissions by roughly 2,800 tons annually. At the Shanghai factory, a PV power station with an installed capacity of 806.4 kWp was built on the facility rooftops, projected to generate 887,000 kWh annually and reduce CO_2 emissions by approximately 696 tons each year.

Looking ahead, the Company will continue deepening its new energy industrial layout, leveraging technological innovation to expand PV application scenarios and driving deeper integration of green energy with architecture and manufacturing—contributing Fangda's strength toward achieving China's "Dual Carbon" goals.

(IV) Commercial Management and Services

The Company's commercial management and property services are primarily located in Shenzhen and Nanchang. Leveraging the geographical advantages of the Guangdong-Hong Kong-Macao Greater Bay Area and the policy dividends from Jiangxi Province's "Strong Provincial Capital" strategy, the Company continuously enhances asset operation efficiency and service quality through a dual-driven approach of "precise positioning + digital empowerment." In the Shenzhen market, the Company fully capitalizes on the city's concentration of innovation resources and headquarters economy advantages. Through innovative leasing strategies and operational upgrades, it consistently maintains occupancy and leasing rates above industry averages. By the end of the reporting period, the Fangda Town project achieved a sales decontamination rate of 98.84% and a self-owned property occupancy rate of 71.34%. The Fangda Technology Building had an occupancy rate of 82.21%. The Nanchang Fangda Center project is situated in the core area of Honggutan CBD, benefiting from steadily improving market expectations. As of the end of the reporting period, its sales absorption rate stood at 46.83%, and the occupancy rate of self-held properties reached 88.87%.

The Company is comprehensively advancing deep integration of "AI + Property Management," reshaping service experiences and driving operational efficiency through digital means. In parking management, the Company completed the intelligent upgrade of the Fangda Building parking lot and optimized its online payment system, improving service efficiency by over 60%. In energy consumption management, AI algorithms were introduced to optimize the operating strategy of the central air-conditioning system, achieving a comprehensive energy-saving rate of over 24%. The public-area lighting system now enables precise zonal and time-based control, effectively reducing operational energy consumption by approximately 20%. Regarding commercial facility operations, the Company has completed the intelligent retrofit of elevator advertising displays, enabling remote centralized content management and ultra-fast deployment—providing an efficient platform for precision-targeted advertising. Going forward, the Company will continue enhancing property operational efficiency and customer service experience by leveraging integrated digital and intelligent technologies.

The special planning work for the Company's Henggang Dakang Urban Renewal Project in Shenzhen is currently underway.

1. New land reserve projects

Parcel or project name	Land location	Purpose	Land area (m^2)	Building area (m^2)	Obtaining method	Interests percentage	Total land price (ten thousand yuan)	Equity consideration (ten thousand yuan)
None								

2. Total land reserve

Project/region name	Floor area (10,000 m^2)	Total building area (10,000 m^2)	Remaining building area (10,000 m^2)
None			

3. Main production development status

City/region	Item	Land location	Project form	Interests percentage	Starting time	Development progress	Completion rate	Land area (m^2)	Planning construction area (m^2)	Area completed in this phase (m^2)	Total area completed in this phase (m^2)	Estimated total investment (in RMB10,000)	Accumulated total investment (in RMB10,000)
Shenzhen Nanshan District	Fangda Town	No.2 Longzhu 4th Road	Office commercial complex	100.00%	May 1, 2014	100%	100.00%	35,397.60	212,400.00	0	217,763.69	258,500	283,600
Honggutan New District, Nanchang	Fangda Center	No.1516 Ganjiang North Avenue Fangda Cente	Office commercial complex	100.00%	May 1, 2018	100%	100.00%	16,608.55	66,432.61	0	65,376.94	67,000	66,992.35

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4. Main project sales

City/region	Item	Land location	Project form	Interests percentage	Building area	Sellable area (m²)	Cumulative pre-sale (sales) area (m²)	Pre-sale (sales) area in this period (m²)	Amount of pre-sale (sales) in the current period (RMB10,000)	Cumulative settlement area (m²)	Settlement area in the current period (m²)	Settlement amount in this period (RMB10,000)
Shenzhen Nanshan District	Fangda Town	No.2 Longzhu 4th Road	Office commercial complex	100.00%	217,763.69	93,086.25	92,002.95	0	0	92,002.95	0	0
Honggutan New District, Nanchang	Fangda Center	No.1516 Ganjiang North Avenue Fangda Center	Office commercial complex	100.00%	65,376.94	25,996.84	12,173.25	989.39	684.96	12,173.25	989.39	684.96

5. Main project lease

Item	Land location	Project form	Interests percentage	Leasable area (m²)	Cumulative leased area (m²)	Average lease ratio
Shenzhen Fangda Town	Shenzhen Nanshan District	Commercial and office building	100.00%	92,470.58	65,969.31	71.34%
Shenzhen Fangda Building	Shenzhen Nanshan District	Office building	100.00%	20,464.75	16,823.34	82.21%
Jiangxi Nanchang Science and Technology Park	Nanchang, Jiangxi Province	Plant and office building	100.00%	85,472.88	36,700.42	42.94%
Jiangxi Nanchang Fangda Center	Nanchang, Jiangxi Province	Commercial and office building	100.00%	38,165.36	33,918.63	88.87%

6. First-level development of land

☐ Applicable ☑ Inapplicable

Financing source

Financing source	Ending financing balance (in RMB10,000)	Financing cost range / average financing cost	Maturity Structure (RMB10,000)			
			Within 1 year	1-2 years	2-3 years	Over 3 years
Bank loan	108,000.00	Annual interest rate: 2.1%-3.65%	4,000.00	4,250.00	4,500.00	95,250.00
Total	108,000.00	Annual interest rate: 2.1%-3.65%	4,000.00	4,250.00	4,500.00	95,250.00

7. Development strategy and operation plan in next year

The main tasks for the Company's future commercial management and service business are to increase the occupancy rate of the Shenzhen Fangda Town project and to clear the remaining inventory, while vigorously promoting the sales of the Nanchang Fangda Center project. The Company aims to continuously enhance project leasing, operations, and service levels, deeply advancing digitalization in the property service sector, and actively exploring the application of new technologies like artificial intelligence in property management. At the same time, the Company will, according to the latest policies, integrate and optimize existing resources to steadily advance the application and approval process for the urban renewal project of the Shenzhen Henggang Dakan project.

8. Bank mortgage loan guarantee provided for commercial housing purchasers

☑ Applicable □ Inapplicable

In accordance with business practices, the Company's commercial management and service business provides mortgage loan guarantees to purchasers of commercial housing, with the type of guarantee being a phased guarantee. The term of the periodic guarantee lasts from the effectiveness of guarantee contracts to the completion of mortgage registration and transfer of housing ownership certificates to banks. As of December 31, 2025, the Company's outstanding amount for the above-mentioned phased guarantees was RMB4,890,000.

9. Joint Investment by Directors, Senior Management, and the Listed Company (applicable where the investment entity includes directors or senior management of the listed company)

☐ Applicable ☑ Inapplicable

II. Core Competitiveness Analysis

(1) Rail Transit Platform Screen Door Equipment and Systems

1. Technical R&D advantage

China Fangda Group Co., Ltd. adheres to independent innovation, was the first in China to break foreign monopolies, and has established a fully indigenous intellectual property-based technology system for rail transit platform screen doors. Through years of practical application and continuous iteration, the

Company's technological R&D advantages have been further solidified. It has been recognized by the Guangdong Provincial Department of Science and Technology as an "Guangdong Provincial Engineering Technology Research Center," and maintains a professional, experienced, and internationally oriented technical team. The Company has successively received honors including the "Guangdong Provincial Science and Technology Award" and the "Shenzhen Science and Technology Progress Award." The Company served as the lead editor for China's first national standard, "Platform Screen Door Systems for Urban Rail Transit" (GB/T 46749-2025), and the first industry standard, "Platform Screen Doors for Urban Rail Transit" (CJ/T 236-2022). The Company successfully developed the world's first AI-powered fully sliding platform screen door system, overcoming compatibility challenges with existing high-speed rail platforms and achieving three world-class breakthroughs—pioneering a new development path for high-speed rail platform doors. This technology has been successfully implemented at Shenzhen Futian High-Speed Railway Station, further reinforcing the Company's comprehensive leadership in rail transit equipment. Fangda Zhiyuan (a subsidiary of China Fangda Group Co., Ltd.) has been honored as a "National Intellectual Property Advantage Enterprise" and a "Shenzhen Specialized, Sophisticated, Distinctive, and Innovative Enterprise." Its urban rail transit platform screen doors have been designated by China's Ministry of Industry and Information Technology as a "Manufacturing Single Champion Product." The Company has also set multiple entries in the "Shenzhen Enterprise Innovation (China) Records," fully demonstrating its industry leadership.

2. Industry chain advantage

As one of the earliest Chinese enterprises to enter the metro platform screen door sector, the Company offers end-to-end integrated capabilities across the entire value chain—including R&D and design, equipment manufacturing, engineering services, maintenance, and spare parts supply. This vertically integrated synergy enables resource sharing and efficient coordination across all business segments, allowing the Company to precisely meet diverse market demands for specialized products and services, effectively reduce production and management costs, and continuously enhance profitability and overall competitiveness.

As China's urban rail transit network continues to expand, metro platform screen door systems are progressively entering their maintenance and service cycles. The Company has proactively positioned itself in intelligent operations and maintenance (O&M), independently developing an intelligent maintenance management system that provides real-time statistical analysis of equipment performance at stations and delivers timely, efficient technical support through remote guidance to on-site service teams. In business model innovation, the Company has achieved a major breakthrough: it secured Singapore's Jurong Region Line semi-high safety door 30-year long-term maintenance contract and Hong Kong East Rail Line's 6-year maintenance project—marking its successful transformation from an equipment supplier to a full-lifecycle "product + service" provider. Currently, the Company's O&M service teams operate in more than 30 cities worldwide. With continuously enhanced service capabilities and growing client recognition, technical service revenue is expected to steadily increase, injecting new momentum into the Company's high-quality development.

3. Brand and Market Position Advantages

Having specialized in platform screen door systems for over 20 years, the Company has earned extensive acclaim and deep trust from clients worldwide thanks to the outstanding safety, reliability, availability, and maintainability of its products—solidifying Fangda's status as an industry benchmark brand. During the reporting period, Fangda Zhiyuan successfully passed the re-evaluation for the national "Manufacturing Single Champion" designation, retained its position among the "Top 100 Shenzhen Industry Leader Enterprises" for multiple consecutive years, and was included in the "Greater Bay Area Corporate Innovation Power List." It has also been awarded titles such as "Outstanding Equipment Supplier," "Outstanding Contributor," and "Outstanding Maintenance Service Provider" by multiple metro operators. In the field of rail transit platform screen door systems, the Company collaborates with international firms including Alstom, Siemens, and LG on global projects.

As a pioneer in exporting China's high-end rail transit equipment, the Company leverages deep technical expertise and exceptional project execution capabilities to continuously expand its global footprint. By the end of 2025, Fangda platform screen door systems had been deployed in over 40 cities worldwide, serving more than 120 rail transit lines. During the reporting period, the Company successfully completed the retrofit project of semi-high platform doors on Hong Kong's East Rail Line and received the "Outstanding Collaboration Award" from MTR Corporation, further strengthening its brand reputation in the Hong Kong market. The Company has now secured multiple large-scale projects in Singapore, Malaysia, Hong Kong SAR, Taipei, Thailand, India, Colombia, Greece, the Philippines, Kazakhstan, and other regions. Its product R&D, design capabilities, on-time delivery, and consistent quality have gained broad recognition from international clients. This strong brand image and market visibility provide a solid foundation for the Company's sustained competitive advantage and healthy growth.

4. Advantages of Adapting to Multinational Technical Standards

In its global strategic layout, the Company has built a comprehensive, multidimensional standards database covering EN (European Norms), BS (British Standards), NFPA 130 (U.S. Standard for Fixed Guideway Transit Systems), AAMA (American Architectural Manufacturers Association standards), Singapore BCA (Building and Construction Authority), Colombian technical specifications, and others. This enables a closed-loop solution—from "standards pre-research → product development → accelerated certification"—ensuring precise localization of technical parameters. In international market expansion, the Company has established strategic partnerships with global EPC giants such as Alstom, Siemens, and LG Electronics, forming a synergistic "market + technology" collaboration model to jointly participate in global platform screen door projects. In the Philippines' North–South Commuter Railway (NSCR) project, the Company partnered with a Japanese firm on technical cooperation to co-develop a highly reliable screen door system. In the Almaty Metro Line 1 project in Kazakhstan, the Company's platform door technical proposal and product compliance standards received high client approval, and the design contract has been successfully delivered. This global standards adaptation capability has become a core competitive advantage in international markets, providing a robust technical passport for "Made in China" to go global.

5. Organizational structure advantage

With decades of deep expertise in rail transit platform screen doors, the Company has established a highly coordinated, specialized organizational structure spanning the full product lifecycle—"R&D – Design – Manufacturing – Testing – Installation – O&M." To precisely address the industry characteristics of long project execution cycles and high customization requirements, the Company has assembled dedicated cross-functional teams: its R&D center can rapidly tackle unique customer technical demands; its design team possesses extensive experience in implementing complex engineering projects; its large-scale manufacturing bases and stable, reliable supply chain ensure high-quality product delivery; and its professional testing equipment and comprehensive test methodologies guarantee product performance reliability. In engineering implementation, the Company holds Class-A Professional Contracting Qualification for Building Mechanical & Electrical Installation, enabling it to independently undertake installation tasks. In O&M services, it operates a centralized Operations & Maintenance Center and, supported by its global footprint, has established multiple regional maintenance centers near client sites to deliver faster and more responsive localized support.

During the reporting period, the Company further optimized and upgraded its organizational structure. The Wuhan production base commenced operations, strengthening capacity deployment and delivery capabilities in Central China. The Hong Kong Maintenance Center was officially established, enhancing the global O&M network and significantly improving response efficiency for overseas clients. Leveraging this increasingly robust global service architecture, the Company secured its first 30-year long-term maintenance contract for Singapore's Jurong Region Line semi-high safety doors—achieving a strategic leap from "product delivery" to "full-lifecycle service." This milestone fully validates the foresight and competitiveness of the Company's organizational structure and service system.

(2) Intelligent Curtain Wall Systems and Materials

1. Technological Innovation Advantages

China Fangda Group Co., Ltd. adheres to an innovation-driven development strategy, deeply integrating artificial intelligence (AI) technologies to empower the transformation and upgrading of the traditional curtain wall industry, continuously reinforcing its technological leadership in the sector. As of the end of the reporting period, the Company had cumulatively obtained 721 patents and 31 software copyrights, participated in the formulation of 35 national and industry technical specifications and standards, and set 20 new records recognized by "China Enterprise New Records," establishing a comprehensive innovation system encompassing intellectual property protection, standard development, and technology commercialization.

The Company has built a robust industry-academia-research collaborative innovation platform, becoming the first in the industry to establish a postdoctoral workstation and a provincial-level engineering technology research center. In 2025, it was approved to set up the "Shenzhen Postdoctoral Innovation Practice Base." Six of its subsidiaries are certified as national high-tech enterprises (including five recognized as "Specialized, Sophisticated, Distinctive, and Innovative" enterprises), forming a powerful institutional foundation that supports high-quality development. In intelligent manufacturing, the Company has deepened its strategic collaboration with Huawei Cloud and built an industry-leading fully automated production line, leveraging digitalization and intelligence to significantly elevate its manufacturing capabilities.

Product innovation closely aligns with strategic directions such as green low-carbon development and prefabricated construction. The Company's self-developed series of new products have been applied in numerous landmark projects across China. Its green, energy-efficient curtain wall systems—compliant with international standards—have achieved large-scale deployment in overseas markets including Australia, the Middle East, and Southeast Asia. These technological achievements are rapidly being converted into global market value, fully demonstrating the Company's leapfrog capability from technological breakthrough to industrial leadership.

2. Brand Value Advantages

With over thirty years of deep expertise in curtain wall systems, the Company has always upheld a "quality-first" philosophy. Through exceptional product performance and service systems, it has built strong brand equity and market credibility. The Company has received numerous accolades, including the "National Quality Award," "Luban Award (National Quality Project Award)," "Zhan Tianyou Civil Engineering Award," "China Building Decoration Award," and over 200 provincial and ministerial-level awards. Globally, the Company has delivered more than 1,000 landmark high-quality projects and has become a leading brand in the high-end curtain wall segment. The Fangda trademark has been recognized as a "China Well-known Trademark," and has also been awarded the titles of "International Reputation Brand" and "Shenzhen Old Brand." The continuous rise of the Company's brand value and industry standing provides a solid foundation of market trust and client confidence, underpinning its high-quality development.

3. Industry Experience Advantage

The Company's wholly-owned subsidiary, Fangda Jianke, holds the highest level qualifications for curtain wall design and construction enterprises in China—Grade 1 Professional Contracting Qualification for Building Curtain Wall Engineering and Grade A Qualification for Building Curtain Wall Engineering Design. It is one of the leading enterprises in the curtain wall industry in China. The Company's intelligent curtain wall projects encompass super high-rise buildings, large public buildings, corporate headquarters, commercial real estate, hospitals, hotels, and other projects, featuring diverse forms and structures. Through constructing various types of projects, the Company has accumulated a wealth of valuable construction experience. China Fangda Group Co., Ltd. has earned consistent client acclaim through its systematic intelligent construction system, extensive project management and implementation experience, and outstanding construction quality.

4. Industrial layout advantages

After years of focused development, the Company's intelligent curtain wall systems and new materials business has established a nationwide strategic layout centered on Shenzhen as its headquarters, supported by four major production bases in Shanghai, Chengdu, Dongguan, and Ganzhou. This network underpins an integrated full-industry-chain service system covering R&D and design, manufacturing, project management, construction and installation, and maintenance services. Among these, Fangda (Ganzhou) Low-Carbon Intelligent Manufacturing Base—a "5G + Smart Factory" integrating 5G, digitalization, and the Internet of Things—has been recognized as a national-level "Green Island Project," continuously leading industry advancement in intelligent manufacturing and green, low-carbon development. Leveraging this well-structured production base network and strong industrial chain synergy, the Company effectively optimizes production costs, enhances operational efficiency, and rapidly responds to evolving market demands—providing a solid foundation for increasing market share and strengthening comprehensive competitiveness, thereby further consolidating its leadership position in the high-end curtain wall sector.

5. Talent

The Company consistently regards talent as the core engine of innovation-driven growth. Through years of accumulation, it has built a senior management team with both global vision and local expertise, alongside a mid-level backbone workforce known for professional competence and strong execution capabilities. In talent recruitment and development, the Company has been approved to establish the "Shenzhen Postdoctoral Innovation Practice Base," further integrating the talent circulation channel among "universities–enterprises–industries." Additionally, it has recruited multiple international high-end technical experts from regions including Australia and the Middle East, injecting robust momentum into overseas market expansion and technological innovation. The Company has also established a comprehensive incentive mechanism and performance evaluation system for technology commercialization, fully stimulating R&D personnel's innovative drive and genuinely implementing a merit-based approach that rewards excellence and improves efficiency through optimized staffing. By continuously refining career development pathways for talent and leveraging technological innovation to drive quality improvement and efficiency gains, the Company remains steadfastly committed to independent innovation, forging a solid talent foundation for high-quality enterprise development.

(3) New energy industry

The Company's new energy business focuses on solar photovoltaic (PV) power stations and Building-Integrated Photovoltaics (BIPV), spanning both the construction and PV sectors to create a unique cross-industry integration advantage. As early as over two decades ago, the Company pioneered the development of solar PV curtain wall technology and was among China's earliest enterprises engaged in BIPV system design, manufacturing, and integration—accumulating profound technical expertise and extensive project experience.

The new energy business exhibits strong synergy with the Company's core intelligent curtain wall operations. Distributed PV systems naturally integrate with building structures, creating complementary effects in technological pathways, product integration, and customer resources. Drawing on more than twenty years of experience in electromechanical system integration and project management, the Company maintains a core team equipped with comprehensive professional qualifications and exceptional cross-domain integration capabilities, enabling it to deliver end-to-end solutions—from PV curtain wall design and construction to operation and maintenance—for clients. Built upon dual technical foundations in architecture and photovoltaics, along with synergistic industrial chain advantages, the Company is accelerating the large-scale deployment of green energy in building applications and continuously reinforcing its core competitiveness in the Building-Integrated Photovoltaics (BIPV) field.

(IV) Commercial Management and Services

China Fangda Group Co., Ltd. has been deeply engaged in commercial management and property services for many years. Leveraging high-quality assets in core cities such as Shenzhen and Nanchang, the Company continues to advance deep integration of "AI + Property Management," reshaping service experiences and driving operational efficiency through digital solutions. Through a differentiated positioning strategy and a digitalized tenant acquisition system, the Company achieves precise customer profiling and matching. Its seasoned professional operations team and strong execution capabilities—further empowered by advanced digital tools—provide a solid foundation for continuously enhancing brand value and reinforcing its leading position in regional markets.

III. Industry Situation During the Reporting Period

(1) Intelligent Rail Transit Platform Screen Door Equipment and Systems

1. Industry development

Under the policy guidance of initiatives such as building a "Transportation Power," promoting coordinated development of city clusters, and implementing the "Dual Carbon" strategy, China's rail transit industry is accelerating its critical transition from scale expansion to quality enhancement. Guiding documents including the "Outline for Building a Transportation Power" and the "National Comprehensive Three-Dimensional Transport Network Planning Outline" continue to provide strong support for the rail transit equipment sector in which China Fangda Group Co., Ltd. operates. In 2025, seven government departments jointly issued the "Implementation Opinions on Artificial Intelligence + Transportation," promoting large-scale innovative applications of artificial intelligence in the transportation sector and injecting new momentum into the industry's intelligent transformation.

As the opening year of the "15th Five-Year Plan" period (2026–2030), the state has clearly identified "perfecting a modernized integrated transportation system" as the primary focus, driving integration across transport modes, enhanced safety, digital-intelligent upgrades, and green transformation. During the "15th Five-Year Plan" period, China aims to basically achieve railway modernization, ensure core key technologies are independently controllable, and accelerate the development of intelligent and green technologies. Industry consensus has coalesced around advancing high-quality integrated transport services under the framework of "One Network, Four Modernizations".

According to operational data released by the Ministry of Transport, by the end of 2025, urban rail transit systems were operating in 54 cities nationwide, with 343 lines in service and a total network length of 11,710.3 kilometers. In 2025 alone, 18 new lines opened, adding 764.7 kilometers of operational mileage. Urban rail transit continues to grow steadily, with both operational scale and service quality consistently improving.

As countries along the "Belt and Road" further increase investment in urban rail transit infrastructure, Chinese high-end equipment manufacturers are expected to play an even greater role in international markets. As a leader in the construction and operation & maintenance of rail transit platform screen door systems, the Company will continue to align with national strategies and relevant industrial policies, respond proactively to industry trends and market demands, intensify technological innovation, focus on developing high-value-added products, and further expand its market share—contributing a "Chinese solution" to global urban rail transit development.

2. Business Status

(1) Main products and purposes

China Fangda Group Co., Ltd. has been deeply engaged in the rail transit platform screen door sector for over two decades. Its core products consist of intelligent platform screen door systems deployed in urban rail transit and high-speed railway stations, complemented by full-lifecycle operation & maintenance services and value-added technical support.

① Urban Rail Transit Platform Screen Door Systems

Urban rail transit platform screen door systems are installed along the edge of station platforms in metro, light rail, and other urban rail transit stations. These systems physically separate the train operation zone from the passenger waiting area and consist of continuous, movable barrier doors that align with train doors and can be opened or closed via multi-level control mechanisms. China Fangda Group Co., Ltd. offers a comprehensive product portfolio covering three main types: full-height enclosed platform screen door systems, full-height non-enclosed platform screen door systems, and half-height platform screen door systems—capable of meeting diverse operational requirements across different rail transit systems and climate conditions.

In terms of safety protection, platform screen door systems effectively safeguard passengers by preventing accidental falls onto tracks and unauthorized access to tunnel areas. In fire or other emergency scenarios, the system integrates with environmental monitoring, signaling, and other subsystems to enable coordinated control, rapidly activating smoke exhaust modes and passenger evacuation routes to establish multiple layers of safety assurance. Regarding environmental enhancement, the system effectively blocks dust, noise, and piston wind pressure from tunnels from entering the platform waiting area, creating a quiet, comfortable, and temperature-stable boarding environment for passengers. In intelligent services, the Company's products innovatively integrate passenger flow counting functionality. During peak hours, dynamic guidance enables intelligent diversion of passenger flows toward lower-density train cars. Additionally, the door units can host passenger information systems, supporting multimedia interactive functions such as real-time announcements, information dissemination, and commercial advertising—making them key interactive terminals in smart stations.

② High-Speed Railway Platform Safety Door Systems

During the reporting period, the Company independently developed the world's first intelligent AI-powered fully sliding platform door system for high-speed railways—a breakthrough solution tailored to the complex operating environment of high-speed rail platforms, representing a major technological advancement. This system uses intelligent recognition and control technology to automatically align and operate platform safety doors according to the door positions of incoming high-speed trains of varying models—effectively solving the long-standing industry challenge posed by the diversity of high-speed train models and inconsistent door locations. The product has been successfully deployed at Shenzhen Futian High-Speed Railway Station, achieving three "firsts in China":

- the first system compatible with all high-speed train models,

- the first installed directly at the edge of a high-speed rail platform, and

- the first to obtain CRCC (China Railway Certification Center) certification—

thereby pioneering an entirely new segment in high-speed rail platform door systems.

③ Full-Lifecycle Operation & Maintenance Services

Leveraging its self-developed intelligent maintenance management system and global service network, China Fangda Group Co., Ltd. provides full-lifecycle operation & maintenance services—including remote diagnostics, on-site repairs, spare parts supply, and system upgrades—enabling real-time equipment monitoring and predictive maintenance to ensure long-term, safe, and stable rail operations.

(2) Main business model

The Company's rail transit intelligent screen door equipment industry is operated by its subsidiary, Fangda Zhiyuan, which is an integrated supplier and service provider of rail transit intelligent screen door systems, encompassing research and development, design, manufacturing, installation, and technical services, with a complete industrial chain. A mature and complete management system for research and development, procurement, production, sales and O&M has been established. In R&D, the Company employs a project-driven innovation mechanism that integrates fundamental research with specific customer requirements. In procurement, a dedicated procurement department manages sourcing activities. In production, operations are managed according to contract terms and customer production instructions. In sales, the Company serves metro operators and electromechanical general contractors in the global rail transit sector exclusively through direct sales, with no distribution channels involved. In operation & maintenance, the Company has deployed an intelligent platform screen door O&M support system capable of real-time data monitoring and rapid fault diagnosis and resolution.

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

As a global leader in rail transit platform screen door systems, China Fangda Group Co., Ltd. continues to lead the market thanks to its deep technical expertise and strong brand influence. The Company's intelligent rail transit platform screen door systems have achieved a coverage rate of over 60% among Chinese cities with operational metro lines, serving more than 120 rail transit lines across over 40 cities worldwide. Its market share has consistently ranked among the industry's top for many consecutive years. Fangda Zhiyuan (the Company's subsidiary) has been repeatedly included in the "Top 100 Industry Leader Enterprises in Shenzhen," underscoring its absolute leadership and innovation-driven impact in this specialized field.

Actively responding to China's "Belt and Road" Initiative, the Company has become a pioneer in exporting high-end rail transit equipment overseas. For over a decade, it has deeply engaged international markets and secured multiple landmark platform screen door system projects in "Belt and Road" countries and regions—including Singapore, Malaysia, Thailand, India, Colombia, Greece, the Philippines, Kazakhstan, Hong Kong SAR, and Taipei. With the continuous expansion and deepening of its overseas business, the Company's global footprint is becoming increasingly robust, and its international competitiveness is steadily strengthening—providing sustained momentum for high-quality cooperation under the "Belt and Road" framework.

The Company has established a core technology system based entirely on independent intellectual property rights. It led the drafting of China's first industry standard, "Platform Screen Doors for Urban Rail Transit," and the first national product standard, "Platform Screen Door Systems for Urban Rail Transit". Additionally, the Company participated in developing multiple standards, including:

- "Technical Guidelines for Smart Station Construction in Rail Transit,"

- "Technical Specification for Intelligent Foreign Object Detection Systems in the Gap Between Urban Rail

Transit Platform Screen Doors and Train Doors," and

- "High-Speed Railway Platform Door Systems,"

demonstrating its profound technical foundation and leadership in standard-setting.

Owing to its exceptional technical capabilities and product quality, the Company's urban rail transit platform safety doors were recognized by China's Ministry of Industry and Information Technology (MIIT) as a "Manufacturing Single-Product Champion." The designation was successfully renewed in 2025 following re-evaluation. The Company has received numerous honors and certifications, including "National Intellectual Property Advantage Enterprise", "Guangdong Provincial Science and Technology Award," "National Key New Product", "National Torch Program Industrialization Demonstration Project", "Guangdong Provincial Engineering Technology Research Center for Intelligent Rail Transit Platform Doors", "Shenzhen Municipal Science and Technology Progress Award", and "Shenzhen Specialized, Sophisticated, Unique, and Innovative ('Zhuan Jing Te Xin') Enterprise."

It was also among the first in the industry to achieve certification under the International Railway Industry Standard (IRIS) management system and RAMS (Reliability, Availability, Maintainability, and Safety) compliance. It was also among the first in the industry to achieve certification under the International Railway Industry Standard (IRIS) management system and RAMS (Reliability, Availability, Maintainability, and Safety) compliance. The Company holds a substantial portfolio of patents and software copyrights in China and abroad, forming a comprehensive core technology cluster and intellectual property system based entirely on independent IP—laying a solid foundation for sustaining its competitive edge in the market.

(2) Intelligent Curtain Wall Systems and Materials

1. Industry development

In 2025, China's curtain wall industry is reaching a critical inflection point—transitioning from scale-driven expansion to quality-led advancement—under the dual drivers of the deep implementation of the "Dual Carbon" strategy and the clear policy orientation toward "high-quality housing." On the policy front, the state continues to strengthen its green building agenda. Documents such as the "General Code for Building Energy Efficiency and Renewable Energy Utilization" explicitly mandate that all newly constructed public buildings adopt energy-efficient curtain walls and promote energy-saving retrofits of existing building facades. Meanwhile, urban renewal policies are unlocking sustained dividends. The coverage of urban village renovation policies has expanded from 35 mega and large cities to nearly 300 prefecture-level cities, making the revitalization of aging neighborhoods and industrial zones a new blue ocean for growth in the construction sector.

In terms of market dynamics, the industry faces significant pressure due to global uncertainties and structural adjustments in domestic demand. Overcapacity in the construction sector has intensified competition and compressed profit margins, accelerating the concentration of resources toward leading enterprises with strong risk resilience. The competitive landscape is now characterized by top-tier firms dominating the high-end market while small and medium-sized enterprises focus on niche segments. Integrated solutions spanning "R&D–design–manufacturing–installation–operation & maintenance" have become the core of competitiveness.

On the innovation front, the Company is accelerating technological breakthroughs centered on three pillars: energy efficiency, intelligence, and safety. Green and energy-saving products—including Building-Integrated Photovoltaics (BIPV), low-emissivity (Low-E) glass, and smart electrochromic glass—are seeing steadily rising adoption rates. In certain projects, winter heating energy consumption has been reduced by 30%, and summer cooling energy consumption by 25%. Today's intelligent curtain walls are no longer mere building envelopes; they have evolved into smart terminals that integrate environmental regulation, energy management, and safety protection. Lifecycle management powered by BIM technology and IoT sensor systems—combined with drone inspections and remote monitoring—has become an industry standard.

Internationally, the Company is rapidly shifting from "product export" to a new global development model driven by both technology and brand. Emerging markets in Southeast Asia, the Middle East, Eastern Europe, and Latin America offer substantial potential, and the "regional manufacturing hub + localized production" approach is becoming a key pathway for optimizing global footprint.

During the reporting period, the Company pursued dual-track development in both domestic and international markets. Domestically, it precisely aligned with policy directions and market demands, continuously refining its customer targeting and competitive strategies. Overseas, the Company deployed elite teams to reinforce its leadership position in the Australian market and steadily advance strategic layouts in emerging markets such as Southeast Asia and the Middle East, achieving order growth under controlled risk exposure.

2. Business Status

(1) Main products and purposes

China Fangda Group Co., Ltd.'s intelligent curtain wall systems are widely applicable to exterior or roofing projects of premium urban public buildings—including high-end office towers, corporate headquarters, urban complexes, hotels, large-scale venues, and government administrative buildings—as well as luxury residential developments. These products integrate modern architectural technologies with intelligent systems, enabling moderate control over HVAC, daylighting, ventilation, and power systems. By leveraging digitalization and artificial intelligence, they significantly enhance energy efficiency and environmental performance while elevating aesthetic appeal. The Company's intelligent curtain wall projects have repeatedly won top industry honors such as the "Luban Award (National Quality Engineering Award)," placing its competitiveness among the global leaders and establishing it as a globally recognized brand in the curtain wall sector—fully embodying the high-quality attributes of new productive forces.

Backed by deep technical expertise and a professional service team, the Company actively provides technical services for existing building envelope systems—including inspection and assessment, energy-efficiency retrofits, waterproofing, anti-corrosion treatments, and maintenance—covering over 8 million square meters of building area and establishing strong competitive advantages in the industry.

New materials represent a key strategic focus for the Company, with products centered on low-carbon, eco-friendly, intelligent, and sustainable features. The Company possesses robust R&D capabilities and advanced manufacturing bases for PVDF-coated aluminum composite panels and aluminum honeycomb panels. Its products have been widely applied in major projects across more than 160 cities globally, consistently delivering high-quality material support for green buildings and urban renewal initiatives.

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

The Company's intelligent curtain wall systems and new materials business primarily follows an integrated "R&D–design–production–construction" operating model, which remained unchanged during the reporting period. Contracts for intelligent curtain wall design and installation are primarily secured through public or invited tenders. The Company delivers end-to-end solutions covering conceptual design, raw material procurement, production, on-site installation, and after-sales service, tailored to specific order requirements. This model is inherently non-standardized and highly customized. Gross margins vary significantly across orders due to multiple factors, including the client's budget allocation, bidding competition intensity, material selection, structural complexity of the building, project timeline, on-site construction management, and cost control capabilities.

Project payment settlements typically follow staged milestones: advance payment, progress payments, acceptance payment upon completion, final settlement payment, and retention (quality assurance) deposit. The timing and proportions of each payment are executed based on project progress and contractual terms. Given the long implementation cycles of curtain wall projects, the business is highly sensitive to shifts in national industrial policies, fluctuations in raw material prices, and changes in labor market conditions. Significant variations in technical requirements across projects preclude simple replication of past experience, placing high demands on the Company's technology integration and project management capabilities.

Cash flow risk remains one of the primary challenges facing the curtain wall industry. Under the typical engineering contracting model, companies must front substantial capital for material procurement and construction, while project repayments often have extended cycles. Amid the ongoing deep adjustment in China's real estate sector, some clients face liquidity constraints, leading to increased accounts receivable and greater uncertainty in collection timelines. Additionally, raw material price volatility and rising labor costs may adversely affect project profitability.

To address these risks, the Company has continuously refined its business model and risk control framework. At the project sourcing stage, it strictly enforces entry criteria, prioritizing high-quality projects with favorable payment terms and strong client creditworthiness—thereby filtering out potential collection risks at the source and ensuring healthy cash flow operations. In process management, the Company established a dedicated collections task force to coordinate receivables recovery, enhanced contract performance oversight, and implemented tailored collection strategies—including negotiation, formal demand letters, and other diversified approaches—to improve the precision and effectiveness of collections. Furthermore, the Company has instituted a full-lifecycle project risk assessment mechanism with tiered, dynamic risk controls. Collection performance is incorporated into employee evaluations, forming a closed-loop management system integrating "organizational support, standardized processes, risk control, and performance-based incentives." As of the reporting period end, despite a slowing global economy and domestic market pressures, the Company generated net operating cash flow of RMB187,412,900, effectively safeguarding operational security and demonstrating robust risk resilience and sound cash flow management—laying a solid financial foundation for sustained high-quality development.

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

In 2025, against the backdrop of macroeconomic headwinds and profound policy recalibrations, the building curtain wall industry exhibited a competitive landscape marked by "stability amid pressure and accelerating differentiation." The domestic market, impacted by the deep restructuring of the real estate sector, slowing growth in new projects, and intensified competition in the existing building segment, saw slight declines in overall revenue, margin compression, and widespread cash flow tightness. Many smaller enterprises with limited risk resilience experienced notable downturns or even existential crises, further accelerating resource consolidation toward industry leaders and driving up market concentration.

In response to structural shifts in domestic demand, the Company accelerated its "going global" strategy, intensifying expansion efforts in the Middle East, Southeast Asia, Australia, and other overseas markets.

During the reporting period, thanks to its deep technical heritage, exceptional service quality, and continuously strengthening brand influence, the Company maintained its position within the industry's top tier without significant change. Amid a complex and volatile market environment, it reinforced its competitive edge through measures such as optimizing client portfolios, deepening regional engagement, and expediting global deployment. The Company's intelligent curtain wall products have repeatedly received national-level accolades like the "Luban Award" and have been consecutively listed among the "Shenzhen Top 500 Enterprises" and "Guangdong Top 500 Manufacturing Enterprises," sustaining leading global brand recognition and market reputation in the curtain wall sector—fully reflecting the comprehensive strength of an industry frontrunner.

(4) Industry qualification types and validity period

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

No.	Qualification	Valid period
1	Construction curtain wall designing class A	By Thursday, February 14, 2030
2	Construction curtain wall contracting class A	Until December 04, 2028
3	Professional Class II Qualification for Mechanical and Electrical Installation Engineering	By Monday, December 11, 2028
4	Construction decoration contracting class B	By Monday, December 11, 2028
5	Steel structure engineering contracting class B	By Monday, December 11, 2028
6	Professional Class II Qualification for Urban and Road Lighting Engineering Control Measures: The Company has established a complete and effective quality control	By Monday, December 11, 2028
7	Design and construction of metal roof (wall) surface of building	By Friday, December 18, 2026

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

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

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

system and dedicated quality management organization. It has introduced digital and information-based management and leverages advanced technologies such as artificial intelligence (AI) to empower all business processes. Through cloud-terminal technology, the Company enables rapid information transmission and collaborative application sharing. Strictly implement various quality management and control measures to provide customers with high-quality products and services.

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

(6) Major project quality problem during the reporting period

None.

(7) Implementation of the Work Safety Management System

China Fangda Group Co., Ltd. consistently adheres to the work safety principle of "safety first, prevention-oriented, and comprehensive governance," firmly establishing a safety-focused development philosophy. The Company fulfills its primary responsibility for work safety by establishing a robust safety assurance system, signing "Work Safety Responsibility Agreements," and organizing annual "Work Safety Month" campaigns. These initiatives strengthen foundational safety management, enhance on-site supervision, improve capabilities in identifying and mitigating risks and hazards, and bolster employees' emergency response competencies—thereby further elevating the operational effectiveness of its safety management system. During the reporting period, the Company's safety management system operated effectively, with no major safety incidents reported.

(3) New energy industry

Building-Integrated Photovoltaics (BIPV), as a critical pathway for reducing building energy consumption and carbon emissions, is rapidly transitioning from "technology demonstration" to "large-scale application." The "Administrative Measures for the Development and Construction of Distributed Photovoltaic Power Generation," issued in 2025, explicitly encourages the adoption of BIPV-integrated construction models, providing institutional support for BIPV development. Furthermore, the National Energy Administration's "Guiding Opinions on Promoting Integrated and Coordinated Development of New Energy" calls for advancing BIPV deployment and promoting the synchronized planning, design, and construction of photovoltaic systems alongside buildings, aiming to build a new generation of "solar-storage-DC-flexible" ("Guang Chu Zhi Rou") buildings. BIPV transforms buildings from "energy consumers" into "energy producers."

With continued declines in photovoltaic costs and the implementation of supportive policies, BIPV penetration is expected to rise further, delivering sustained growth momentum to the industry.

(IV) Commercial Management and Services

1. Industry development

In 2025, against the macro backdrop of stabilizing the real estate market, the commercial real estate sector exhibited characteristics of "structural optimization and value reconfiguration," with regional divergence creating new development opportunities for core cities. As a core engine of the Greater Bay Area, Shenzhen continues to demonstrate robust office demand, driven by its strong industrial base and population appeal. Technology enterprises remain the top leasing segment, with notable activity in specialized fields such as software development and artificial intelligence. Deepening Shenzhen-Hong Kong integration further supports corporate occupancy, underscoring significant growth potential in Shenzhen's market going forward.

2. Main Business Model, Business Project Formats, Company Market Position and Competitive Advantages, Main Risks and Countermeasures

The Company's commercial development projects primarily adopt a self-development model with a combination of partial sales and partial holding. Currently, the products developed by the Company mainly include office spaces, commercial properties, and apartments. Through years of operational services, the Company has established a professional and efficient team, effective management processes, and an information system capable of providing high-quality management and services. The Company's specialization capabilities, brand recognition, occupancy rates, and revenue levels continue to improve.

Leveraging the brand advantage, differentiated positioning, and regional advantages of its commercial projects, the Company has secured a certain market position. However, it still faces multiple risks such as housing price fluctuations, policy regulations, and market competition. The Company will employ refined management, flexibly adjust strategies, and capitalize on policy benefits to continuously optimize brand building and marketing promotion, thereby reducing operational and management risks and maintaining stable development.

IV. Main Business Analysis

1. Summary

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

2. Income and costs

(1) Turnover composition

In RMB

	2025		2024		YOY change (%)
	Amount	Proportion in operating costs (%)	Amount	Proportion in operating costs (%)	

Total turnover	3,377,303,066.44	100%	4,424,224,197.71	100%	-23.66%
Industry					
Metal production	2,569,944,686.00	76.09%	3,555,996,915.26	80.38%	-27.73%
Railroad industry	596,770,482.60	17.67%	612,820,581.01	13.85%	-2.62%
New energy industry	18,558,764.40	0.55%	18,259,004.01	0.41%	1.64%
Commercial services	176,038,964.94	5.21%	222,272,168.63	5.02%	-20.80%
Others	15,990,168.50	0.47%	14,875,528.80	0.34%	7.49%
Product					
Curtain wall system and materials	2,569,944,686.00	76.09%	3,555,996,915.26	80.38%	-27.73%
Subway screen door and service	596,770,482.60	17.67%	612,820,581.01	13.85%	-2.62%
PV power generation products	18,558,764.40	0.55%	18,259,004.01	0.41%	1.64%
Real estate rental and sales and property services	176,038,964.94	5.21%	222,272,168.63	5.02%	-20.80%
Others	15,990,168.50	0.47%	14,875,528.80	0.34%	7.49%
District					
In China	2,995,104,526.33	88.68%	4,027,988,850.55	91.04%	-25.64%
Out of China	382,198,540.11	11.32%	396,235,347.16	8.96%	-3.54%
Sub-sales mode					
Direct sales	3,377,303,066.44	100.00%	4,424,224,197.71	100.00%	-23.66%

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

☑ Applicable □ Inapplicable

In RMB

	Turnover	Operating cost	Gross margin	Year-on-year change in operating revenue	Year-on-year change in operating costs	Year-on-year change in gross margin
Industry						
Metal production	2,569,944,686.00	2,415,208,604.86	6.02%	-27.73%	-21.78%	-7.14%
Railroad industry	596,770,482.60	422,931,696.88	29.13%	-2.62%	-2.70%	0.06%
Commercial services	176,038,964.94	75,419,551.91	57.16%	-20.80%	31.29%	-16.99%
Product						

Curtain wall system and materials	2,569,944,686.00	2,415,208,604.86	6.02%	-27.73%	-21.78%	-7.14%
Subway screen door and service	596,770,482.60	422,931,696.88	29.13%	-2.62%	-2.70%	0.06%
Real estate rental and sales and property services	176,038,964.94	75,419,551.91	57.16%	-20.80%	31.29%	-16.99%
District						
In China	2,995,104,526.33	2,668,773,531.00	10.90%	-25.64%	-20.27%	-6.00%
Out of China	382,198,540.11	252,763,421.53	33.87%	-3.54%	4.92%	-5.33%
Sub-sales mode						
Direct sales	3,377,303,066.44	2,921,536,952.53	13.49%	-23.66%	-18.58%	-5.41%

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

☐ Applicable ☑ Inapplicable

In RMB

	Turnover	Operating cost	Gross margin	Year-on-year change in operating revenue	Year-on-year change in operating costs	Year-on-year change in gross margin
Industry						
Metal production	2,569,944,686.00	2,415,208,604.86	6.02%	-27.73%	-21.78%	-7.14%
Product						
Curtain wall system and materials	2,569,944,686.00	2,415,208,604.86	6.02%	-27.73%	-21.78%	-7.14%
District						
In China	2,425,053,572.40	2,303,596,503.06	5.01%	-29.17%	-23.07%	-7.53%
Out of China	144,891,113.60	111,612,101.80	22.97%	9.54%	19.57%	-6.46%
Sub-sales mode						
Direct sales	2,569,944,686.00	2,415,208,604.86	6.02%	-27.73%	-21.78%	-7.14%

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

☐ Applicable ☑ Inapplicable

Different business types of the Company

In RMB

Business type	Turnover	Operating cost	Gross margin
Curtain wall system and materials	2,569,944,686.00	2,415,208,604.86	6.02%

Whether the Company runs business through the Internet

☐ Yes ☑ No

Whether the Company runs overseas projects

☑ Yes □ No

No.	Location	Curtain Wall and Materials Business		Platform Screen Door Business	
		Number of overseas projects (units)	Total contract value of corresponding overseas projects (RMB 10,000)	Number of overseas projects (units)	Total contract value of corresponding overseas projects (RMB 10,000)
1	Asia	13	42,090.08	26	313,475.97
2	Australia	17	52,387.58		
3	Europe			2	5,030.22
Total		30	94,477.66	28	318,506.19

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

☐ Yes ☑ No

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

☑ Applicable □ Inapplicable

Performance Status of Major Sales Contracts Signed as of the Reporting Period

☐ Applicable ☑ Inapplicable

Performance Status of Major Procurement Contracts Signed as of the Reporting Period

☐ Applicable ☑ Inapplicable

In RMB

	Project amount	Cumulative recognized output value	Amount of unfinished part
Unfinished project Of which: Curtain Wall and Materials Business	7,673,580,115.67	3,364,338,526.44	4,309,241,589.22
Platform Screen Door Business	3,784,704,310.59	1,483,659,600.92	2,301,044,709.67

Major unfinished project

☑ Applicable □ Inapplicable

In RMB

Curtain Wall and Materials Business Project Name	Project amount	Construction period	Performance Progress	Income recognized in this period	Cumulative recognized income	Payment collection	Accounts Receivable Balance (including contract assets)

CITIC Financial Center Curtain Wall Specialist Engineering Project	350,844,806.34	January 2024 – August 2025 (The construction period stipulated in the contract differs from actual site progress; the client has adjusted the schedule accordingly based on actual conditions. The project is currently progressing smoothly.)	55.39%	183,613,416.90	192,165,235.16	135,788,003.99	56,377,231.17

Others:

☐ Applicable ☑ Inapplicable

In RMB

Curtain Wall and Materials Business	Accumulative occurred costs	Accumulative recognized gross margin	Estimated loss	Settled amount	Balance of unpaid amount of finished project
Finished but not settled project	5,971,744,276.59	659,806,616.96		6,959,594,313.57	259,541,248.09

Any major outstanding unsettled projects during the reporting perio.

☑ Applicable ☐ Inapplicable

In RMB

Curtain Wall and Materials Business Project Name	Contract Amount	Settled amount	Balance of unpaid amount of finished project	Whether there is any delay in settlement beyond contractual terms	Whether the counterpart's performance capability has materially changed	Whether project settlement entails significant risks	Reasons for prolonged unsettled balances	Estimated loss
Tencent Shenzhen Headquarters DY01-04 Block Cloud Building and Tower Curtain Wall Project	368,726,858.81	360,255,000.00	8,471,858.81	No	No	No	Within normal settlement period	0.00

Others:

☐ Applicable ☑ Inapplicable

(5) Operation cost composition

Industry

In RMB

Industry	Item	2025	2024	YOY

		Amount	Proportion in operating costs (%)	Amount	Proportion in operating costs (%)	change (%)
Metal production	Raw materials	1,582,715,224.43	65.53%	2,034,486,729.78	65.89%	-0.36%
Metal production	Installation and engineering costs	573,321,451.07	23.74%	716,075,096.74	23.19%	0.55%
Metal production	Labor cost	140,488,065.68	5.82%	163,122,222.74	5.28%	0.54%
Railroad industry	Raw materials	214,893,928.73	50.81%	266,583,537.05	61.33%	-10.52%
Railroad industry	Labor cost	87,112,024.55	20.60%	63,994,720.60	14.72%	5.88%
Railroad industry	Installation and engineering costs	39,008,728.40	9.22%	63,941,667.48	14.71%	-5.49%
Commercial services	Operating Costs of Leasing and Property Management Services	16,545,716.23	21.94%	17,498,235.37	30.46%	-8.52%
Commercial services	Labor cost	28,987,993.90	38.44%	15,189,230.19	26.44%	12.00%
Commercial services	Water and electricity	10,490,208.39	13.91%	11,944,357.22	20.79%	-6.88%

Note: Apart from the aforementioned costs, other cost items primarily include utility expenses such as water and electricity, and rental fees for the Metal Manufacturing and Rail Transit segments. In the current period, the operating costs of the Commercial Services segment include RMB25,257,752.23 representing the cost of inventory previously recognized and written off upon termination of the Bangshen Industrial Park project; other costs mainly consist of land and construction-related expenses.

Main business cost

In RMB

Cost composition	Business type	2025		2024		YOY change (%)
		Amount	Proportion in operating costs (%)	Amount	Proportion in operating costs (%)	
Raw materials	Curtain wall system and materials	1,582,715,224.43	65.53%	2,034,486,729.78	65.89%	-0.36%
Installation and engineering costs	Curtain wall system and materials	573,321,451.07	23.74%	716,075,096.74	23.19%	0.55%
Labor cost	Curtain wall system and materials	140,488,065.68	5.82%	163,122,222.74	5.28%	0.54%

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

☑ Yes □ No

During the current period, the Company's consolidated scope expanded through the establishment of two new subsidiaries: Fangda Facade (NSW) Pty Ltd (Curtain Wall Sydney Company) and FANGDA FACADE CONTRACTING L.L.C (Curtain Wall UAE Company).

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

☐ Applicable ☑ Inapplicable

(8) Major sales customers and suppliers

Main customers

Total sales amount to top 5 customers (RMB)	685,520,485.19
Proportion of sales to top 5 customers in the annual sales	20.30%
Percentage of sales of related parties in top 5 customers in the annual sales	0.00%

Information of the Company's top 5 customers

No.	Customer	Sales (RMB)	Percentage in the annual sales
1	No.1	168,452,676.06	4.99%
2	No.2	157,444,323.85	4.66%
3	No.3	126,511,070.30	3.75%
4	No.4	122,174,274.47	3.62%
5	No.5	110,938,140.51	3.28%
Total	--	685,520,485.19	20.30%

Other information about major customers

☑ Applicable □ Inapplicable

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

Main suppliers

Purchase amount of top 5 suppliers (RMB)	514,598,978.87
Proportion of purchase amount of top 5 suppliers in the total annual purchase amount	17.01%
Percentage of purchasing amount of related parties in top 5 customers in the annual purchasing amount	0.00%

Information of the Company's top 5 suppliers

No.	Supplier	Purchase amount (RMB)	Percentage in the annual purchase amount
1	No.1	152,951,149.20	5.06%
2	No.2	104,515,996.70	3.46%
3	No.3	87,449,637.99	2.88%
4	No.4	85,256,370.47	2.82%
5	No.5	84,425,824.51	2.79%
Total	--	514,598,978.87	17.01%

Other information about major suppliers

☑ Applicable □ Inapplicable

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

Trade business revenue accounted for more than 10% of the Company's total operating revenue during the reporting period.

☐ Applicable ☑ Inapplicable

3. Expenses

In RMB

	2025	2024	YOY change (%)	Notes
Sales expense	57,404,021.17	55,140,153.13	4.11%	
Administrative expense	179,347,723.55	191,667,435.20	-6.43%	
Financial expenses	78,533,485.32	65,297,933.04	20.27%	
R&D cost	132,814,412.12	171,031,371.73	-22.34%	

4. R&D investment

☑ Applicable □ Inapplicable

R&D project name	Purpose	Progress	Objective	Expected impact on the future development of the Company
R&D on Eco-Friendly and Energy-Efficient Curtain Wall Systems	Enhance product quality, improve installation efficiency, increase construction safety, and reduce energy consumption during both construction and operational phases.	Some projects have completed research and development, performance testing, and prototype production, and will be deployed in actual projects.	By advancing standardized, modular, and low-carbon product design, the Company aims to elevate prefabrication capabilities and building energy performance, enhance system	This approach aligns with the national policies on low-carbon, energy efficiency, and environmental protection. By expanding the application scenarios of our products and

			safety, lower maintenance costs, and meet evolving market demands.	improving our technological advantages in the industry, we will drive continuous company growth and enhance our market competitiveness.
R&D on Intelligent Curtain Wall Systems for Livable Buildings	Leveraging AI technologies, the Company is integrating smart sensing, intelligent control, and smart display functionalities into its products, endowing buildings with autonomous perception and responsive capabilities. This enhances occupant comfort, optimizes usability and operational convenience, and improves energy efficiency.	Completed	The initiative elevates system intelligence, improves comfort in residential and workplace environments, reduces building energy consumption, and equips buildings with more efficient, intelligent exterior protection and energy management—maintaining the Company's industry leadership.	Aligned with national policy directions, this R&D enhances occupant comfort, lowers building energy use, offers strong market potential, supports future trends in curtain wall development, drives the Company's sustainable growth, and strengthens its market competitiveness.
R&D on Intelligent Manufacturing Flexible Production Systems	Through AI-driven research, the Company is implementing end-to-end digital management and intelligent manufacturing—from raw materials to finished products—enabling dynamic analysis, optimization, and quality traceability throughout production.	Completed	Improve the automation and intelligence of production processes, increase production capacity, output and product quality, and reduce production costs.	This refines manufacturing processes and enhances product quality. The initiative advances automation, intelligence, and digitalization of production equipment, aligns with green factory and green manufacturing principles, ensures production capacity and product quality, and reduces manufacturing and management costs.
R&D on Platform Screen Door Control Systems for Multi-Scenario Rail Transit Applications	AI-based research is being applied to enhance product safety, reliability, and availability,	Partial projects have been completed.	Optimize product system performance and maintain industry leadership.	This R&D improves the adaptability of the Company's platform screen door systems to multi-scenario

	meeting diverse application requirements across multiple scenarios.			deployments, supporting market share expansion.
R&D on Intelligent Rail Transit Platform Screen Door Systems	Through AI-based research, the Company is enhancing its products with intelligent functionalities—such as real-time monitoring and analytics of system operational status and data, dynamic fault detection and alarm, intelligent fault diagnosis, obstacle detection, smart passenger alerts, and information push notifications—to strengthen product performance and reliability.	Completed	This initiative reinforces the system's adaptability and intelligence in complex operating environments, improves product performance and reliability, and maintains the Company's leadership position in the industry.	It further enhances market competitiveness and brand influence, expands application scenarios for the Company's products, strengthens its technological edge, and supports the development of new sales channels.
R&D on Intelligent Fully-Sliding High-Speed Rail Platform Screen Door Systems	Leveraging AI technologies, the system intelligently captures and identifies train stopping positions and dynamically adjusts the location and width of openings between door units according to the actual train door positions, accommodating door configurations across different high-speed train models.	The first-generation product has been completed, and development of the second-generation product is currently underway.	This R&D enhances the system's adaptability and intelligence in the complex operational environment of high-speed rail, improves product performance and reliability, and sustains the Company's industry-leading position.	It broadens the application scope of the Company's products, reinforces its technological leadership, and creates new market growth opportunities.

R&D personnel

	2025	2024	Change
R&D staff number	464	575	-19.30%
R&D staff percentage	15.73%	19.21%	-3.48%
Academic structure of R&D personnel			
Bachelor	364	423	-13.95%
Master's degree	7	9	-22.22%

Age composition of R&D personnel			
Under 30	181	234	-22.65%
30-40	198	242	-18.18%

R&D investment

	2025	2024	Change
R&D investment amount (RMB)	132,814,412.12	171,031,371.73	-22.34%
Investment percentage in operation turnover	3.93%	3.87%	0.06%
Capitalization of R&D investment amount (RMB)	0.00	0.00	0.00%
Percentage of capitalization of R&D investment in the R&D investment	0.00%	0.00%	0.00%

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

☐ Applicable ☑ Inapplicable

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

☐ Applicable ☑ Inapplicable

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

☐ Applicable ☑ Inapplicable

5. Cash flow

In RMB

Item	2025	2024	YOY change (%)
Sub-total of cash inflow from business operations	3,978,317,134.02	4,615,555,164.42	-13.81%
Sub-total of cash outflow from business operations	3,790,904,234.15	4,344,661,070.99	-12.75%
Cash flow generated by business operations, net	187,412,899.87	270,894,093.43	-30.82%
Sub-total of cash inflow generated from investment	1,143,326,620.46	10,161,087.41	11,152.01%
Subtotal of cash outflows	1,187,671,778.32	258,855,539.89	358.82%
Cash flow generated by investment activities, net	-44,345,157.86	-248,694,452.48	82.17%
Subtotal of cash inflow from financing activities	2,617,534,643.10	3,967,291,354.43	-34.02%
Subtotal of cash outflow from financing activities	2,702,311,135.34	3,738,674,210.69	-27.72%
Net cash flow generated by financing activities	-84,776,492.24	228,617,143.74	-137.08%
Net increase in cash and cash equivalents	59,240,331.55	252,064,097.92	-76.50%

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

☑ Applicable □ Inapplicable

The net cash flow from investing activities during the reporting period increased by 82.17% compared to the same period last year, primarily due to the payment made in the corresponding period of last year for the construction and equipment of Phase I of Fangda Ganzhou Low-Carbon Intelligent Manufacturing Base. Both the subtotals of cash inflows and outflows from investing activities increased significantly, mainly attributable to the purchase and redemption of bank wealth management products during the current period. The net cash flow from financing activities decreased by 137.08% compared to the same period last year, primarily due to the reduced net proceeds from bank borrowings during the current period.

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

☑ Applicable □ Inapplicable

The difference between net cash flow from operating activities and net profit for the year is primarily due to the recognition of a fair value loss of RMB280,732,000 on investment properties and the provision for asset impairment losses totaling RMB283,171,000 during the reporting period.

V. Non-core business analysis

☑ Applicable □ Inapplicable

In RMB

	Amount	Profit percentage	Reason	Whether continuous
Investment income	-25,773,481.21	4.10%		No
Gain/loss caused by changes in fair value	-280,735,167.15	44.68%	Mainly due to adjustment of fair value of investment real estate	No
Assets impairment	-30,626,112.52	4.87%	Primarily provisions for impairment of contract assets and inventory write-downs	No
Non-operating revenue	582,660.42	-0.09%		No
Non-business expenses	18,360,766.41	-2.92%	Primarily represents the deposit loss incurred due to the termination of the Bangshen Industrial Park project.	No
Credit impairment loss	-252,544,839.46	40.20%	Mainly bad debt provision corresponding to accounts receivable	No

VI. Assets and Liabilities

1. Major changes in assets composition

In RMB

	End of 2025		Beginning of 2025		Change (%)	Notes
	Amount	Proporti	Amount	Proporti		

		on in total assets		on in total assets		
Monetary capital	1,401,292,102.72	11.14%	1,491,777,341.84	11.01%	0.13%	
Account receivable	885,516,557.23	7.04%	1,123,506,196.98	8.29%	-1.25%	
Contract assets	1,998,091,151.43	15.89%	2,247,698,479.96	16.58%	-0.69%	
Inventory	685,058,418.56	5.45%	705,666,408.74	5.21%	0.24%	
Investment real estate	5,548,371,426.50	44.12%	5,835,036,098.20	43.05%	1.07%	
Long-term share equity investment	32,988,644.63	0.26%	56,690,973.97	0.42%	-0.16%	
Fixed assets	940,980,113.90	7.48%	940,894,344.39	6.94%	0.54%	
Construction in process	1,214,530.34	0.01%	7,265,104.44	0.05%	-0.04%	
Use right assets	13,470,006.41	0.11%	15,683,121.04	0.12%	-0.01%	
Short-term loans	1,202,846,497.03	9.57%	1,663,696,422.48	12.27%	-2.70%	
Contract liabilities	350,155,877.61	2.78%	268,594,041.26	1.98%	0.80%	
Long-term loans	1,290,000,000.00	10.26%	1,137,000,000.00	8.39%	1.87%	
Lease liabilities	8,979,546.87	0.07%	10,652,607.48	0.08%	-0.01%	
Non-current liabilities due in 1 year	379,089,194.66	3.01%	131,374,661.05	0.97%	2.04%	

The proportion of overseas assets is relatively high

□ Applicable ☑ Inapplicable

2. Assets and liabilities measured at fair value

☑ Applicable □ Inapplicable

In RMB

Item	Opening amount	Gain/loss caused by changes in fair value	Accumulative changes in fair value accounting into the income account	Impairment provided in the period	Amount purchased in the period	Amount sold in the period	Other change	Closing amount
Financial assets								
1. Transactional financial assets (excluding derivative								410.06

financial assets)								
2. Derivative financial assets								1,459,950.00
3. Receivable financing	4,568,000.10							0.00
4. Other non-current financial assets	6,519,740.17	-3,608.54						6,516,131.63
Subtotal	11,087,740.27	-3,608.54						7,976,491.69
Investment real estate	5,835,036,098.20	-280,731,968.67	216,172,597.57		24,075,324.78	30,008,027.81		5,548,371,426.50
Total	5,846,123,838.47	-280,735,577.21	216,172,597.57		24,075,324.78	30,008,027.81		5,556,347,918.19
Financial liabilities	1,520,625.00							0.00

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

☐ Yes ☑ No

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

Item	Book value on December 31, 2025 (RMB)	Reason
Monetary capital	310,326,554.83	Various deposits, court-ordered fund freezes, etc.
Notes receivable	39,012,200.04	Bills endorsed or discounted but not yet due
Account receivable	17,261,724.13	Loan by pledge
Fixed assets	192,954,910.15	Loan by pledge
Intangible assets	22,728,870.63	Loan by pledge
Investment real estate	3,349,490,698.00	Loan by pledge
Long-term Equity Investments (Parent Company)		100% stake in Fangda Property Development held by the Company
Total	3,931,774,957.78	

VII. Investment

1. General situation

☐ Applicable ☑ Inapplicable

2. Major equity investment in the report period

☐ Applicable ☑ Inapplicable

3. Major non-equity investment in the report period

☐ Applicable ☑ Inapplicable

4. Financial assets investment

(1) Securities investment

☐ Applicable ☑ Inapplicable

The Company made no investment in securities in the report period

2. Derivative investment

☑ Applicable □ Inapplicable

1) Derivative investments for hedging purposes during the reporting period

☑ Applicable □ Inapplicable

In RMB10,000

Type	Initial investment amount	Opening amount	Gain/loss caused by changes in fair value	Accumulative changes in fair value accounting into the income account	Amount in this period	Amount sold in this period	Closing amount	Proportion of closing investment amount in the closing net assets in the report period
Shanghai aluminum	4,608.45	4,608.45	298.06	146.00	6,858.42	7,615.82	3,851.06	0.69%
Forward foreign exchange					636.00	636.00		0.00%
Total	4,608.45	4,608.45	298.06	146.00	7,494.42	8,251.82	3,851.06	0.69%
Accounting policies and specific accounting principles of hedging business	The aluminum futures and forward foreign exchange businesses of the Company meet the applicable conditions of hedge accounting specified in the accounting standards and are applicable to hedge accounting, which are classified as cash flow hedging. The corresponding accounting policies and accounting principles have not changed from the previous reporting period.							

during the reporting period, as well as whether there are significant changes compared with the previous reporting period	
Description of actual profit and loss during the reporting period	The actual income of the aluminum futures hedging instrument and the spot value change of the hedged aluminum ingot in the reporting period is RMB122,900; The gains and losses arising from forward foreign exchange hedging instruments offset the value changes of the hedged items due to exchange rate fluctuations.
Description of hedging effect	The profit and loss generated by the company's hedging instrument can offset the value change of the hedged item, and the hedging effect of the hedging business is good.
Capital source	Self-owned fund
Risk analysis and control measures for the derivative holding in the report period (including without limitation market, liquidity, credit, operation and legal risks)	The aluminum futures hedging and foreign exchange derivatives trading businesses carried out by the Company are derivative investment businesses. The derivative investment business carried out by the Company follows the basic principle of locking the price and exchange rate of raw materials, does not carry out speculative trading operations, and carries out strict risk control when signing hedging contracts and closing positions. The Company has established and implemented the "Derivatives Investment Business Management Measures" and "Commodity Futures Hedging Business Internal Control and Risk Management System". It has made clear regulations on the approval authority, business management, risk management, information disclosure and file management of derivatives trading business, which can effectively control the risk of the Company's derivatives holding positions.
Changes in the market price or fair	Fair value of derivatives are measured at open prices in the open market

value of the derivative in the report period, the analysis of the derivative's fair value should disclose the method used and related assumptions and parameters.	
Lawsuit (if any)	None
Disclosure date of derivative investment approval by the Board of Directors (if any)	October 29, 2025

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

☐ Applicable ☑ Inapplicable

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

VIII. Major assets and equity sales

1. Major assets sales

☐ Applicable ☑ Inapplicable

The Company sold no assets in the report period.

2. Major equity sales

☐ Applicable ☑ Inapplicable

IX. Analysis of major joint stock companies

☑ Applicable □ Inapplicable

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

In RMB

Company	Type	Main business	Registered capital	Total assets	Net assets	Turnover	Operation profit	Net profit
Fangda Construction Technology	Subsidiaries	Curtain wall system and materials	600,000,000.00	4,769,495,116.67	1,565,098,142.62	2,320,886,235.30	-331,004,592.50	-264,329,169.54
Fangda Zhiyuan	Subsidiaries	Rail Transit Platform Screen Doors and Services	105,000,000.00	977,857,042.55	429,549,372.38	596,770,482.60	100,616,909.97	85,549,224.11
Fangda Property	Subsidiaries	Real estate sales	200,000,000.00	5,364,111,598.75	2,456,398,149.52	90,439,034.43	-211,491,382.38	-171,155,798.89
Jiangxi Property Development	Subsidiaries	Real estate sales	100,000,000.00	435,472,173.64	136,917,519.38	20,255,342.73	-104,194,437.67	-78,082,066.97

Acquisition and disposal of subsidiaries in the report period

☑ Applicable □ Inapplicable

Company	Acquisition and disposal of subsidiaries in the report period	Impacts on overall production, operation and performance
Fangda Facade (NSW) Pty Ltd (Curtain Wall Sydney Company)	Newly set	None
FANGDA FACADE CONTRACTING L.L.C (Curtain Wall UAE Company)	Newly set	None

Major joint-stock companies

Explanation of Subsidiary Performance Volatility: Fangda Construction Technology Co., Ltd. reported a net loss of RMB264,329,169.54 during the reporting period, primarily due to asset impairment provisions totaling RMB216,465,527.09 (mainly on accounts receivable and contract assets) and a gross profit reduction of RMB259,859,790.31 resulting from lower revenue and declining gross margins, collectively reducing net profit by RMB404,876,519.79. Fangda Real Estate Co., Ltd. recorded a net loss of RMB171,155,798.89, mainly due to a fair value loss of RMB185,846,384.00 recognized on investment properties related to the Fangda City project, which reduced net profit by RMB139,384,788.00. Jiangxi Zhidi Real Estate Co., Ltd. incurred a net loss of RMB78,082,066.97, primarily driven by a fair value loss of RMB88,125,226.00 on investment properties of the Nanchang Fangda Center project and an inventory write-down provision of RMB23,306,214.74, together reducing net profit by RMB83,573,580.56.

X. Structural entities controlled by the Company

☐ Applicable ☑ Inapplicable

XI. Future Prospect

(1) Competition map and development trend

1. Rail Transit Platform Screen Door Equipment and Systems

With the continued deepening of China's national urbanization strategy, the integration of intercity and metropolitan rail transit networks is accelerating, creating significant development opportunities for intercity and suburban rail systems. In terms of competitive landscape, the rail transit equipment sector is witnessing consolidation of advantages among leading enterprises, with resources increasingly concentrating in technologically advanced players. Regarding industry trends, as the number of operational rail transit lines in China continues to grow, a large volume of equipment is entering the maintenance phase, rapidly unlocking the aftermarket for inspection, repair, and maintenance services, thereby expanding the scale of the after-sales market. Countries and regions along the "Belt and Road" are continuously increasing investment in urban rail transit infrastructure, presenting strategic opportunities for Chinese high-end equipment manufacturers to expand into overseas markets. The industry is accelerating its transformation toward intelligent and green development, with technological innovations—particularly in artificial intelligence (AI) and big data—deeply empowering equipment maintenance and system integration services.

2. Intelligent Curtain Wall and Materials Systems

In recent years, the competitive landscape of the curtain wall industry has continued to evolve, with increasing industry concentration and scale. Leading enterprises possessing comprehensive advantages in talent, technology, brand, and capital have demonstrated pronounced capabilities in undertaking complex, innovative, and integrated projects, resulting in a continuous shift of market share toward these advantaged companies. Meanwhile, technological innovations—such as artificial intelligence (AI), modular prefabrication, and Building Information Modeling (BIM)—are accelerating the industry's transformation and upgrading, becoming a key engine driving sectoral development. The accelerated construction of a unified national market is providing leading enterprises with broader market opportunities. As high-quality cooperation under the "Belt and Road" initiative deepens and delivers tangible results, Chinese curtain wall companies are rapidly transitioning from "product export" to a globalization model driven by both "technology and brand."

3. New Energy

Driven by the continued advancement of China's "dual carbon" strategic goals and the full implementation of green building policies, Building-Integrated Photovoltaics (BIPV)—as a critical pathway for building energy efficiency and carbon reduction—is entering a new phase of high-quality development. With continuous declines in photovoltaic module costs and accelerated technological iteration, enterprises possessing system integration capabilities, product innovation strengths, and full-industry-chain service advantages are increasingly standing out in market competition. BIPV competition is now characterized by dual drivers of "technology + brand." Leading enterprises, leveraging robust R&D capabilities and extensive project experience, are rapidly capturing premium segments—including high-end commercial buildings, public infrastructure, and urban renewal projects. As the inaugural year of the "15th Five-Year Plan" period, 2026 saw the Government Work Report explicitly call for vigorous development of the green and low-carbon economy and deeper promotion of zero-carbon parks and factories, signaling clear momentum toward the deep integration of new energy with traditional industries.

4. Commercial Management and Services

In 2025, sustained policy support gradually restored confidence in the property market and bolstered broader socio-economic recovery. Regional divergence is creating new development opportunities for the Guangdong-Hong Kong-Macao Greater Bay Area, which benefits from mature industrial ecosystems, strong population appeal, high corporate occupancy rates, and ongoing Shenzhen-Hong Kong integration—indicating significant future potential for Shenzhen's market.

(2) Company development strategy and business plan

In 2026, China Fangda Group Co., Ltd. will closely align with its global strategy, adhering to a balanced approach of prudent operations and innovative breakthroughs. The Company will continue to reinforce its core businesses—including rail transit platform screen door systems and high-end intelligent curtain walls—deepen coordinated domestic and international market deployment, comprehensively empower industrial upgrading through emerging technologies such as AI, systematically mitigate operational risks, and build robust core competitiveness to drive strategic transformation and performance enhancement across all business segments. In line with its annual operational targets, the Company will prioritize the following key initiatives:

1. Focus on Sci-Tech Innovation to Cultivate New Growth Drivers

The Company will uphold innovation as the cornerstone of its development, applying AI comprehensively across R&D, manufacturing, and operations. It will strategically invest in frontier technologies and new product development, actively exploring new technologies, products, industries, and markets suited to its growth trajectory—with intensified R&D and application in intelligent transportation equipment, advanced materials, green and energy-efficient products, and prefabricated construction. It will further refine its industry-academia-research collaborative innovation system, leveraging postdoctoral innovation platforms and other R&D institutions to strengthen core technical teams, accelerate the efficient conversion of scientific achievements, foster new quality productive forces, and solidify technological barriers.

2. Deepen Market Deployment and Upgrade Business Models

Domestically, the Company will firmly implement a key-account strategy, forging long-term, symbiotic strategic partnerships with high-quality clients. Internationally, it will accelerate overseas expansion, advance localization of its global operations, enhance its overseas project execution and risk management systems, and strengthen global brand building—thereby fostering a mutually reinforcing domestic-international dual-circulation market structure and further elevating its global market share and brand influence.

3. Strengthen Operational Control to Enhance Quality and Efficiency

The Company will comprehensively reduce contract assets and accounts receivable by rigorously assessing client creditworthiness and contract quality at the source, accelerating settlement and collection of existing receivables, and reinforcing operational safety. It will restructure its procurement system, integrate and cultivate high-quality supplier resources, and establish a core competitive advantage through scaled procurement. It will advance integration of business and finance, elevate financial management and digital capabilities, and enable data-driven decision-making. Clear delineation of responsibilities, rights, and interests across all organizational levels, along with optimized structures and workflows, will break down departmental silos and comprehensively enhance group-level control and project delivery performance.

4. Strengthen Talent Foundation and Team Capabilities

The Company will intensify recruitment and development of high-caliber, multidisciplinary, and international talents, with priority hiring in critical areas such as overseas operations and AI technology, and actively promote outstanding young professionals regardless of conventional constraints. It will refine talent incentive and development mechanisms, optimize talent pipeline structures, enhance strategic thinking and management training for leaders, and encourage company-wide adoption of emerging technologies like AI to cultivate "super individuals." It will build learning-oriented, innovation-driven teams to ensure robust talent supply for global expansion and digital-intelligent transformation.

5. Consolidate Foundational Management and Elevate Corporate Governance

The Company will advance management system innovation, streamline processes, reduce administrative costs, and improve overall operational and execution efficiency. It will enforce end-to-end cost control, instill a "everyone is a cost center" mindset, and establish a holistic cost-reduction framework across the value chain. It will strengthen its risk management framework—with focused attention on overseas tax, foreign exchange, and legal risks—as well as comprehensive oversight of contractual performance, work safety, and compliance, thereby advancing the modernization of corporate governance.

(3) Potential Risks

1. Risks of macro environment and policy changes

The Company's core businesses are closely tied to the macro-economy and industry policies, rendering them highly sensitive to overall macroeconomic conditions. As the Company deepens its global market footprint, adverse shifts in domestic or international macroeconomic conditions—such as a slowdown in fixed-asset investment—combined with geopolitical conflicts, localized wars, and regional instability, could lead to reduced demand in sectors like rail transit equipment and building curtain walls, or intensify industry competition. Such developments may adversely affect the Company's profitability and operating performance.

To effectively address risks and challenges arising from macroeconomic and policy changes, the Company will closely monitor developments in the domestic and global macroeconomy, industry policies, and geopolitical dynamics, and promptly optimize and adjust its business strategies accordingly. It will continuously strengthen technological innovation and digital transformation, actively promote the deep integration of artificial intelligence (AI) into R&D, operations, and management, and enhance its core competitiveness and risk resilience to ensure sustained and stable growth.

2. Market competition risks

The Company primarily operates in the rail transit platform screen door systems and high-end building curtain wall segments—industries characterized by a high degree of marketization. In China's rail transit platform screen door sector, domestic manufacturers' technologies are maturing rapidly, leading to intensified competition. Meanwhile, the curtain wall industry remains fragmented, with increasingly fierce competition for high-end landmark and key projects. If the Company fails to sustain its advantages in technology, brand, and service, its market share and operational performance could be negatively impacted.

To proactively mitigate competitive risks, the Company will closely track industry trends and technological evolution, adhere to innovation-driven development and refined management, and continuously enhance product competitiveness and operational efficiency. It will deepen industry-academia-research collaboration, accelerate frontier technology research and commercialization of scientific achievements, and remain committed to high-quality, high-efficiency growth. While reinforcing its dominant position in the domestic market, the Company will actively expand into overseas markets—particularly along the "Belt and Road"—to build a mutually reinforcing domestic-international dual-circulation development model and maintain its industry leadership.

3. Production and operation risks

The Company's production and operations are significantly influenced by macroeconomic conditions and supply-demand dynamics. Sharp fluctuations in prices of key raw materials and persistently rising labor costs could directly impair product profitability and increase operational uncertainty and risk.

To effectively manage these risks, the Company will employ hedging instruments such as futures, negotiate contract adjustments with partners, and implement scientifically optimized raw material procurement plans to mitigate price volatility. It will strictly enforce supplier management mechanisms, continuously elevate the technological sophistication of production management, increase R&D investment, refine manufacturing processes, and advance automation and intelligent upgrades of production equipment to reduce material waste. Additionally, the Company will deepen the construction of intelligent and digitalized construction systems, promote the adoption of new technologies and processes, and enhance workforce skills training—to improve product quality and production efficiency while ensuring safety, thereby strengthening operational resilience.

4. Management risks

As the Company's business scale expands and overseas operations grow, the complexity of group-level management increases, exposing the Company to certain organizational and internal control risks. Moreover, with increasingly stringent capital market regulatory requirements, the Company faces higher expectations for standardized and refined corporate governance.

To effectively prevent management risks, the Company will continue to deepen management reforms, optimize organizational structures and business processes, and strengthen its internal control framework and supporting management systems. It will also continuously improve talent recruitment and development mechanisms, actively attract high-caliber, highly skilled, and multidisciplinary technical and managerial personnel, optimize talent pipelines and human resource allocation, and comprehensively enhance overall management effectiveness and governance standards—providing a solid foundation for high-quality development.

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

☑ Applicable □ Inapplicable

Time/date	Place	Way	Visitor	Visitor	Main content involved and materials provided	Disclosure of information
29 April 2025	Network platform	Online communication on online platforms	Others	Investors participating in the Company's 2024 Performance Presentation	Business and future development	Investor Relationship Record Form on www.cninfo.com.cn
November 20, 2025	Network platform	Online communication on online platforms	Others	Investors participating in the collective investor reception day event	Business and future development	Investor Relationship Record Form on www.cninfo.com.cn

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

Has the Company formulated a market value management system?

☐ Yes ☑ No

Has the Company disclosed a valuation enhancement plan?

☑ Yes □ No

On April 22, 2025, the Company disclosed the "China Fangda Group Co., Ltd. Valuation Enhancement Plan" on cninfo.com.cn (http://www.cninfo.com.cn), detailing the triggering circumstances and procedures for formulating the valuation enhancement plan, and introducing specific measures taken by the Company to enhance valuation. This plan is closely aligned with the Company's actual situation and development strategy, helping to improve the Company's operating quality and investment value, enhance investor returns, and promote the Company's long-term stable development.

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

Has the Company disclosed the announcement of the "Quality and Return Double Enhancement" action plan?

☑ Yes □ No

For details, please refer to the "China Fangda Group Co., Ltd. Announcement on the 'Quality and Return Dual Enhancement' Special Action Plan" disclosed by the Company on April 8, 2026, on the CNINFO (http://www.cninfo.com.cn).

Chapter IV Corporate Governance, Environment, and Society

1. Overview

In accordance with relevant laws, regulations, and normative documents—including the PRC Company Law, the Securities Law, the Administrative Measures for Independent Directors of Listed Companies, and the Code of Corporate Governance for Listed Companies—the Company has continuously optimized its corporate governance structure and established a sound internal control system along with comprehensive internal management policies. During the reporting period, in compliance with the latest requirements of the PRC Company Law and the CSRC's Guidelines on the Articles of Association for Listed Companies, the Company abolished its Board of Supervisors, transferring its functions to the Audit Committee of the Board of Directors. Concurrently, the Company revised its internal rules and regulations accordingly, further refining its governance structure and standardizing corporate operations.

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

☐ Yes ☑ No

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

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

The Company maintains complete separation from its controlling shareholder and actual controller in terms of business, personnel, assets, organizational structure, and finance, and possesses an independent, integrated business system and autonomous operational capability. Details of the meetings are disclosed as follows:

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

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

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

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

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

3. Competition

☐ Applicable ☑ Inapplicable

IV. Directors and Senior Management

1. Profiles

Name	Gender	Age	Position	Job status	Starting date of the term	End date of the term	Number of shares held at beginning of the period	Increased shares in this period (share)	Decreased shares in this period (share)	Other increase and decrease (share)	Number of shares held at end of the period	Reasons
Xiong Jianming	M	68	Chairman	In office	November 20, 1995	28 April 2026	5,110,257	0	0	0	5,110,257	Inapplicable
Xiong Xi	M	43	Chairman, President	In office	March 20, 2023	28 April 2026	0	0	0	0	0	Inapplicable
Xiong Xi	M	43	Vice Chairman	In office	March 29, 2024	28 April 2026	0	0	0	0	0	Inapplicable
Xiong Jianwei	M	57	Director	In office	April 16, 1999	28 April 2026	0	0	0	0	0	Inapplicable
Lin Kebin	M	48	Director	In office	April 11, 2017	28 April 2026	0	0	0	0	0	Inapplicable
Lin Kebin	M	48	Vice president	In office	June 6, 2008	28 April 2026	0	0	0	0	0	Inapplicable
Cao Zhongxiong	M	47	Independent director	In office	May 8, 2020	28 April 2026	0	0	0	0	0	Inapplicable
Zhan Weizai	M	61	Independent director	In office	March 20, 2023	28 April 2026	0	0	0	0	0	Inapplicable

Song Ming	F	47	Independent director	In office	January 8, 2024	28 April 2026	0	0	0	0	0	Inapplicable
Wei Yuexing	M	57	Vice president	In office	July 29, 2011	28 April 2026	0	0	0	0	0	Inapplicable
Dong Gelin	M	47	Vice president	In office	March 20, 2023	28 April 2026	0	0	0	0	0	Inapplicable
Ye Zhiqing	M	51	Secretary of the Board	In office	November 13, 2024	28 April 2026	29,000	0	0	0	29,000	Inapplicable
Total	--	--	--	--	--	--	5,139,257	0	0	0	5,139,257	--

Whether any directors or senior management personnel left office during their term in the reporting period

☐ Yes ☑ No

Changes in the Company's directors and senior management

☐ Applicable ☑ Inapplicable

2. Office Description

Professional backgrounds, key career experiences, and current primary responsibilities of the Company's incumbent directors and senior management

(1) Mr. Xiong Jianming: Ph.D. in Business Administration Philosophy, Senior Engineer, Founder of the Company, and currently Chairman of the Company. — National Deputy to the 14th National People's Congress; President of Gan Shang General Chamber of Commerce; Chairperson of Nanshan District Federation of Industry and Commerce, Shenzhen. He previously worked at the Jiangxi Provincial Industrial Mechanical Design and Research Institute and the Shekou District Administration Bureau of the Shenzhen Municipal People's Government. He formerly served as a delegate to the 13th National People's Congress, a council member of the Sixth Session of the China Guangcai Enterprise Promotion Association, a delegate to the 10th Guangdong Provincial People's Congress, a member of the 11th Jiangxi Provincial Committee of the Chinese People's Political Consultative Conference (CPPCC), a delegate to the 4th Party Congress of Shenzhen Municipality, a delegate to the 2nd, 3rd, and 6th Shenzhen Municipal People's Congresses, a member of the 5th CPPCC Shenzhen Municipal Committee, and founding president of the Shenzhen Solid-State Lighting Promotion Association.

(2) Mr. Xiong Xi: Master's degree. Currently serves as Vice Chairman and President of the Company, and Chairman of Fangda Zhiyuan Company; also a member of the 7th Shenzhen Municipal Committee of the Chinese People's Political Consultative Conference (CPPCC). Previously served as Database Engineer at China Merchants Bank Co., Ltd.; Deputy Director of the Company's Technology & Information Department and Human Resources Department; Assistant to the President; and Deputy General Manager of Fangda Construction Technology Co., Ltd.

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

(4) Mr. Lin Kebin: Bachelor's degree. Currently serves as Director and Vice President of the Company, and General Manager of Fangda Zhiyuan Company. Previously served as Chief Financial Officer of the Company.

(5) Mr. Cao Zhongxiong: Ph.D. Currently serves as Independent Director of the Company, Assistant to the President of China Development Institute (China•Shenzhen), and Director of the Institute's Digital Strategy and Economics Research Center, specializing in research and consulting on new economy and corporate strategy. He used to be a technician of China Chemical Group Bluestar Detergent Co., Ltd. and the executive director of the New Economy Research Institute of the Comprehensive Development Research Institute (Shenzhen, China).

(6) Mr. Zhan Weizai: Ph.D., Certified Senior Accountant. He currently serves as an Independent Director of China Fangda Group Co., Ltd., a Director of Tianyin Communication Holding Co., Ltd., and an Independent Director of Shenzhen Everwin Precision Technology Co., Ltd. and Shenzhen Zhiwei Intelligent Technology Co., Ltd. He is also a Guest Professor at the School of Economics and Management of Wuhan University and the School of Mathematics and Statistics of Central China Normal University, and an Adjunct Mentor at Jiangxi University of Finance and Economics. He previously served as Chairman of Shenzhen Jiangcai Ren Education Management Co., Ltd., Supervisor of Shenzhen Dewo Industrial Development Co., Ltd., and Independent Director of Shenzhen Weiye Decoration Group Co., Ltd. and Chongqing Zhijian Electronic Co., Ltd.

(7) Ms. Song Ming: Ph.D. in Law. She currently serves as an Independent Director of China Fangda Group Co., Ltd., Director of the Special Economic Zone Legislative Research Center, Director of the Constitutional and Administrative Law Teaching and Research Section, and Director of the Administrative Rule of Law Research Center at the Law School of Shenzhen University, where she is also a Doctoral Supervisor. She concurrently serves as an Executive Council Member of the Shenzhen Law Society, Chair of the Administrative Law Research Association of the Shenzhen Law Society, Invited Supervisor of the Political and Legal Affairs Commission of the Shenzhen Municipal Committee of the CPC, and Expert Lay Judge of the Shenzhen Administrative Trial Center.

(8) Mr. Wei Yuexing: Bachelor's degree, Senior Engineer. Currently serves as Vice President of the Company and General Manager of Fangda Construction Technology Co., Ltd.

(9) Mr. Dong Gelin: Bachelor's degree, Senior Engineer. Currently serves as Vice President of the Company and Deputy to the 8th People's Congress of Nanshan District, Shenzhen. He has served as a supervisor of the Company, a designer of Fangda Construction Engineering Company, a chief engineer of a design institute, a general manager of Fangda Construction Engineering Beijing Branch, and a deputy general manager of Fangda Construction Engineering.

(13) Mr. Ye Zhiqing: Bachelor's degree, Senior Engineer. Currently serves as Secretary of the Board of Directors of the Company and Chairman of the Supervisory Board of Fangda Zhiyuan Company. Previously held positions including Supervisor of the Company, General Manager of Fangda Real Estate Co., Ltd., Deputy Dean of the Design Institute of Fangda Jianke Co., Ltd., Assistant to the General Manager of Fangda Construction Technology Co., Ltd., and General Manager of Shanghai Branch of Fangda Construction Technology Co., Ltd.

Situation where the controlling shareholder or actual controller concurrently serves as both Chairman and General Manager of the listed company

☐ Applicable ☑ Inapplicable

Offices held at shareholders entities

☑ Applicable ☐ Inapplicable

Name	Shareholder entity	Office	Starting date of the term	End date of the term	Whether any remuneration is paid at the shareholder entity
Xiong Jianming	Shengjiu Investment Ltd.	Director	October 6, 2011		No
Office description	None				

Offices held at other entities

☑ Applicable ☐ Inapplicable

Name	Entity name	Position held in another entity	Starting date of the term	End date of the term	Whether any remuneration is paid at the shareholder entity
Xiong Jianming	Jiangxi Business Innovative Property Joint Stock Co., Ltd.	Director	January 10, 2018		No
Xiong Jianming	Gongqing City Shengtai Investment Partnership (Limited Partnership)	Executive partner	December 26, 2022		No
Cao Zhongxiong	General Development Research Institute (Shenzhen, China)	Assistant to the President, Director of the Digital Strategy and Economics Research Center	January 1, 2022		Yes
Zhan Weizai	Shenzhen Jiangcai Education Management Co., Ltd.	Chairman	July 1, 2017	September 28, 2025	No
Zhan Weizai	Shenzhen Dewo Industrial Development Co., Ltd.	Supervisor	June 1, 2010	January 23, 2025	Yes
Zhan Weizai	Shenzhen Everwin Precision Technology Co, Ltd.	Independent director	May 15, 2020		Yes
Zhan Weizai	Shenzhen Zhiwei Intelligent Technology Co.,	Independent director	November 1, 2024		Yes

	Ltd.				
Zhan Weizai	Telling Telecommunication Holding Co., Ltd.	Director	November 26, 2021		Yes
Song Ming	Law School of Shenzhen University	Director of the Center for Administrative Rule of Law Research	April 3, 2017		Yes
Office description	None				

Penalties imposed by securities regulatory authorities on the Company's incumbent and former directors and senior management during the reporting period over the past three years

☐ Applicable ☑ Inapplicable

3. Compensation of Directors and Senior Management

Decision-making procedures, determination basis, and actual payment status of compensation for directors and senior management

1. Remuneration schemes for directors are proposed by the Remuneration and Assessment Committee of the Board, and implemented upon approval of the Board and the Shareholders' Meetings; the remuneration schemes for executives are approved and implemented by the Board.
The remuneration scheme for directors of the Company shall be determined by the shareholders' general meeting, while the compensation scheme for senior executives shall be determined by the Board of Directors. Additionally, the remuneration and assessment committee of the Board of Directors shall review the actual payment of remuneration on an annual basis.

Compensation of directors and senior management during the reporting period

In RMB10,000

Name	Gender	Age	Position	Job status	Total remuneration	Remuneration from related parties
Xiong Jianming	M	68	Chairman	In office	210.79	No
Xiong Xi	M	43	Vice Chairman and President	In office	205.16	No
Xiong Jianwei	M	57	Director	In office	104.43	No
Lin Kebin	M	48	Director, vice president	In office	109.6	No
Cao Zhongxiong	M	47	Independent director	In office	8	No
Zhan Weizai	M	61	Independent director	In office	8	No
Song Ming	F	47	Independent director	In office	8	No
Wei Yuexing	M	57	Vice president	In office	101.04	No
Dong Gelin	M	47	Vice president	In office	67.25	No
Ye Zhiqing	M	51	Secretary of the Board	In office	82	No

Total	--	--	--	--	904.27	--

Basis for performance evaluation underlying the actual compensation received by all directors and senior management as of the end of the reporting period	Performance and results of senior management are evaluated based on the achievement of annual operational targets.
Status of performance evaluations underlying the actual compensation received by all directors and senior management as of the end of the reporting period	The Company's Board Compensation and Evaluation Committee is responsible for evaluating directors and senior management, primarily based on the Company's annual performance and individual job responsibilities.
Deferred payment arrangements for the actual compensation received by all directors and senior management as of the end of the reporting period	Inapplicable
Clawback or forfeiture provisions applicable to the actual compensation received by all directors and senior management as of the end of the reporting period	Inapplicable

Other matters

☐ Applicable ☑ Inapplicable

V. Performance of Duties by Directors During the Reporting Period

1. Attendance of Directors at Board and Shareholders' Meetings

Attendance of directors at board meetings and shareholders' meetings							
Name of director	Time of board meetings should have attended	Number of board meetings attended	Presented by telecom	Number of board meetings attended by proxy	Number of board meetings not attended	Absent for two consecutive meetings	Number of shareholders' meetings attended
Xiong Jianming	3	3	0	0	0	No	1
Xiong Xi	3	3	0	0	0	No	1
Xiong Jianwei	3	3	0	0	0	No	1
Lin Kebin	3	3	0	0	0	No	1
Cao Zhongxiong	3	1	2	0	0	No	1
Zhan Weizai	3	1	2	0	0	No	1
Song Ming	3	1	2	0	0	No	1

Statement for absence for two consecutive board meetings

Inapplicable

2. Objection raised by directors

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

☑Yes ☑No

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

3. Other statement for performance of directors

Adoption of suggestion proposed by directors

☑ Yes □ No

Statement for suggestion adopted or not by the Company

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

VI. Activities of the Board's Specialized Committees During the Reporting Period

Committee name	Membership	Number of meetings held	Date	Meeting content	Important opinions and suggestions put forward	Other performance of duties	Details of objections
Development Strategy Committee	Xiong Jianming, Xiong Xi, Cao Zhongxiong, Xiong Jianwei	2	18 April 2025	Heard and considered: 1. Review of the Company's production and operation in 2024; 2. The Company's 2025 annual production and operation work plan.	After full communication and discussion, all proposals were unanimously passed.		
			August 21, 2025	Listened to and reviewed the review of the Company's production and operation in the first half of 2025 and the main work in the second half of 2021.	After full communication and discussion, all proposals were unanimously passed.		
Audit Committee	Zhan Weizai, Song	4	14 April 2025	Listened to and reviewed the financial statements	The financial and accounting report of the		

	Ming, Xiong Jianwei			of the Company in 2024 after the preliminary opinions issued by the annual audit accountant.	Company for 2024 has been prepared in accordance with the new accounting standards for business enterprises and relevant financial regulations of the Company, which truly reflects the financial status of the Company as of December 31, 2024 and the operating results and cash flow in 2024. It is agreed to determine the final financial report for 2024 on this basis.		
			18 April 2025	The committee heard a report from RSM China Certified Public Accountants LLP on the Company's 2024 annual audit, reviewed the Company's 2024 Financial Work Report, and deliberated and approved the following proposals: 1. Audited 2024 Annual Financial Statements; 2. Proposal on Asset Impairment Provisions for 2024; 3. Proposal on Appointment of the 2025 External Auditor; 4. Unaudited First-Quarter 2025 Financial Statements; 5. 2024 Internal Control Self-Assessment Report; 6. 2024 Internal Audit Work Report;	After thorough discussion, the committee unanimously agreed to submit Proposals 1 through 5 to the Board of Directors for further deliberation.		

				7. 2025 Internal Audit Work Plan.			
			August 21, 2025	The committee heard the 2025 Interim Financial Work Report and the Interim Internal Audit Work Report, and deliberated and approved the following proposals: 1. Proposal on Interim Asset Impairment Provisions for the First Half of 2025; 2. Unaudited Interim Financial Statements for the First Half of 2025; 3. Interim Internal Audit Work Report for the First Half of 2025.	After thorough discussion, the committee unanimously agreed to submit Proposals 1 and 2 to the Board of Directors for further deliberation.		
			October 27, 2025	The committee deliberated and approved the following: 1. Unaudited Third-Quarter 2025 Financial Statements; 2. Proposal on Continuing Futures Hedging and Foreign Exchange Derivatives Transactions.	After full communication and discussion, the proposal was unanimously adopted and agreed to be submitted to the board of directors of the Company for deliberation.		
Remuneration and Assessment Committee	Song Ming, Xiong Xi, Cao Zhongxiong	1	18 April 2025	The proposal on the remuneration of directors and senior managers in 2024 was considered and adopted.	During 2024, the Company's directors and senior management diligently and conscientiously fulfilled their duties and successfully achieved the Company's 2024 operational targets and other assigned tasks. The compensation received by the Company's directors and senior management in		

					2024 complied with the Company's compensation management policies for directors and senior management.		

VII. Work of the Audit Committee

Whether the Audit Committee identified any risks at the Company during its supervisory activities in the reporting period

☐ Yes ☑ No

The Audit Committee raised no objections to the matters supervised during the reporting period.

VIII. Employee Information

1. Staff number, professional composition and education

Staff number of the parent at the end of the reporting period	34
Number of on-the-job employees of major subsidiaries at the end of the reporting period (person)	2,915
Total number of active employees at the end of the reporting period (person)	2,949
Number of employees receiving remuneration in the period	2,949
Resigned and retired staff number to whom the parent and major subsidiaries need to pay remuneration	0
Professional composition	
Categories of professions	Number of people
Production	1,513
Sales & Marketing	133
Technicians	1,049
Finance & Accounting	61
Administration	193
Total	2,949
Education	
Categories of education	Number of people
High school or below	1,192
College diploma	714
Bachelor	996
Master's degree	45
Doctor's degree	2
Total	2,949

2. Remuneration policy

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

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

3. Training program

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

4. Labor outsourcing

☑ Applicable □ Inapplicable

Total number of hours of labor outsourcing	12,390,289.19
Total remuneration paid for labor outsourcing (RMB)	475,816,842.18

IX. Profit Distribution and Conversion of Capital Reserve into Share Capital

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

☑ Applicable □ Inapplicable

During the report period, the Company implemented the profit distribution plan for 2024. At the 2024 Annual General Meeting held on May 12, 2025, the Company's 2024 profit distribution plan was approved as follows: based on the total share capital of 1,073,874,227 shares as of the close of business on the record date for the implementation of the profit distribution plan, the Company will distribute a cash dividend of RMB0.50 (tax inclusive) per 10 shares to all shareholders, amounting to a total cash distribution of RMB53,693,711.35. No bonus shares will be issued, and no conversion of capital reserve into share capital will be carried out.

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

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

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

☐ Applicable ☑ Inapplicable

Profit Distribution and Reserve Capitalization in the Report Period

☐ Applicable ☑ Inapplicable

The Company does not plan to distribute cash dividends, issue bonus shares, or convert capital reserve into share capital for the year.

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

☐ Applicable ☑ Inapplicable

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

XI. Establishment and Implementation of Internal Control Systems During the Reporting Period

1. Construction and implementation of internal control

The Company has established and improved its internal control system in accordance with the *Basic Norms for Enterprise Internal Control* and its supporting guidelines, as well as other internal control supervision requirements, combined with the actual situation of the company. The risk internal control management organizational system of the company is jointly composed of the Audit Committee and the Internal Audit Department, which supervises and evaluates the Company's internal control management, improves the Company's standardized operation level, and promotes the healthy and sustainable development of the Company. The 2025 Internal Control Self Evaluation Report disclosed by the Company on http://www.cninfo.com.cn, truthfully, and accurately reflects the actual situation of the Company's internal control. During the reporting period, the Company did not have any significant deficiencies in internal control.

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

☐ Yes ☑ No

XII. Management and Control of Subsidiaries During the Reporting Period

Company	Integration plan	Integration progress	Problems encountered in integration	Solutions taken	Solution progress	Follow up solution plan
Inapplicable	None	None	None	None	None	None

Abnormalities exist in the management and control of subsidiaries.

☐ Yes ☑ No

XIII. Internal Control Evaluation Report or Internal Control Audit Report

1. Internal control report

Date of disclosure of the internal control evaluation report	08 April 2026	
Disclosure of the internal control evaluation report	www.cninfo.com.cn	
Percentage of assets in the evaluation scope in the total assets in the consolidated financial statements	96.65%	
Percentage of operation income in the evaluation scope in the total operation income in the consolidated financial statements	99.20%	
Standard		
Type	Financial report	Non-financial report
Standard	1. The following problems are considered major problems: 1. Non-effective control environment; 2. corrupt practice by directors and senior management, causing substantial loss and impacts for the Company;	I. The following condition indicates significant problems in the internal control of non-financial reports: 1. Serious violation against national laws, regulations or specifications; 2. Serious business system problems

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

2. Internal control audit report

☑ Applicable □ Inapplicable

Comments in the internal control audit report	
We believe that China Fangda Group has maintained effective internal control on financial reports according to Basic Regulations on Enterprise Internal Control and related regulations on December 31, 2025.	
Disclosure of internal auditor's report	Disclosed
Date of disclosure of the internal control audit report	08 April 2026
Source of disclosure of the internal control audit report	www.cninfo.com.cn
Opinion type	Standard opinion auditor's report
Problems in non-financial statements	No

Non-standard internal control audit report by the CFA

☐ Yes ☑ No

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

☑ Yes ☐ No

Whether a non-standard internal control audit opinion was issued for the reporting period or the prior year

☐ Yes ☑ No

XIV. Self-Inspection and Rectification under the Listed Company Governance Special Action

Inapplicable

XV. Environmental Information Disclosure

Whether the listed company and its major subsidiaries are included in the list of enterprises required by law to disclose environmental information

☐ Yes ☑ No

XVI. Corporate Social Responsibility

The Company remains true to its founding mission, places great importance on environmental and social sustainability, and actively fulfills its corporate social responsibilities. In 2025, the Company has earnestly performed social responsibilities in regulating governance and operation, protecting the rights and interests of shareholders and creditors, safe production, environmental protection, energy conservation and emission reduction, protecting the rights and interests of employees, protecting the rights and interests of suppliers, customers and consumers, public relations and social public welfare undertakings. See cninfo.com http://www.cninfo.com.cn for the 2025 social responsibility report of China Fangda Group Co., Ltd.

XVII. Efforts to Consolidate and Expand Achievements in Poverty Alleviation and Advance Rural Revitalization

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

In addition, the Company has been actively involved in various public welfare activities, including public education, public health, rural medical care, disaster relief, environmental protection, rural revitalization and many other aspects. For many consecutive years, the Company has been awarded honors including "National (Shenzhen) Outstanding Foreign-Invested Enterprise – Green & Carbon Reduction Promotion Award" and "Outstanding Enterprise in Fulfilling Social Responsibility."

Chapter 5 Significant Events

I. Performance of promises

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

□ Applicable ☑ Inapplicable

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

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

□ Applicable ☑ Inapplicable

3. Company's Involvement in Performance Commitments

□ Applicable ☑ Inapplicable

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

□ Applicable ☑ Inapplicable

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

III. Incompliant external guarantee

□ Applicable ☑ Inapplicable

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

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

□ Applicable ☑ Inapplicable

V. Explanations by the Board of Directors and Independent Directors (if any) Regarding the Accounting Firm's "Non-Standard Audit Report" for the Current Reporting Period

□ Applicable ☑ Inapplicable

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

☑ Applicable □ Inapplicable

In RMB

Accounting item	Amount for prior year		Amount for current year		Adjustment process
	Before adjustment	After adjustment	Before adjustment	After adjustment	
Account receivable	Not applicable. This change in accounting estimate is applied prospectively under the prospective application method and does not require retrospective adjustment.		897,997,432.97	885,516,557.23	With the development of businesses across various industries, the Company has continuously refined its customer risk management for different sectors and enhanced its management capabilities. Based on a comprehensive assessment of the composition of receivables (including notes receivable, accounts receivable, contract assets, and other receivables) related to curtain wall, platform screen door, new materials, new energy, and commercial real estate businesses, as well as differences in customer risk profiles and historical credit loss experience, the Company has changed its accounting estimates. This change is made prudently, in accordance with Accounting Standards for Business Enterprises No. 22—Recognition and Measurement of Financial Instruments, No. 28—Changes in Accounting Policies, Changes in Accounting Estimates and Correction of Errors, and other relevant provisions,
Contract assets (including portions reclassified to other non-current assets)			2,124,278,409.65	2,113,866,663.17	
Notes receivable			134,350,222.65	121,778,063.00	
Other receivables			123,484,843.69	120,173,307.70	
Credit impairment loss			-224,180,268.08	-252,544,839.46	
Asset impairment loss			-20,214,366.04	-30,626,112.52	
Total profit			-589,488,687.06	-628,265,004.92	

				and is aligned with the actual business characteristics and operating conditions, in order to present the Company's financial position and operating results more objectively and fairly.

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

☑ Applicable □ Inapplicable

During the current period, the Company's consolidated scope expanded through the establishment of two new subsidiaries: Fangda Facade (NSW) Pty Ltd (Curtain Wall Sydney Company) and FANGDA FACADE CONTRACTING L.L.C (Curtain Wall UAE Company).

VIII. Engaging and dismissing of CPA

CPA engaged currently

Domestic public accountants name	RSM Thornton (limited liability partnership)
Remuneration for the domestic public accountants (in RMB10,000)	150
Consecutive years of service by the domestic public accountants	7
Name of certified accountants of the domestic public accountants	Zhou Junchao, Yang Yang
Consecutive years of service by the domestic public accountants	Zhou Junchao has provided consecutive audit services for 3 years, and Yang Yang has provided audit services for 1 year.
Overseas public accountants name (if any)	None
Remuneration for the overseas public accountants (in RMB10,000)	0
Consecutive years of service by the overseas public accountants (if any)	None
Name of certified accountants of the overseas public accountants (if any)	None
Consecutive years of service by the domestic public accountants	None

Whether the CPA is replaced

☐ Yes ☑ No

Engaging of internal control audit CPA, financial advisor and sponsor

☑ Applicable □ Inapplicable

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

IX. Delisting after disclosure of annual report

☐ Applicable ☑ Inapplicable

X. Bankruptcy and capital reorganizing

☐ Applicable ☑ Inapplicable

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

XI. Significant lawsuit and arbitration

☐ Applicable ☑ Inapplicable

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

XII. Punishment and rectification

☐ Applicable ☑ Inapplicable

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

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

☑ Applicable □ Inapplicable

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

XIV. Material related transactions

1. Related transactions related to routine operation

☐ Applicable ☑ Inapplicable

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

2. Related transactions related to assets transactions

☐ Applicable ☑ Inapplicable

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

3. Related transactions related to joint external investment

☐ Applicable ☑ Inapplicable

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

4. Related credits and debts

☐ Applicable ☑ Inapplicable

The Company had no related debt in the report period.

5. Transactions with related financial companies

☐ Applicable ☑ Inapplicable

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

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

☐ Applicable ☑ Inapplicable

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

7. Other major related transactions

☐ Applicable ☑ Inapplicable

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

XV. Significant contracts and performance

1. Asset entrusting, leasing, contracting

(1) Asset entrusting

☐ Applicable ☑ Inapplicable

The Company made no custody in the report period.

(2) Contracting

☐ Applicable ☑ Inapplicable

The Company made no contract in the report period

(3) Leasing

☐ Applicable ☑ Inapplicable

There are no significant leasing situations during the reporting period.

2. Significant guarantee

☑ Applicable ☐ Inapplicable

In RMB10,000

External guarantees made by the Company and subsidiaries (exclude those made for subsidiaries)										
Guarantee provided to	Date of disclosure	Guarantee amount	Actual date	Actual amount of guarantee	Type of guarantee	Collateral (if any)	Counter guarantee (if any)	Term	Completed or not	Related party

None										
Guarantee provided to subsidiaries										
Guarantee provided to	Date of disclosure	Guarantee amount	Actual date	Actual amount of guarantee	Type of guarantee	Collateral (if any)	Counter guarantee (if any)	Term	Completed or not	Related party
Fangda Construction Technology	22 April 2025	101,000	December 21, 2025	44,086.22	Joint liability	None	None	since engage of contract to 3 years upon due of debt	No	Yes
Fangda Construction Technology	April 2, 2024	35,000	21 April 2025	9,770.08	Joint liability	None	None	since engage of contract to 3 years upon due of debt	No	Yes
Fangda Construction Technology	22 April 2025	50,000	Jul. 16, 2025	18,540.34	Joint liability	None	None	since engage of contract to 3 years upon due of debt	No	Yes
Fangda Construction Technology	22 April 2025	60,000	December 12, 2025	59,700	Joint liability	None	None	since engage of contract to 3 years upon due of debt	No	Yes
Fangda Construction Technology	22 April 2025	15,000	Jul. 01, 2025	0	Joint liability	None	None	since engage of contract to 3 years upon due of debt	No	Yes
Fangda Construction Technology	22 April 2025	40,000	August 7, 2025	4,058	Joint liability	None	None	since engage of contract to 3	No	Yes

								years upon due of debt		
Fangda Construction Technology	22 April 2025	4,900	28 April 2025	4,900	Joint liability	None	None	since engage of contract to 3 years upon due of debt	No	Yes
Fangda Construction Technology	April 2, 2024	30,000	27 March 2025	0	Joint liability	None	None	since engage of contract to 3 years upon due of debt	No	Yes
Fangda Construction Technology	22 April 2025	25,000	December 23, 2025	3,500	Joint liability	None	None	since engage of contract to 3 years upon due of debt	No	Yes
Fangda Construction Technology	February 28, 2023	11,150	August 16, 2023	3,097.68	Joint liability	None	None	since engage of contract to 3 years upon due of debt	No	Yes
Fangda Construction Technology	22 April 2025	20,000	December 9, 2025	6,016.99	Joint liability	None	None	since engage of contract to 3 years upon due of debt	No	Yes
Fangda Construction Technology	April 2, 2024	39,000	January 14, 2025	12,780.51	Joint liability	None	None	since engage of contract to 3 years upon due of debt	No	Yes

Fangda Construction Technology	April 2, 2024	25,000	January 10, 2025	21,000	Joint liability	None	None	since engage of contract to 3 years upon due of debt	No	Yes
Fangda Construction Technology	April 2, 2024	48,000	December 15, 2024	13,000	Joint liability	None	None	since engage of contract to 3 years upon due of debt	No	Yes
Fangda Construction Technology	April 2, 2024	20,000	November 4, 2024	4,800	Joint liability	None	None	since engage of contract to 3 years upon due of debt	No	Yes
Fangda Zhiyuan	22 April 2025	35,800	December 21, 2025	16,997.68	Joint liability	None	None	since engage of contract to 3 years upon due of debt	No	Yes
Fangda Zhiyuan	April 2, 2024	20,000	21 April 2025	9,782.79	Joint liability	None	None	since engage of contract to 3 years upon due of debt	No	Yes
Fangda Zhiyuan	February 28, 2023	15,475	November 21, 2023	5,484.45	Joint liability	None	None	since engage of contract to 3 years upon due of debt	No	Yes
Fangda Zhiyuan	22 April 2025	15,000	Jul. 16, 2025	3,119.64	Joint liability	None	None	since engage of contract	No	Yes

								t to 3 years upon due of debt		
Fangda Zhiyuan	22 April 2025	10,000	Jul. 01, 2025	356.02	Joint liability	None	None	since engage of contract to 3 years upon due of debt	No	Yes
Fangda Zhiyuan	22 April 2025	10,000	December 9, 2025	2,342.18	Joint liability	None	None	since engage of contract to 3 years upon due of debt	No	Yes
Fangda Zhiyuan	22 April 2025	15,000	August 7, 2025	234.64	Joint liability	None	None	since engage of contract to 3 years upon due of debt	No	Yes
Fangda Zhiyuan	April 2, 2024	18,000	December 15, 2024	544.57	Joint liability	None	None	since engage of contract to 3 years upon due of debt	No	Yes
Fangda Property	December 23, 2023	110,000	02 April 2025	108,000	Joint liability	None	None	since engage of contract to 3 years upon due of debt	No	Yes
Fangda Intelligent Manufacturing	December 23, 2023	30,000	22 February 2024	28,000	Joint liability	None	None	since engage of contract to 3 years upon due of	No	Yes

								debt		
Fangda New Material	April 2, 2024	8,500	27 February 2025	1,600	Joint liability	None	None	since engage of contract to 3 years upon due of debt	No	Yes
Dongguan New Materials	22 April 2025	5,000	Jul. 01, 2025	1,400	Joint liability	None	None	since engage of contract to 3 years upon due of debt	No	Yes
Fangda Yunzhu	April 2, 2024	700	21 April 2025	8.85	Joint liability	None	None	since engage of contract to 3 years upon due of debt	No	Yes
Fangda Yunzhu	April 2, 2024	1,000	25 March 2025	600	Joint liability	None	None	since engage of contract to 3 years upon due of debt	No	Yes
Fangda Zhijian	22 April 2025	7,000	June 30, 2025	6,473.37	Joint liability	None	None	since engage of contract to 3 years upon due of debt	No	Yes
Fangda Zhiyuan	December 23, 2023	31,896.02	17 February 2024	31,896.02	Joint liability	None	None	From the date the letter of guarantee is issued until the complet	No	Yes

								ion of the project contract		
Fangda Zhiyuan	December 23, 2023	24,885.16	17 February 2024	24,885.16	Joint liability	None	None	From the date the letter of guarantee is issued until the completion of the project contract	No	Yes
Total of guarantee to subsidiaries approved in the report term (B1)		413,700.00		Total of guarantee to subsidiaries actually occurred in the report term (B2)		442,322.83				
Total of guarantee to subsidiaries approved as of the report term (B3)		882,306.18		Total of balance of guarantee actually provided to the subsidiaries as of end of report term (B4)		446,975.19				
Guarantee provided to subsidiaries										
Guarantee provided to	Date of disclosure	Guarantee amount	Actual date	Actual amount of guarantee	Type of guarantee	Collateral (if any)	Counter guarantee (if any)	Term	Completed or not	Related party
None										
Total of guarantee provided by the Company (total of the above three)										
Total of guarantee approved in the report term (A1+B1+C1)		413,700.00		Total of guarantee occurred in the report term (A2+B2+C2)		442,322.83				
Total of guarantee approved as of end of report term (A3+B3+C3)		882,306.18		Total of guarantee occurred as of the end of report term (A4+B4+C4)		446,975.19				
Ratio of total outstanding guarantee balance (i.e., A4 + B4 + C4) to the				80.40%						

Company's net assets	
Including:	
Guarantees provided to the shareholders, substantial controllers and the related parties (D)	0.00
Guarantee provided directly or indirectly to objects with over 70% of liability on asset ratio (E)	1,400.00
Amount of guarantee over 50% of the net asset (F)	169,010.93
Total of the above 3 (D+E+F)	169,010.93

Note of compound guarantee

None

3. Entrusted cash capital management

(1) Wealth management

☑ Applicable □ Inapplicable

Wealth management during the reporting period

In RMB10,000

Product category	Risk characteristics	Outstanding balance of entrusted wealth management during the reporting period	Due balance to be recovered
Bank financial products	Low risk	32,359.99	0

Specific circumstances where the Company, as a sole principal, entrusts financial institutions to conduct asset management or invests in high-risk entrusted wealth management products with lower safety and poorer liquidity

☐ Applicable ☑ Inapplicable

(2) Trusted loans

☐ Applicable ☑ Inapplicable

The Company borrowed no trust loan in the report period.

4. Other significant contract

☐ Applicable ☑ Inapplicable

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

XVI. Use of Raised Funds

☐ Applicable ☑ Inapplicable

The Company used no raised capital in the report period.

XVII. Explanation of Other Material Matters

☐ Applicable ☑ Inapplicable

There are no other significant matters requiring explanation during the reporting period.

XVIII. Material Matters Relating to the Company's Subsidiaries

☐ Applicable ☑ Inapplicable

Chapter VI Changes in Share Capital and Shareholders

I. Changes in shares

1. Changes in shares

In share

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

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

Reasons

□ Applicable ☑ Inapplicable

Approval of the change

□ Applicable ☑ Inapplicable

Share transfer

□ Applicable ☑ Inapplicable

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

□ Applicable ☑ Inapplicable

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

□ Applicable ☑ Inapplicable

2. Changes in conditional shares

☐ Applicable ☑ Inapplicable

II. Share placing and listing

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

☐ Applicable ☑ Inapplicable

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

☐ Applicable ☑ Inapplicable

3. Current employees' shares

☐ Applicable ☑ Inapplicable

III. Shareholders and the substantial controller of the Company

1. Shareholders and shareholding

In share

Number of shareholders of common shares at the end of the report period	42,025	Total number of ordinary share shareholders at the end of the month before the disclosure date of the annual report	43,351	Number of shareholders of preferred stocks of which voting rights recovered in the report period	0	Total number of shareholders of preference shares of which voting rights resumed at the end of the month before the disclosure date of the annual report		0
Shareholdings of shareholders holding more than 5% or the top 10 shareholders (excluding shares lent through refinancing)								
Name of shareholder	Nature of shareholder	Shareholding percentage	Number of shares held at the end of the reporting period	Change in the reporting period	Conditional shares	Amount of shares without sales restriction	Pledge, marking or freezing	
							Share status	Quantity
Shenzhen	Domestic	11.11%	119,332,846	0	0	119,332,8	Inapplica	0

Banglin Technologies Development Co., Ltd.	non-state legal person					46	ble	
Shengjiu Investment Ltd.	Foreign legal person	10.73%	115,249,953	5,133,677	0	115,249,953	Inapplicable	0
Fang Wei	Domestic natural person	4.28%	45,938,739	-4,726,700	0	45,938,739	Inapplicable	0
Xu Lei	Domestic natural person	1.14%	12,220,000	5,900,000	0	12,220,000	Inapplicable	0
Zhou Youming	Domestic natural person	0.91%	9,764,210	-160,000	0	9,764,210	Inapplicable	0
Xu Zhe	Domestic natural person	0.84%	9,000,000	2,240,000	0	9,000,000	Inapplicable	0
Hu Zhexi	Domestic natural person	0.62%	6,623,850	6,623,850	0	6,623,850	Inapplicable	0
Shenwan Hongyuan Securities (Hong Kong) Co., Ltd.	Foreign legal person	0.55%	5,943,171	472,621	0	5,943,171	Inapplicable	0
Xiong Jianming	Domestic natural person	0.48%	5,110,257	0	3,832,693	1,277,564	Inapplicable	0
Qu Chunlin	Domestic natural person	0.41%	4,444,000	0	0	4,444,000	Inapplicable	0
A strategic investor or ordinary legal person becomes the Top10 share shareholder due a stock issue (see note 3)	None							
Notes to top ten shareholder relationship or "action in concert"	Among the above shareholders, Shenzhen Banglin Technology Development Co., Ltd., Shengjiu Investment Co., Ltd., and Xiong Jianming are acting in concert. The Company is not notified of other action-in-concert or related parties among the other holders.							
Description of the above shareholders involved in entrusted / entrusted voting right and waiver of voting right	None							
Special explanation for the existence of a repurchase account	None							

among the top 10 shareholders (if any) (see Note 10)			
Shareholding status of the top 10 shareholders without sales restrictions (excluding shares lent through refinancing, senior management locked shares)			
Name of shareholder	Amount of shares without sales restriction	Category of shares	
		Category of shares	Quantity
Shenzhen Banglin Technologies Development Co., Ltd.	119,332,846	RMB common shares	119,332,846
Shengjiu Investment Ltd.	115,249,953	Domestically listed foreign shares	115,249,953
Fang Wei	45,938,739	RMB common shares	45,938,739
Xu Lei	12,220,000	RMB common shares	12,220,000
Zhou Youming	9,764,210	RMB common shares	9,764,210
Xu Zhe	9,000,000	RMB common shares	9,000,000
Hu Zhexi	6,623,850	RMB common shares	6,623,850
Shenwan Hongyuan Securities (Hong Kong) Co., Ltd.	5,943,171	Domestically listed foreign shares	5,943,171
Qu Chunlin	4,444,000	RMB common shares	4,444,000
GUOTAI JUNAN SECURITIES (HONG KONG) LIMITED	4,026,226	Domestically listed foreign shares	4,026,226
No action-in-concert or related parties among the top10 unconditional shareholders and between the top10 unconditional shareholders and the top10 shareholders	Among the above shareholders, Shenzhen Banglin Technology Development Co., Ltd., Shengjiu Investment Co., Ltd., and Xiong Jianming are acting in concert. The Company is not notified of other action-in-concert or related parties among the other holders.		
Top-10 common share shareholders participating in	Fang Wei holds 33,402,039 shares of the Company through a customer credit transaction guarantee securities account with CITIC Securities Co., Ltd.; Xu Lei holds 12,220,000 shares of the Company through a customer credit		

margin trade	transaction guarantee securities account with Guolian Securities Co., Ltd.; Xu Zhe holds 9,000,000 shares of the Company through a customer credit transaction guarantee securities account with Guolian Securities Co., Ltd.; Hu Zhexi holds 6,513,850 shares of the Company through the client margin securities account at China Zhongjin Wealth Securities Co., Ltd.

Situation of share lending in refinancing business by shareholders holding more than 5%, the top 10 shareholders, and the top 10 shareholders of unrestricted circulating shares

☐ Applicable ☑ Inapplicable

Changes due to lending/returning of shares in refinancing business by the top 10 shareholders and the top 10 shareholders of unrestricted circulating shares compared to the previous period

☐ Applicable ☑ Inapplicable

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

☐ Yes ☑ No

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

2. Profile of the controlling shareholders

Shareholder nature: natural person holding

Type of shareholder: legal person

Name of controlling shareholder	Legal representative/responsible person	Date of Establishment	Organization code	Main business
Shenzhen Banglin Technologies Development Co., Ltd.	Chen Jinwu	June 7, 2001	914403007298400552	Industrial investment, developing of electronic products, technical consulting, domestic commerce, material trading
Stock ownership of other domestic and overseas listed company controlled or whose shares are held by controlling shareholders	None			

Changes in the controlling shareholder in the reporting period

☐ Applicable ☑ Inapplicable

No change in the controlling shareholder in the report period

3. Actual controller and persons acting in concert

Nature of actual controller: domestic natural person

Type of actual controller: natural person

Name of substantial controller	Relationship with the actual controller	Nationality	Right of residence in another country or

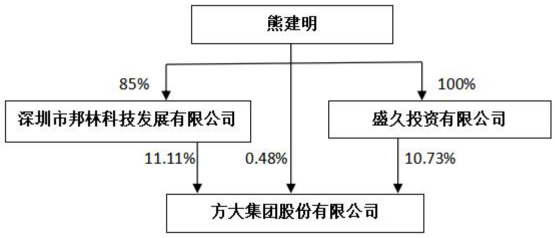
			region
Xiong Jianming	Himself	Chinese	Yes
Job and position	Served as Chairman of the Company.		
Profiles of domestic and overseas listed companies in which the controller held shares	The controller held no share in other listed companies in the last ten years.		

Change in the actual controller in the report period

☐ Applicable ☑ Inapplicable

No change in the actual shareholder in the report period

7. Chart of the controlling relationship



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

☐ Applicable ☑ Inapplicable

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

☐ Applicable ☑ Inapplicable

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

☐ Applicable ☑ Inapplicable

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

☐ Applicable ☑ Inapplicable

IV. Specific implementation of share repurchase in the reporting period

Progress in the implementation of share repurchase

☐ Applicable ☑ Inapplicable

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

☐ Applicable ☑ Inapplicable

V. Information Relating to Preference Shares

☐ Applicable ☑ Inapplicable

The Company had no preferred share in the report period.

Chapter VII Information about the Company's Securities

□ Applicable ☑ Inapplicable

Chapter VIII Financial Statements

I. Auditor's Report

Type	Standard opinion auditor's report
Issued on	03 April 2026
Auditor	RSM Thornton (limited liability partnership)
Report No.	RSM [2026] No.510Z0221
CPA names	Zhou Junchao, Yang Yang

Auditors' Report

RSM [2026] No.510Z0221

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

1. Auditors' Opinions

We have audited the financial statements of Fangda Group Co., Ltd. (hereinafter referred to as Fangda group company), including the consolidated and parent company's balance sheet as of December 31, 2025, the consolidated and parent company's income statement, consolidated and parent company's cash flow statement, consolidated and parent company's statement of changes in owner's equity and notes to relevant financial statements in 2025.

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, 2025, and the business performance and cash flow of year 2025.

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 Professional Ethics for Chinese Certified Public Accountants and the Independence Standards for Chinese Certified Public Accountants, we are independent of China Fangda Group Co., Ltd. and have complied with the provisions of the independence standards applicable to audits of financial statements of public interest entities, while fulfilling our other ethical responsibilities. 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.

Income recognition

For related information disclosure, please refer to Note III, 26, Note V, 43 and Note XV, 2 of the financial statements.

1. Description

In 2025, the operating revenue of Fangda Group is RMB3.377 billion, of which the revenue of curtain wall and metro platform screen door accounts for 93.76% 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.

- Measurement of fair value of investment real estate

For related information disclosure, please refer to Note III, 17, Note V, 15, Note V 51 and Note XI of the financial statements.

1. Description

As of Wednesday, December 31, 2025, the book balance of the investment real estate of Fangda group which adopts the fair value model for subsequent measurement is RMB5.548 billion, accounting for 44.12% of the total assets. The income from changes in fair value realized in the current period is RMB-281,000,000 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.

- Measurement of expected credit loss of accounts receivable and contract assets

For related information disclosure, please refer to Note III, 11, Note V, 5, Note V, 10 and Note V, 21 of the financial statements.

1. Description

As of December 31, 2025, the Company's total accounts receivable amounted to RMB1.488 billion, with an allowance for doubtful accounts of RMB602 million; the total contract assets amounted to RMB2.340 billion, with an impairment provision of RMB226 million. The combined carrying amount of accounts receivable and contract assets represented 23.85% of the Company's 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 2025 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.

II. Financial statements

Unit for statements in notes to financial statements: RMB yuan

1. Consolidated Balance Sheet

Prepared by: China Fangda Group Co., Ltd.

In RMB

Item	Closing balance	Opening balance
Current asset:		
Monetary capital	1,401,292,102.72	1,491,777,341.84

Settlement provision		
Outgoing call loan		
Transactional financial assets	410.06	
Derivative financial assets	1,459,950.00	
Notes receivable	121,778,063.00	73,887,694.24
Account receivable	885,516,557.23	1,123,506,196.98
Receivable financing		4,568,000.10
Prepayment	20,407,968.16	23,355,036.11
Insurance receivable		
Reinsurance receivable		
Provisions of Reinsurance contracts receivable		
Other receivables	120,173,307.70	168,322,524.80
Including: interest receivable		
Dividend receivable		
Repurchasing of financial assets		
Inventory	685,058,418.56	705,666,408.74
Among them: data resources		
Contract assets	1,998,091,151.43	2,247,698,479.96
Assets held for sales		
Non-current assets due in 1 year		
Other current assets	296,646,964.92	307,777,143.14
Total current assets	5,530,424,893.78	6,146,558,825.91
Non-current assets:		
Loan and advancement provided		
Debt investment		
Other debt investment		
Long-term receivables		
Long-term share equity investment	32,988,644.63	56,690,973.97
Investment in other equity tools		
Other non-current financial assets	6,516,131.63	6,519,740.17
Investment real estate	5,548,371,426.50	5,835,036,098.20
Fixed assets	940,980,113.90	940,894,344.39
Construction in process	1,214,530.34	7,265,104.44
Productive biological assets		
Gas & petrol		
Use right assets	13,470,006.41	15,683,121.04
Intangible assets	82,258,834.99	124,052,394.79

Among them: data resources		
R&D expense		
Among them: data resources		
Goodwill		
Long-term amortizable expenses	6,562,494.97	4,041,025.70
Deferred income tax assets	266,869,033.36	205,986,926.71
Other non-current assets	145,743,957.24	212,658,669.89
Total of non-current assets	7,044,975,173.97	7,408,828,399.30
Total of assets	12,575,400,067.75	13,555,387,225.21
Current liabilities		
Short-term loans	1,202,846,497.03	1,663,696,422.48
Loans from Central Bank		
Call loan received		
Transactional financial liabilities		
Derivative financial liabilities		1,520,625.00
Notes payable	429,110,637.53	681,188,127.97
Account payable	2,040,691,220.16	2,146,594,890.57
Prepayment received	3,517,539.83	1,513,398.39
Contract liabilities	350,155,877.61	268,594,041.26
Selling of repurchased financial assets		
Deposit received and held for others		
Entrusted trading of securities		
Entrusted selling of securities		
Employees' wage payable	67,812,846.09	76,243,647.97
Taxes payable	40,439,297.75	48,847,117.19
Other payables	125,372,728.24	120,918,002.02
Including: interest payable		
Dividend payable		
Fees and commissions payable		
Reinsurance fee payable		
Liabilities held for sales		
Non-current liabilities due in 1 year	379,089,194.66	131,374,661.05
Other current liabilities	60,918,938.51	50,835,559.67
Total current liabilities	4,699,954,777.41	5,191,326,493.57
Non-current liabilities:		
Insurance contract provision		
Long-term loans	1,290,000,000.00	1,137,000,000.00
Bond payable		
Including: preferred stock		

Perpetual bond		
Lease liabilities	8,979,546.87	10,652,607.48
Long-term payable		
Long-term employee benefits payable		
Anticipated liabilities	1,455,390.21	1,286,391.72
Deferred earning	26,304,277.69	10,669,612.13
Deferred income tax liabilities	941,080,689.22	1,030,341,141.92
Other non-current liabilities		
Total of non-current liabilities	2,267,819,903.99	2,189,949,753.25
Total liabilities	6,967,774,681.40	7,381,276,246.82
Owner's equity:		
Share capital	1,073,874,227.00	1,073,874,227.00
Other equity tools		
Including: preferred stock		
Perpetual bond		
Capital reserves	4,357,948.33	4,357,948.33
Less: Shares in stock		
Other miscellaneous income	161,046,834.50	158,405,014.52
Special reserves		
Surplus reserve	85,368,328.00	83,974,716.22
Common risk provisions		
Undistributed profit	4,234,637,792.91	4,805,192,000.28
Total of owner's equity belong to the parent company	5,559,285,130.74	6,125,803,906.35
Minor shareholders' equity	48,340,255.61	48,307,072.04
Total of owners' equity	5,607,625,386.35	6,174,110,978.39
Total of liabilities and owner's interest	12,575,400,067.75	13,555,387,225.21

Legal Representative: Xiong Jianming Person in Charge of Accounting Functions: Lin Kebin

Head of Accounting Department: Wang Huan

2. Balance Sheet of the Parent Company

In RMB

Item	Closing balance	Opening balance
Current asset:		
Monetary capital	20,613,570.12	45,751,906.05
Transactional financial assets		
Derivative financial assets		
Notes receivable		
Account receivable	5,225,854.36	2,885,125.35
Receivable financing		
Prepayment	342,719.99	145,287.27
Other receivables	1,131,454,187.78	1,622,103,166.85
Including: interest receivable		
Dividend receivable		

Inventory		
Among them: data resources		
Contract assets		
Assets held for sales		
Non-current assets due in 1 year		
Other current assets	2,482,430.99	2,081,838.29
Total current assets	1,160,118,763.24	1,672,967,323.81
Non-current assets:		
Debt investment		
Other debt investment		
Long-term receivables		
Long-term share equity investment	1,706,562,530.00	1,657,062,530.00
Investment in other equity tools		
Other non-current financial assets	30,000,001.00	30,000,001.00
Investment real estate	376,551,400.00	380,644,350.00
Fixed assets	44,963,441.98	46,688,469.68
Construction in process		
Productive biological assets		
Gas & petrol		
Use right assets	3,449,628.07	8,030,919.38
Intangible assets	1,266,785.86	1,200,848.82
Among them: data resources		
R&D expense		
Among them: data resources		
Goodwill		
Long-term amortizable expenses	104,570.72	285,478.52
Deferred income tax assets		
Other non-current assets		
Total of non-current assets	2,162,898,357.63	2,123,912,597.40
Total of assets	3,323,017,120.87	3,796,879,921.21
Current liabilities		
Short-term loans		
Transactional financial liabilities		
Derivative financial liabilities		
Notes payable		
Account payable	845,545.88	873,640.82
Prepayment received	758,736.42	749,684.15
Contract liabilities		

Employees' wage payable	1,883,259.98	2,834,942.51
Taxes payable	248,881.74	286,140.09
Other payables	1,005,650,528.32	1,437,682,555.06
Including: interest payable		
Dividend payable		
Liabilities held for sales		
Non-current liabilities due in 1 year	2,839,640.73	3,531,740.50
Other current liabilities	259,291.84	164,239.72
Total current liabilities	1,012,485,884.91	1,446,122,942.85
Non-current liabilities:		
Long-term loans		
Bond payable		
Including: preferred stock		
Perpetual bond		
Lease liabilities	727,265.94	4,614,693.40
Long-term payable		
Long-term employee benefits payable		
Anticipated liabilities		
Deferred earning		
Deferred income tax liabilities	46,328,991.71	42,909,713.11
Other non-current liabilities		
Total of non-current liabilities	47,056,257.65	47,524,406.51
Total liabilities	1,059,542,142.56	1,493,647,349.36
Owner's equity:		
Share capital	1,073,874,227.00	1,073,874,227.00
Other equity tools		
Including: preferred stock		
Perpetual bond		
Capital reserves	360,835.52	360,835.52
Less: Shares in stock		
Other miscellaneous income	39,731,740.46	39,731,740.46
Special reserves		
Surplus reserve	85,368,328.00	83,974,716.22
Undistributed profit	1,064,139,847.33	1,105,291,052.65
Total of owners' equity	2,263,474,978.31	2,303,232,571.85
Total of liabilities and owner's interest	3,323,017,120.87	3,796,879,921.21

3. Consolidated Income Statement

In RMB

Item	2025	2024
1. Total revenue	3,377,303,066.44	4,424,224,197.71
Incl. Business income	3,377,303,066.44	4,424,224,197.71
Interest income		

Insurance fee earned		
Fee and commission received		
2. Total business cost	3,405,647,937.11	4,114,643,580.92
Incl. Business cost	2,921,536,952.53	3,588,142,296.48
Interest expense		
Fee and commission paid		
Insurance discharge payment		
Net claim amount paid		
Net insurance policy responsibility contract reserves provided		
Insurance policy dividend paid		
Reinsurance expenses		
Taxes and surcharges	36,011,342.42	43,364,391.34
Sales expense	57,404,021.17	55,140,153.13
Administrative expense	179,347,723.55	191,667,435.20
R&D cost	132,814,412.12	171,031,371.73
Financial expenses	78,533,485.32	65,297,933.04
Including: interest cost	73,451,706.21	60,377,020.35
Interest income	10,685,216.12	19,230,549.61
Add: other gains	10,569,849.85	19,683,263.58
Investment gains ("-" for loss)	-25,773,481.21	-4,547,362.60
Incl. Investment gains from affiliates and joint ventures	-23,702,329.34	-70,043.43
Financial assets derecognized as a result of amortized cost	-3,565,876.31	-2,538,217.26
Exchange gains ("-" for loss)		
Net open hedge gains ("-" for loss)		
Gains from change of fair value ("-" for loss)	-280,735,167.15	-18,394,198.42
Credit impairment ("-" for loss)	-252,544,839.46	-110,686,852.25
Investment impairment loss ("-" for loss)	-30,626,112.52	-35,260,579.49
Investment gains ("-" for loss)	-3,032,277.77	-500,192.81
3. Operational profit ("-" for loss)	-610,486,898.93	159,874,694.80
Plus: non-operational income	582,660.42	1,712,412.29
Less: non-operational expenditure	18,360,766.41	2,226,292.50
4. Gross profit ("-" for loss)	-628,265,004.92	159,360,814.59
Less: Income tax expenses	-112,831,775.11	13,192,524.27
5. Net profit ("-" for net loss)	-515,433,229.81	146,168,290.32
(1) By operating consistency		
1. Net profit from continuous operation ("-" for net loss)	-515,433,229.81	146,168,290.32
2. Net profit from discontinuous operation ("-" for net loss)		
(2) By ownership		
1. Net profit attributable to the shareholders of the parent company	-515,466,884.24	144,813,705.53

2. Minor shareholders' equity	33,654.43	1,354,584.79
6. After-tax net amount of other misc. incomes	2,641,334.26	113,857,440.93
After-tax net amount of other misc. incomes attributed to parent's owner	2,641,819.98	113,861,211.98
(1) Other misc. incomes that cannot be re-classified into gain and loss		
1. Re-measure the change in the defined benefit plan		
2. Other comprehensive income that cannot be transferred to profit or loss under the equity method		
3. Fair value change of investment in other equity tools		
4. Fair value change of the Company's credit risk		
5. Others		
(2) Other misc. incomes that will be re-classified into gain and loss	2,641,819.98	113,861,211.98
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	2,533,488.76	-1,440,207.76
6. Translation difference of foreign exchange statement	295,993.10	-769,741.24
7. Others	-187,661.88	116,071,160.98
After-tax net of other misc. income attributed to minority shareholders	-485.72	-3,771.05
7. Total of misc. incomes	-512,791,895.55	260,025,731.25
Total of misc. incomes attributable to the owners of the parent company	-512,825,064.26	258,674,917.51
Total misc gains attributable to the minor shareholders	33,168.71	1,350,813.74
8. Earnings per share		
(1) Basic earnings per share	-0.48	0.13
(2) Diluted earnings per share	-0.48	0.13

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

Legal Representative: Xiong Jianming Person in Charge of Accounting Functions: Lin Kebin

Head of Accounting Department: Wang Huan

4. Income Statement of the Parent Company

In RMB

Item	2025	2024
1. Turnover	22,995,999.62	22,532,419.32
Less: Operation cost	8,267.66	81,137.33
Taxes and surcharges	1,265,967.33	1,424,024.13

Sales expense		
Administrative expense	26,399,191.80	32,460,638.60
R&D cost		
Financial expenses	-432,824.87	4,841,621.43
Including: interest cost	218,784.11	4,405,563.35
Interest income	580,933.35	260,151.97
Add: other gains	58,615.83	108,256.72
Investment gains ("-" for loss)	25,676,162.22	72,929,550.62
Incl. Investment gains from affiliates and joint ventures		
Financial assets derecognized as a result of amortized cost ("-" for loss)		
Net open hedge gains ("-" for loss)		
Gains from change of fair value ("-" for loss)	-4,092,950.00	-4,092,950.00
Credit impairment ("-" for loss)	-80,044.21	-238,257.79
Investment impairment loss ("-" for loss)		
Investment gains ("-" for loss)	32,377.91	1,053,415.23
2. Operational profit ("-" for loss)	17,349,559.45	53,485,012.61
Plus: non-operational income	6,681.45	5,025.67
Less: non-operational expenditure	844.46	24,170.61
3. Gross profit ("-" for loss)	17,355,396.44	53,465,867.67
Less: Income tax expenses	3,419,278.63	-3,818,332.48
4. Net profit ("-" for net loss)	13,936,117.81	57,284,200.15
(1) Net profit from continuous operation ("-" for net loss)	13,936,117.81	57,284,200.15
(2) Net profit from discontinuous operation ("-" for net loss)		
5. After-tax net amount of other misc. incomes		28,392,754.08
(1) Other misc. incomes that cannot be re-classified into gain and loss		
1. Re-measure the change in the defined benefit plan		
2. Other comprehensive income that cannot be transferred to profit or loss under the equity method		
3. Fair value change of investment in other equity tools		
4. Fair value change of the Company's credit risk		
5. Others		
(2) Other misc. incomes that will be re-classified into gain and loss		28,392,754.08
1. Other comprehensive income that can be transferred to profit or loss under the equity method		
2. Fair value change of other debt investment		
3. Gains and losses from changes in fair value of available-for-sale financial assets		

4. Other credit investment credit impairment provisions		
5. Cash flow hedge reserve		
6. Translation difference of foreign exchange statement		
7. Others		28,392,754.08
6. Total of misc. incomes	13,936,117.81	85,676,954.23
7. Earnings per share		
(1) Basic earnings per share		
(2) Diluted earnings per share		

5. Consolidated Cash Flow Statement

In RMB

Item	2025	2024
1. Net cash flow from business operations:		
Cash received from sales of products and providing of services	3,736,526,691.18	4,480,307,796.77
Net increase of customer deposits and capital kept for brother company		
Net increase of loans from central bank		
Net increase of inter-bank loans from other financial bodies		
Cash received against original insurance contract		
Net cash received from reinsurance business		
Net increase of client deposit and investment		
Cash received as interest, processing fee, and commission		
Net increase of inter-bank fund received		
Net increase of repurchasing business		
Net cash received from trading securities		
Tax refunded	87,812,070.80	20,223,216.89
Other cash received from business operation	153,978,372.04	115,024,150.76
Sub-total of cash inflow from business operations	3,978,317,134.02	4,615,555,164.42
Cash paid for purchasing products and services	2,964,314,842.23	3,476,800,439.66
Net increase of client trade and advance		
Net increase of savings in central bank and brother company		
Cash paid for original contract claim		
Net increase in funds dismantled		
Cash paid for interest, processing fee and commission		

Cash paid for policy dividend		
Cash paid to and for the staff	483,554,744.62	500,142,274.75
Taxes paid	186,348,404.40	187,032,846.31
Other cash paid for business activities	156,686,242.90	180,685,510.27
Sub-total of cash outflow from business operations	3,790,904,234.15	4,344,661,070.99
Cash flow generated by business operations, net	187,412,899.87	270,894,093.43
2. Cash flow generated by investment:		
Cash received from investment recovery	1,089,745,926.15	1,785,649.27
Cash received as investment profit	1,426,386.60	214,188.46
Net cash retrieved from disposal of fixed assets, intangible assets, and other long-term assets	52,154,307.71	8,161,249.68
Net cash received from disposal of subsidiaries or other operational units		
Other investment-related cash received		
Sub-total of cash inflow generated from investment	1,143,326,620.46	10,161,087.41
Cash paid for construction of fixed assets, intangible assets and other long-term assets	98,345,774.80	229,651,090.29
Cash paid as investment	1,089,326,003.52	27,416,773.30
Net increase of loan against pledge		
Net cash paid for acquiring subsidiaries and other operational units		
Other cash paid for investment		1,787,676.30
Subtotal of cash outflows	1,187,671,778.32	258,855,539.89
Cash flow generated by investment activities, net	-44,345,157.86	-248,694,452.48
3. Cash flow generated by financing activities:		
Cash received from investment	14.86	14,873.62
Incl. Cash received from investment attracted by subsidiaries from minority shareholders	14.86	14,873.62
Cash received from borrowed loans	2,516,692,628.24	3,503,675,536.37
Other cash received from financing activities	100,842,000.00	463,600,944.44
Subtotal of cash inflow from financing activities	2,617,534,643.10	3,967,291,354.43
Cash paid to repay debts	2,563,323,480.12	3,451,800,000.00
Cash paid as dividend, profit, or interests	126,024,225.73	167,473,899.50
Incl. Dividend and profit paid by subsidiaries to minority shareholders		6,962,732.02
Other cash paid for financing activities	12,963,429.49	119,400,311.19
Subtotal of cash outflow from financing activities	2,702,311,135.34	3,738,674,210.69
Net cash flow generated by financing activities	-84,776,492.24	228,617,143.74
4. Influence of exchange rate changes on cash and cash equivalents	949,081.78	1,247,313.23
5. Net increase in cash and cash equivalents	59,240,331.55	252,064,097.92

Plus: Balance of cash and cash equivalents at the beginning of term	1,031,725,216.34	779,661,118.42
6. Balance of cash and cash equivalents at the end of the period	1,090,965,547.89	1,031,725,216.34

6. Cash Flow Statement of the Parent Company

In RMB

Item	2025	2024
1. Net cash flow from business operations:		
Cash received from sales of products and providing of services	14,964,442.31	23,297,859.17
Tax refunded		
Other cash received from business operation	846,127,900.09	1,444,921,260.13
Sub-total of cash inflow from business operations	861,092,342.40	1,468,219,119.30
Cash paid for purchasing products and services	3,632,374.00	3,898,051.28
Cash paid to and for the staff	15,288,292.77	17,406,198.35
Taxes paid	2,276,582.56	2,519,884.87
Other cash paid for business activities	734,330,454.16	991,774,056.35
Sub-total of cash outflow from business operations	755,527,703.49	1,015,598,190.85
Cash flow generated by business operations, net	105,564,638.91	452,620,928.45
2. Cash flow generated by investment:		
Cash received from investment recovery	38,000,000.00	235,323,000.00
Cash received as investment profit	25,679,051.34	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	63,679,051.34	308,252,550.62
Cash paid for construction of fixed assets, intangible assets and other long-term assets	426,033.24	508,802.14
Cash paid as investment	87,500,000.00	365,554,277.00
Net cash paid for acquiring subsidiaries and other operational units		
Other cash paid for investment		
Subtotal of cash outflows	87,926,033.24	366,063,079.14
Cash flow generated by investment activities, net	-24,246,981.90	-57,810,528.52
3. Cash flow generated by financing activities:		
Cash received from investment		
Cash received from borrowed loans		
Other cash received from financing activities		
Subtotal of cash inflow from financing activities		

Cash paid to repay debts		300,000,000.00
Cash paid as dividend, profit, or interests	53,693,711.35	90,940,972.34
Other cash paid for financing activities	52,842,009.56	4,061,076.00
Subtotal of cash outflow from financing activities	106,535,720.91	395,002,048.34
Net cash flow generated by financing activities	-106,535,720.91	-395,002,048.34
4. Influence of exchange rate changes on cash and cash equivalents	79,727.97	17,360.14
5. Net increase in cash and cash equivalents	-25,138,335.93	-174,288.27
Plus: Balance of cash and cash equivalents at the beginning of term	45,501,906.05	45,676,194.32
6. Balance of cash and cash equivalents at the end of the period	20,363,570.12	45,501,906.05

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

Amount of the Current Term

In RMB

Item	2025														
	Owners' Equity Attributable to the Parent Company													Minor shareholders' equity	Total of owners' equity
	Share capital	Other equity tools			Capital reserves	Less: Shares in stock	Other miscellaneous income	Special reserves	Surplus reserve	Common risk provisions	Undistributed profit	Others	Subtotal		
		Preferred share	Perpetual bond	Others											
1. Balance at the end of last year	1,073,874,227.00				4,357,948.33		158,405,014.52		83,974,716.22		4,805,192,000.28		6,125,803,906.35	48,307,072.04	6,174,110,978.39
2. Balance at the beginning of current year	1,073,874,227.00				4,357,948.33		158,405,014.52		83,974,716.22		4,805,192,000.28		6,125,803,906.35	48,307,072.04	6,174,110,978.39
3. Chan							2,641,81		1,393,61		-570,		-566,	33,183.5	-566,

ge amount in the current period ("-" for decrease)							9.98		1.78		554,207.37		518,775.61	7	485,592.04
(1) Total of misc. incomes							2,641,819.98				-515,466,884.24		-512,825,064.26	33,168.71	-512,791,895.55
(2) Investment or decreasing of capital by owners														14.86	14.86
1. Common shares invested by owners														14.86	14.86
(3) Profit allotment									1,393,611.78		-55,087,323.13		-53,693,711.35		-53,693,711.35
1. Provision of surp									1,393,611.78		-1,393,611.78				

lus reserves															
2. Distribution to owners (or shareholders)											-53,693,711.35		-53,693,711.35		-53,693,711.35
(4) Internal carry-over of owners' equity															
(5) Special reserves															
(6) Others															
4. Balance at the end of this period	1,073,874,227.00				4,357,948.33		161,046,834.50		85,368,328.00		4,234,637,792.91		5,559,285,130.74	48,340,255.61	5,607,625,386.35

Amount of the Previous Term

In RMB

Item	2024														
	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	Special reserves	Surplus reserve	Common risk provisions	Undistributed profit	Others	Subtotal		
		Preferred	Perpetual	Others											

		share	bond			k	income							ty	
1. Balance at the end of last year	1,073,874,227.00				11,459,588.40		23,121,870.79		79,324,940.43		4,772,359,940.45		5,960,140,567.07	74,655,271.20	6,034,795,838.27
2. Balance at the beginning of current year	1,073,874,227.00				11,459,588.40		23,121,870.79		79,324,940.43		4,772,359,940.45		5,960,140,567.07	74,655,271.20	6,034,795,838.27
3. Change amount in the current period ("-" for decrease)					-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					-7,101,640.07								-7,101,640.07	-20,736,280.88	-27,837,920.95

by owners															
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. Prov									5,728,42		-5,72				

ision of surplus reserves									0.02		8,420.02				
2. Distribution to owners (or shareholders)											-85,909,938.16		-85,909,938.16	-6,962,732.02	-92,872,670.18
(4) Internal carry-over of owners' equity							21,421,931.75		-1,078,644.23		-20,343,287.52				
1. Other miscellaneous income							21,421,931.75		-1,078,644.23		-20,343,287.52				
(5) Special reserves															
(6) Others															
4. Balance at the end of this peri	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

od															

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

Amount of the Current Term

In RMB

Item	2025											
	Share capital	Other equity tools			Capital reserves	Less: Shares in stock	Other miscellaneous income	Special reserves	Surplus reserve	Undistributed profit	Others	Total of owners' equity
		Preferred share	Perpetual bond	Others								
1. Balance at the end of last year	1,073,874,227.00				360,835.52		39,731,740.46		83,974,716.22	1,105,291,052.65		2,303,232,571.85
2. Balance at the beginning of current year	1,073,874,227.00				360,835.52		39,731,740.46		83,974,716.22	1,105,291,052.65		2,303,232,571.85
3. Change amount in the current period ("-" for decrease)									1,393,611.78	-41,151,205.32		-39,757,593.54
(1) Total of misc. incomes										13,936,117.81		13,936,117.81
(2) Investment												

or decreasing of capital by owners												
(3) Profit allotment									1,393,611.78	-55,087,323.13		-53,693,711.35
1. Provision of surplus reserves									1,393,611.78	-1,393,611.78		
2. Distribution to owners (or shareholders)										-53,693,711.35		-53,693,711.35
(4) Internal carry-over of owners' equity												
(5) Special reserves												
(6) Others												
4. Balance at the end of this	1,073,874,227.00				360,835.52		39,731,740.46		85,368,328.00	1,064,139,847.33		2,263,474,978.31

period												

Amount of the Previous Term

In RMB

Item	2024											
	Share capital	Other equity tools			Capital reserves	Less: Shares in stock	Other miscellaneous income	Special reserves	Surplus reserve	Undistributed profit	Others	Total of owners' equity
		Preferred share	Perpetual bond	Others								
1. Balance at the end of last year	1,073,874,227.00				360,835.52		-10,082,945.37		79,324,940.43	1,159,988,498.20		2,303,465,555.78
2. Balance at the beginning of current year	1,073,874,227.00				360,835.52		-10,082,945.37		79,324,940.43	1,159,988,498.20		2,303,465,555.78
3. Change amount in the current period ("-" for decrease)							49,814,685.83		4,649,775.79	-54,697,445.55		-232,983.93
(1) Total of misc. incomes							28,392,754.08			57,284,200.15		85,676,954.23
(2) Investment or decreasing												

of capital by owners												
(3) Profit allotment									5,728,420.02	-91,638,358.18		-85,909,938.16
1. Provision of surplus reserves									5,728,420.02	-5,728,420.02		
2. Distribution to owners (or shareholders)										-85,909,938.16		-85,909,938.16
(4) Internal carry-over of owners' equity							21,421,931.75		-1,078,644.23	-20,343,287.52		
1. Other miscellaneous income							21,421,931.75		-1,078,644.23	-20,343,287.52		
(5) Special reserves												
(6) Others												
4. Balance at	1,073,874,227.0				360,835.52		39,731,740.46		83,974,716.22	1,105,291,052.6		2,303,232,571.8

the end of this period	0									5		5

III. General Information

China Fangda Group Co., Ltd. (the "Company" or the "Group") is a joint stock company registered in Shenzhen, Guangdong and was approved by the Government of Shenzhen with Document Shen Fu Ban Han (1995) No.194, 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 canceled 28,160,568.00 B shares in August 2018, 32,097,497.00 B shares in January 2019, 35,105,238.00 B shares in May 2020, 14404724.00 B shares in April 2021 and canceled in April 2021. The existing registered capital is RMB1,073,874,227.00 yuan.

The Company has established the corporate governance structure of the General Meeting of Shareholders and the Board of Directors. At present, it has set up the President's Office, the Administration Department, the Human Resources Department, the Enterprise Management Department, the Finance Department, the Audit and Supervision Department, the Securities Department, the Legal Department, the Information Management Department, the Technology Innovation Department, 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 leasing and property management services 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 03, 2026.

IV. Basis for the preparation of financial statements

1. Preparation basis

The Company prepares the financial statements based on continuous operation and according to actual transactions and events, with figures confirmed and measured in compliance with the Accounting Standards for Business Enterprises and other specific account standards, application guide and interpretations. The Company has also disclosed related financial information according to the requirement of the Regulations of Information Disclosure No.15 – General Provisions for Financial Statements (Revised in 2023) issued by the CSRC.

2. Continuous operation

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

V. Significant Account Policies and Estimates

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

1. Statement of compliance to the Enterprise Accounting Standard

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

2. Fiscal Period

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

3. Operation period

Our normal business cycle is one year

4. Bookkeeping standard money

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

5. Method for determining importance criteria and selection criteria

☑ Applicable □ Inapplicable

Item	Importance criteria
Amount of bad debt reserves recovered or reversed for important accounts receivable in the current period; important accounts receivable write off	Amounts exceeding 5% of the consolidated total profit and greater than RMB5 million (if the amount is negative, its absolute value is used)
Important ongoing projects	Amount greater than 1% of total consolidated net assets
Important payables with an aging of over 1 year	A single project is greater than 0.1% of the combined total assets
Major non wholly-owned subsidiaries	Individual net assets greater than 1% of the total consolidated net assets
Important joint ventures and associates	Investment income exceeding 5% of the consolidated total profit and greater than RMB5 million (if the amount is negative, its absolute value is used)

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. Where the combined party applied different accounting policies and accounting periods from those of the Company prior to the business combination, such policies and periods have been harmonized based on the materiality principle—specifically, the carrying amounts of the combined party's assets and liabilities have been adjusted in accordance with the Company's accounting policies and accounting periods. If there is a difference between the book value of the net assets acquired by the Company in the business combination and the book value of the consideration paid, first adjust the balance of the capital reserve (capital premium or equity premium), the balance of the capital reserve (capital premium or equity premium) If it is insufficient to offset, the surplus reserve and undistributed profits will be offset in sequence.

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

(2) Consolidation of entities under different control

All identifiable assets and liabilities acquired by the Company during the merger shall be measured at its fair value on the date of purchase. Where the acquiree applied different accounting policies and accounting periods from those of the Company prior to the business combination, such policies and periods have been harmonized based on the materiality principle—specifically, the carrying amounts of the acquiree's assets and liabilities have been adjusted in accordance with the Company's accounting policies and accounting periods. The merger cost of the Company on the date of purchase is greater than the fair value of the assets and liabilities recognized by the purchaser in the merger, and is recognized as goodwill. If the merger cost is less than the difference between the identifiable assets and the fair value of the liabilities obtained by the purchaser in the enterprise merger, the merger cost and the fair value of the identifiable assets and the liabilities obtained by the purchaser in the enterprise merger are reviewed, and the merger cost is still less than the fair value of the identifiable assets and liabilities obtained by the purchaser after the review, the difference is considered as the profit and loss of the current period of the merger.

For the accounting treatment method of business combinations not under common control achieved through step-by-step transactions, see Section VIII, V, Important Accounting Policies and Estimates, 7, (6).

(3) Treatment of related transaction fee in enterprise merger

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

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

(1) Determination of control criteria and consolidation scope

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

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

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

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

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

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

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

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

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

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

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

(3) Preparation of Consolidated Financial Statements

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

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

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

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

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

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

(4) Processing of subsidiaries during the reporting period

① Increase of subsidiaries or business

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

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

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

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

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

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

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

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

② Disposal of subsidiaries or business

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

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

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

(5) Special considerations in consolidation offsets

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

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

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

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

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

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

(6) Accounting treatment of special transactions

① Purchase minority shareholders' equity

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

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

A. Enterprise merger under common control through multiple transactions

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

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

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

A. Enterprise merger under common control through multiple transactions

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

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

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

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

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

A. One transaction disposition

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

Other comprehensive income related to equity investments in former subsidiaries is accounted for, upon loss of control, on the same basis as if the related assets or liabilities of the former subsidiary were directly disposed of. Other changes in owners' equity related to former subsidiaries that were previously recognized under the equity method are reclassified to profit or loss in the period in which control is lost.

B. Multi-transaction step-by-step disposition

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

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

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

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

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

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

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

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

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

When other shareholders (minority shareholders) of a subsidiary increase their investment in the subsidiary, thereby diluting the parent company's equity proportion in the subsidiary. In the consolidated financial statements, the share of the parent company in the net book assets of the former subsidiary of the capital increase is calculated according to the share ratio of the parent company before the capital increase, the difference between the share and the net book assets of the latter subsidiary after the capital increase is calculated according to the share ratio of the parent company, the capital reserve (capital premium or capital premium), the capital reserve (capital premium or capital premium) is not offset, and the retained income is adjusted.

8. Classification of Joint Arrangements and Accounting Policies for Joint Operations

A joint arrangement is an arrangement jointly controlled by two or more participants. The Company classifies its joint arrangements into joint operations and joint ventures.

(1) Joint Operations

A joint operation is a joint arrangement whereby the Company has rights to the related assets and obligations for the related liabilities of the arrangement.

The Company recognizes the following items relating to its interest in a joint operation and accounts for them in accordance with the relevant enterprise accounting standards:

① Recognizes assets held separately, as well as its share of jointly held assets;

② Recognizes liabilities borne separately, as well as its share of jointly borne liabilities;

③ Recognizes revenue from the sale of its share of output from the joint operation;

④ Recognizes its share of revenue generated by the joint operation from the sale of output;

⑤ Recognizes expenses incurred separately, as well as its share of expenses incurred by the joint operation.

(2) Joint Ventures

A joint venture is a joint arrangement whereby the Company has rights only to the net assets of the arrangement.

The Company accounts for its investment in joint ventures using the equity method in accordance with the relevant provisions on long-term equity investments.

9. 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.

10. Foreign Currency Transactions and Translation of Foreign Currency Financial Statements

(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 non-monetary items measured at historical cost in foreign currencies, they are translated using the spot exchange rate on the transaction date. For inventories measured at the lower of cost and net realizable value, if the inventories were purchased in foreign currencies and their net realizable value is reflected in foreign currencies as of the balance sheet date, the net realizable value is first translated into the functional currency at the spot exchange rate on the balance sheet date, and then compared with the inventory cost reflected in the functional currency to determine the ending value of the inventories. Non-monetary items measured at fair value in foreign currencies are translated using the spot exchange rate on the date the fair value is determined. For financial assets measured at fair value with changes recognized in the current period's profit or loss, the difference between the translated amount in the functional currency and the original amount in the functional currency is recognized in the current period's profit or loss. For non-trading equity investments designated to be measured at fair value with changes recognized in other comprehensive income, the difference between the translated amount in the functional currency and the original amount in the functional currency is recognized in other comprehensive income.

(3) Translation of foreign exchange statements

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

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

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

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

④ The foreign currency translation differences arising are presented under the "Other Comprehensive Income" item in the shareholders' equity section of the consolidated balance sheet when preparing the consolidated financial statements.

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

11. 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 derecognization 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-tradeable 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

Applicable from December 1, 2025

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

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

Notes Receivable Combination 1 Commercial Acceptance Bill

Notes Receivable Combination 2 Bank Acceptance Bill

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

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

Accounts Receivable Portfolio 1: Receivables from curtain wall business

Accounts Receivable Portfolio 2: Receivables from platform screen door business

Accounts Receivable Portfolio 3: Receivables from new materials business

Accounts Receivable Portfolio 4: Receivables from new energy business

Accounts Receivable Portfolio 5: Receivables from commercial real estate and others

Other receivable portfolio 6 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 Completed and unsettled project not meeting collection conditions

Contract assets portfolio 2 Quality guarantee deposit not meeting collection conditions

Contract assets portfolio 3 conditional collection right of sales

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.

Applicable on and before November 30, 2025

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

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

Notes Receivable Combination 1 Commercial Acceptance Bill

Notes Receivable Combination 2 Bank Acceptance Bill

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

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

Accounts receivable combination 1 Accounts receivable business

Accounts receivable combination 2 Real estate receivable business

Accounts receivable combination 3 Others receivable business

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

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

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

Other receivable portfolio 1 Interest receivable

Portfolio of other receivables 2 Dividends receivable

Other combinations of receivables 3 Deposit and margin receivable

Other receivable portfolio 4 Receivable advances

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

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

Other receivables portfolio 7 Other receivables

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

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

Receivables financing portfolio 1 bank acceptance bill

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

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

Contract assets portfolio 1 conditional collection right of sales

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

Contract assets portfolio 3 Quality guarantee deposit not meeting collection conditions

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

Other debt investment

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

② Lower credit risk

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

③ Significant increase in credit risk

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

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

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

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

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

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

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

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

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

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

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

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

④ Financial assets with credit impairment

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

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

⑤ Presentation of expected credit loss measurement

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

⑥ Canceled

If it is no longer reasonably expected that the contract cash flow of the financial assets will be fully or partially recovered, the book balance of the financial assets will be directly reduced. Such write-off constitute the derecognization 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 the Company 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 derecognization, 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 derecognization;

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

② Continue to be involved in the transferred financial assets

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

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

(III) Continuing identification of transferred financial assets

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

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

(7) Deduction of financial assets and liabilities

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

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

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

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

(8) Recognition of fair value of Finance instruments

For the method for determining the fair value of financial assets and financial liabilities, see 34 (2) in Chapter VIII, V. Important accounting policies and accounting estimates.

12. Notes receivable

See Chapter VIII, V, Important Accounting Policies and Accounting Estimates 11. Financial Tools.

13. Account receivable

See Chapter VIII, V, Important Accounting Policies and Accounting Estimates 11. Financial Tools.

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

14. Receivable financing

See Chapter VIII, V, Important Accounting Policies and Accounting Estimates 11. Financial Tools.

15. Other receivables

See Chapter VIII, V, Important Accounting Policies and Accounting Estimates 11. Financial Tools.

16. Contract assets

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

Contract assets and contract liabilities are listed separately in the balance sheet. Contract assets and contract liabilities under the same contract are listed in net amount. If the net amount is the debit balance, it shall be listed in "contract assets" or "other non current assets" according to its liquidity; if the net amount is the credit balance, it shall be listed in "contract liabilities" or "other non current liabilities" according to its liquidity. Contract assets and contract liabilities under different contracts cannot offset each other.

For the determination method and accounting treatment method of the Company's expected credit loss of contract assets, see 11. Financial instruments in Chapter VIII, V. Important accounting policies and accounting estimates.

17. Inventories

(1) Classification of inventories

Inventories refer to finished goods or merchandise held for sale in the ordinary course of business, work-in-process, and materials and supplies consumed in the production process or during the rendering of services, including raw materials, work-in-process, semi-finished goods, finished goods, merchandise inventories, and reusable materials.

(2) Pricing of delivering inventory

The Company measures inventories issued using the weighted average cost method.

The inventory of real estate business mainly includes inventory materials, development costs, development products, etc. The actual costs of development products include land transfer payment, infrastructure and facility costs, installation engineering costs, borrows before completion of the development and other costs during the development process. The special maintenance funds collected in the first period are included in the development overheads. When the control right of development products is transferred, the individual valuation method is used to determine its actual cost.

(3) Inventory system

The Company inventory adopts the perpetual inventory system, counting at least once a year, the inventory profit and loss amount is included in the current year's profit and loss.

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

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

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

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

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

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

(5) Methods of amortization of swing materials

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

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

18. Long-term share equity investment

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

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

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

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

If the Company directly or through subsidiaries holds more than 20% (inclusive) but less than 50% of the shares with voting rights of the invested entity, unless there is clear evidence proving that the

Company cannot participate the decision-making of production and operation of the invested entity, the Company has major influence on the invested entity.

(2) Recognition of initial investment costs

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

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

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

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

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

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

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

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

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

(3) Subsequent measurement and recognition of gain/loss

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

① Cost

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

Equity

Gains from long-term equity investment measured by equity

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

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

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

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

(4) Equity investment held for sale

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

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

(5) Impairment examination and providing of impairment provision

For investments in subsidiaries, associates and joint ventures, the method of accruing asset impairment is shown in 24. Long-term asset impairment in Chapter VIII, V. Important accounting policies and accounting estimates.

19. Investment real estates

(1) Classification of investment real estate

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

① Leased land using right

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

③ Leased building

(2) Measurement of investment real estate

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

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

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

20. 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 method

Type	Depreciation method	Service year (year)	Residual rate %	Annual depreciation rate %
Houses & buildings	Average age	20-50	10.00	1.80-4.50
Mechanical	Average age	10.00	10.00	9.00

equipment				
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

21. 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.

22. Borrowing Costs

(1) Recognition principles for capitalization of borrowing expenses

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

(1) Asset expenditure has occurred;

② The borrowing expense has already occurred;

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

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

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

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

(2) Calculation of the capitalization amount of borrowing expense

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

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

23. Intangible assets

Recorded at the actual cost of acquisition.

(1) Amortization of intangible assets

① Useful life of intangible assets with limited useful life

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

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

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

③ Amortization of intangible assets

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

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

(2) Scope of R&D expenditures and related accounting treatment

Specific standard for distinguish between research and development stage

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

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

Specific conditions for capitalization of expenditures in the development phase

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

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

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

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

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

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

24. Assets impairment

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

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

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

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

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

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

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

25. Long-term amortizable expenses

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

26. Contract liabilities

See 16. Contract assets in Chapter VIII, V. Important Accounting Policies and Accounting Estimates for details.

27. Staff remuneration

(1) Accounting of operational leasing

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

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

② Employee welfare

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

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

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

④ Short-term paid leave

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

⑤ Short-term profit share program

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

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

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

(2) Accounting of post-employment welfare

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

(3) Accounting of dismiss welfare

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

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

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

28. 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.

29. Revenue

Disclosure of accounting policies adopted for revenue recognition and measurement by business type

(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.

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

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

30. Contract costs

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

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

The cost is directly related to a current or expected contract, including direct labor, direct materials, manufacturing expenses (or similar expenses), clearly borne by the customer, and other costs incurred only due to the contract;

② This cost increases the Company's future resources for fulfilling its performance obligations.

③ The cost is expected to be recovered.

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

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

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

① The residual consideration expected to be obtained due to the transfer of goods or services related to the asset;

② The estimated cost to be incurred for the transfer of the relevant goods or services.

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

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

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

31. Government subsidy

(1) Government subsidy

Government subsidies are recognized when the following conditions are met:

① Requirements attached to government subsidies;

② The Company can receive government subsidies.

(2) Government subsidy

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

(3) Recognition of government subsidies

① Assets-related

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

Gain-related government subsidy should be accounted as follows:

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

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

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

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

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

③ Policy preferential loan discount

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

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

④ Government subsidy refund

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

32. Differed income tax assets and differed income tax liabilities

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

(1) Deferred income tax assets

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

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

A. The transaction is not a business combination;

B. the transaction is not a merger and the transaction does not affect the accounting profit or taxable proceeds;

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

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

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

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

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

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

(2) Deferred income tax assets

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

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

A. Initial recognition of goodwill;

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

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

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

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

(3) Deferred income tax assets

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

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

② Amount of shares paid and accounted as owners' equity

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

③ Compensation for losses and tax deductions

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

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

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

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

④Temporary difference caused by merger offset

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

⑤ Share payment settled by equity

If the tax law provides for allowable per-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 per-tax deduction amount at the end of the accounting period and confirm the relevant deferred income tax if it meets the conditions for confirmation. Of these, the amount that can be deducted before tax in the future exceeds the cost related to share payment recognized in accordance with the accounting standards, and the excess income tax shall be directly included in the owner’s equity.

⑥ Dividends related to financial instruments classified as equity instruments

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

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

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

① 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.

33. Leasing

(1) Identification of lease

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

(2) Separate identification of lease

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

(3) Accounting treatment method of the Company as lessee

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

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

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

① Use right assets

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

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

The initial measurement amount of lease liabilities;

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

Initial direct expenses incurred by the lessee;

The estimated cost incurred by the lessee for dismantling and removing the leased assets, restoring the site where the leased assets are located or restoring the leased assets to the state agreed in the lease terms. The Company recognizes and measures the cost in accordance with the recognition standards and measurement methods of estimated liabilities. See 28. Estimated liabilities in Chapter VIII, V. important accounting policies and accounting estimates for details. If the above costs are incurred for the production of inventories, they will be included in the cost of inventories.

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

② Lease liabilities

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

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

Variable lease payments depending on index or ratio;

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

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

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

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

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

(4) Accounting treatment method of the Company as lessor

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

① Operating lease

The Company recognizes lease receipts as rental income over the lease term on a straight-line basis(or another systematic and rational method). Initial direct costs incurred are capitalized and amortized on the same basis as rental income recognition, with the amortization charged to profit or loss over the relevant periods. The variable lease payments obtained by the Company related to operating leases that are not included in the lease receipts are included in the current profits and losses when actually incurred.

② Finance lease

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

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

(5) Accounting treatment of lease change

① Change of lease as a separate lease

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

② The lease change is not treated as a separate lease

A. The Company as lessee

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

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

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

For other lease changes, the book value of the right to use assets shall be adjusted accordingly.

The Company as leasor

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

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

(6) Sale and lease-back

The Company assesses and determines whether the asset transfer in the sale and leaseback transaction is a sale in accordance with the provisions of 29. Income in Chapter VIII, V, Important accounting policies and accounting estimates.

① The Company as seller (lessee)

If the asset transfer in the sale and leaseback transaction does not belong to sales, the Company will continue to recognize the transferred assets, recognize a financial liability equal to the transfer income, and conduct accounting treatment for the financial liability in accordance with 11。 Financial instruments in Chapter VIII, V, Important accounting policies and accounting estimates. If the asset transfer belongs to sales, the Company measures the right to use assets formed by sale and leaseback according to the part of the book value of the original assets related to the right to use obtained by leaseback, and only recognizes the relevant gains or losses on the rights transferred to the lessor.

② The Company as buyer (lessor)

If the asset transfer in the sale and leaseback transaction does not belong to sales, the company does not recognize the transferred asset, but recognizes a financial asset equal to the transfer income, and carries out accounting treatment on the financial asset in accordance with 11. Financial instruments in Chapter VIII, V. Important accounting policies and accounting estimates. If the asset transfer belongs to sales, the Company shall conduct accounting treatment for asset purchase and asset lease in accordance with other applicable accounting standards for business enterprises.

34. Other significant accounting policies and estimates

(1) Accounting of hedging

(1.1) Classification of inventories

The Company divides its hedging strategies into fair value hedges, cash flow hedges, and net investment 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.

③ Net investment hedge for overseas operations refers to hedging activities conducted to mitigate the foreign exchange risk exposure of the net investment in overseas operations. The hedged risk in the net investment hedge is the translation difference between the functional currency of the overseas operations and the reporting currency of the parent company.

(1.2) Hedging tools and hedged projects

Hedging means a financial instrument designated by the Company for the purpose of hedging, whose fair value or cash flow variation is expected to offset the fair value or cash flow variation of the hedged item, including:

① Financial liabilities measured at fair value with variations accounted into current income account Check-out options can only be used as a hedging tool if the option is hedged, including those embedded in a hybrid contract. Derivatives embedded in a hybrid contract but not split cannot be used as separate hedging tools.

② Non-derivative financial assets or non-derivative financial liabilities that are measured at fair value and whose changes are included in the current profit and loss, but designated as fair value and whose changes are included in the current profit and loss, and their own credit risk changes caused by changes in fair value except for financial liabilities included in other comprehensive income.

Own equity instruments are not financial assets or financial liabilities and cannot be used as hedging instruments.

A hedged item refers to an item that exposes the Company to the risk of changes in fair value or cash flow and is designated as the hedged object and can be reliably measured. The Company designates the following individual projects, project portfolios or their components as hedged projects:

① Confirmed assets or liabilities.

② Confirmed commitments that have not yet been confirmed. Confirmed commitment refers to a legally binding agreement to exchange a specific amount of resources at an agreed price on a specific date or period in the future.

③ Expected transactions that are likely to occur. Anticipated transactions refer to transactions that have not yet been committed but are expected to occur.

④ Net investment in overseas operations.

The above-mentioned project components refer to the parts that are less than the overall fair value or cash flow changes of the project. The Company designates the following project components or their combinations as hedged items:

① The part of the change in fair value or cash flow (risk component) that is only caused by one or more specific risks in the overall fair value or cash flow changes of the project. According to the assessment in a specific market environment, the risk component should be able to be individually identified and reliably measured. The risk component also includes the part where the fair value or cash flow of the hedged item changes only above or below a specific price or other variables.

② One or more selected contractual cash flows.

③ The component of the nominal amount of the project, that is, the specific part of the whole amount or quantity of the project, may be a certain proportion of the whole project, or may be a certain level of the whole project. If a certain level includes early repayment rights and the fair value of the early repayment rights is affected by changes in the risk of the hedge, the level shall not be designated as the hedged item of the fair value hedge, but in the measurement of the hedged item except when the fair value has included the influence of the prepayment right.

(1.3) Evaluation of hedging relationship

When the hedging relationship is initially specified, the Group officially specifies the related hedging relationships with official documents recording the hedging relationships, risk management targets and hedging strategies. This document sets out the hedging tools, hedged items, the nature of hedged risks, and the Company's assessment of hedged effectiveness. Hedging means a financial instrument designated by the Company for the purpose of hedging, whose fair value or cash flow variation is offset the fair value or cash flow variation of the hedged item, including: Such hedges are continuously evaluated on and after the initial specified date to meet the requirements for hedging validity.

If the hedging instrument has expired, been sold, the contract is terminated or exercised (but the extension or replacement as part of the hedging strategy is not treated as expired or contract termination), or the risk management objective changes, resulting in hedging The relationship no longer meets the risk management objectives, or the economic relationship between the hedged item and the hedging instrument no longer exists, or the impact of credit risk begins to dominate in the value changes caused by the economic relationship between the hedged item and the hedging instrument, or when the hedge no longer meets the other conditions of the hedge accounting method, the Company terminates the use of hedge accounting.

If the hedging relationship no longer meets the requirements for hedging effectiveness due to the hedging ratio, but the risk management objective of the designated hedging relationship has not changed, the Company shall rebalance the hedging relationship.

(1.4) Revenue the of revenue recognition and measurement

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

① Fair value hedging

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

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

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

② Cash flow hedge

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

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

③ Net investment in overseas operations hedge

For hedging of foreign operation net investments, the portion of gains or losses from the hedging instruments that qualify as effective hedges is directly recognized in other comprehensive income. The portion of gains or losses from the hedging instruments that do not qualify as effective hedges is recognized in the income statement. Upon disposal of the foreign operation, the previously recognized gains or losses from the hedging instruments reflected in other comprehensive income are reclassified to the income statement.

(2) Measurement of Fair Value

Fair value refers to the amount of asset exchange or liabilities settlement by both transaction parties familiar with the situation in a fair deal on a voluntary basis.

The Company measures the fair value of related assets or liabilities at the prices in the main market. If there is no major market, the Company measures the fair value of the relevant assets or liabilities at the most favorable market prices. The Group uses assumptions that market participants use to maximize their economic benefits when pricing the asset or liability.

The main market refers to the market with the highest transaction volume and activity of the related assets or liabilities. The most favorable market means the market that can sell the related assets at the highest amount or transfer the related liabilities at the lowest amount after considering the transaction cost and transportation cost.

For financial assets or liabilities in an active market, The Company determines their fair value based on quotations in the active market. If there is no active market, the Company uses evaluation techniques to determine the fair value.

For the measurement of non-financial assets at fair value, the ability of market participants to use the assets for optimal purposes to generate economic benefits, or the ability to sell the assets to other market participants that can be used for optimal purposes to generate economic benefits.

① Valuation technology

The Company adopts valuation techniques that are applicable in the current period and are supported by sufficient data and other information. The valuation techniques used mainly include market method, income method and cost method. The Company uses a method consistent with one or more of the valuation techniques to measure fair value. If multiple valuation techniques are used to measure fair value, the reasonableness of each valuation result shall be considered, and the fair value shall be selected as the most representative of fair value under the current circumstances. The amount of value is regarded as fair value.

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

②Fair value hierarchy

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

(3) 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 judgments involved in the classification of financial assets include the analysis of business model and contract cash flow characteristics.

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

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

Measurement of expected credit losses of accounts receivable

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

Deferred income tax assets

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

Income recognition

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

Engineering contract

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

Estimate of fair value

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

Development cost

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

35. Major changes in accounting policies and estimates

1. Changes in important accounting policies

☐ Applicable ☑ Inapplicable

(2) Changes in major accounting estimates

☑ Applicable ☐ Inapplicable

In RMB

Account policy changes and reasons	Statement item materially affected	Effective time	Affected amount
With the development of businesses across various industries, the Company has continuously refined its customer risk management for different sectors and enhanced its management capabilities. Based on a comprehensive assessment of the composition of receivables (including notes receivable, accounts receivable, contract assets, and other receivables) related to curtain wall, platform screen door, new materials, new energy, and commercial real estate businesses, as well as differences in customer risk profiles and historical credit loss experience, the Company has changed its accounting estimates. This change is made prudently, in accordance with Accounting Standards for Business Enterprises No. 22—Recognition and Measurement of Financial Instruments, No. 28—Changes in Accounting Policies, Changes in Accounting Estimates and Correction of Errors, and other relevant provisions, and is aligned with the actual business characteristics and operating conditions, in order to present the Company's financial position and operating results more objectively and fairly.	Account receivable	1 December 2025	-12,480,875.74
	Contract assets (including the portion reclassified to other non-current assets)		-10,411,746.48
	Notes receivable		-12,572,159.65
	Other receivables		-3,311,535.99
	Credit impairment ("-" for loss)		-28,364,571.38
	Investment impairment loss ("-" for loss)		-10,411,746.48
	Total profit		-38,776,317.86

On April 3, 2026, China Fangda Group Co., Ltd. convened the 14th meeting of the Audit Committee of the 10th Board of Directors and the 16th meeting of the 10th Board of Directors, which reviewed and approved the proposal regarding the current change in accounting estimate, and resolved to implement the change effective December 1, 2025.

(3) Implementation of new accounting standards adjustment for the first time starting from 2025, and implementation of financial statement related items at the beginning of the year for the first time

☐ Applicable ☑ Inapplicable

VI. Taxation

1. Major taxes and tax rates

Tax	Tax basis	Tax rate (%)
VAT	Taxable income	1, 3, 5, 6, 9, and 13
City maintenance and construction tax	Taxable turnover	1, 5, 7
Enterprise income tax	Taxable income	See the following table
Education surtax	Taxable turnover	3
Local education surtax	Taxable turnover	2
Property tax	For ad valorem assessment, the tax is levied at 1.2% of the residual value after a one-time deduction of 30% from the original value of the property; for rental-based assessment, the tax is levied at 12% of rental income.	1.2, 12

Tax rates applicable for different tax payers

Tax payer	Income tax rate
The Company	25%
Shenzhen Fangda Construction Technology Co., Ltd. (hereinafter Fangda Construction Technology)	15%
Fangda Zhiyuan Technology Co., Ltd. (hereinafter Fangda Zhiyuan)	15%
Fangda New Material (Jiangxi) Co., Ltd. (hereinafter Fangda Jiangxi New Material)	25%
Jiangxi Fangda Intelligent Manufacturing Technology Co., Ltd. (hereinafter referred to as Fangda Intelligent Manufacturing Company)	15%
Chengdu Fangda Construction Technology Co., Ltd. (hereinafter Fangda Chengdu Technology)	15%
Shanghai Fangda Zhijian Technology Co., Ltd. (hereinafter referred to as Fangda Shanghai Zhijian company)	15%
Shenzhen Fangda Yunzhu Technology Co., Ltd. (hereinafter Fangda Yunzhu)	15%
Dongguan Fangda New Material Co., Ltd. (hereinafter Fangda Dongguan New Material)	25%
Shanghai Fangda Jianzhi Technology Co., Ltd. (hereinafter Fangda Shanghai Jianzhi)	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)	20%
Dongguan Fangda New Energy Co., Ltd. (hereinafter Fangda Dongguan New Energy)	20%
Shenzhen Qianhai Kechuangyuan Software Co., Lt.d (hereinafter Kechuangyuan Software)	15%
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)	20%
General Rail Technology Private Limited	17%
Shihui International Holding Co., Ltd. (hereinafter Fangda Shihui International)	0.00%
Shenzhen Fangda Investment & Holding Co., Ltd. (hereinafter referred to as "Fangda Investment & Holding")	25%
Fangda Australia Pty Ltd	30%
Shenzhen Fangda Yunzhi Technology Co., Ltd. (hereinafter Fangda Yunzhi)	25%
Shenzhen Zhongrong Litai Investment Co. Ltd. (Zhongrong Litai)	25%
Chengdu Fangda Curtain Wall Technology Co., Ltd. (hereinafter Fangda Chengdu Curtain Wall)	20%
Fangda Southeast Asia Co., Ltd. (hereinafter Fangda Southeast Asia)	20%
Fangda Construction Technology (Hong Kong) Co., Ltd. (hereinafter Fangda Construction Technology Hong Kong)	16.50%
Shenzhen Yunzhu Testing Technology Co., Ltd. (Hereinafter Fangda Yunzhu Testing)	20%
Shenzhen Fangda Jianchuang Technology Co., Ltd. (hereinafter Fangda Jianchuang)	25%
Shenzhen Fangda Construction Technology Co., Ltd. (hereinafter referred to as Fangda Construction Technology Company)	20%
Fangda Facade Singapore Pte Ltd (hereinafter referred to as Curtain Wall Singapore Company)	17%
FANGDA FACADE PHILIPPINES INC. (hereinafter referred to as Curtain Wall Philippines Company)	20%
GENERAL RAIL TECHNOLOGY PHILIPPINES, INC. (hereinafter referred to as Zhiyuan Philippines Company)	25%
FANGDA GULF DMCC (hereinafter referred to as Curtain Wall Gulf Company)	9%
FANGDA FACADE CONTRACTING L.L.C (hereinafter referred to as "Fangda Facade UAE")	9%
Fangda Facade (NSW) Pty Ltd (Curtain Wall Sydney Company)	30%
GLOBAL MEGA INTERNATIONAL HOLDINGS LIMITED (hereinafter referred to as GLOBAL MEGA INTERNATIONAL)	20%

2. Tax preference

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

(2) On December 26, 2024, the subsidiary Fangda Zhiyuan Technology Co., Ltd. obtained the certificate of high tech enterprise jointly issued by the Industry and Information Technology Bureau of Shenzhen Municipality, Shenzhen Finance Bureau, State Administration of Taxation and Shenzhen Taxation Bureau. The certificate number is GR202444201506. Within three years after obtaining the qualification of high tech enterprise (from 2024 to 2026), the income tax will be levied at 15%.

(3) On October 16, 2023, the subsidiary Fangda Chengdu Technology obtained the certificate of high tech enterprise No. GR202351000927 jointly issued by the Department of Science and Technology of Sichuan Province, the Department of Finance of Sichuan Province, the State Administration of Taxation and the

Sichuan Provincial Taxation Bureau. Within three years after obtaining the qualification of high tech enterprise (2023-2025), the income tax will continue to be levied at 15%.

(4) 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%.

(5) 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%.

(6) 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, 2026), and the income tax is levied at 15%.

(7) Pursuant to the "Announcement of the Ministry of Finance and the State Taxation Administration on Further Implementation of Income Tax Preferential Policies for Small and Micro-sized Enterprises" (Announcement No. 13 of 2022), the "Announcement on Income Tax Preferential Policies for Small and Micro-sized Enterprises and Self-employed Businesses" (Announcement No. 6 of 2023), and the "Announcement of the Ministry of Finance and the State Taxation Administration on Further Supporting the Development of Small and Micro-sized Enterprises and Self-employed Businesses with Respect to Relevant Tax Policies" (Announcement No. 12 of 2023), certain subsidiaries qualified as small and micro-sized enterprises in 2025 and are subject to enterprise income tax in accordance with the aforementioned announcements.

VII. Notes to the consolidated financial statements

1. Monetary capital

In RMB

Item	Closing balance	Opening balance
Inventory cash:	697.90	148.01
Bank deposits	1,122,843,849.53	1,052,461,034.10
Other monetary capital	278,447,555.29	439,316,159.73
Total	1,401,292,102.72	1,491,777,341.84
Including: total amount deposited in overseas	53,171,687.00	76,232,428.11

Others:

(1) Of the closing balance of bank deposits, RMB44,021,919.51 was restricted in use, comprising judicially frozen funds of RMB10,494,858.12, interest on time deposits of RMB58,081.29, regulated funds

designated for specific purposes amounting to RMB29,840,625.90, and other restricted funds totaling RMB3,628,354.20. Of the closing balance of other monetary funds, RMB266,304,635.32 was restricted in use, primarily consisting of bankers' acceptance deposit guarantees, interim guarantee deposits, letter of guarantee issuance deposits, and funds in transit. 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. Transactional financial assets

In RMB

Item	Closing balance	Opening balance
Financial assets measured at fair value with variations accounted into current income account	410.06	
Of which: Bank wealth management products	410.06	
Total	410.06	

3. Derivative financial assets

In RMB

Item	Closing balance	Opening balance
Futures contracts	1,459,950.00	
Total	1,459,950.00	

4. Notes receivable

(1) Classification of notes receivable

In RMB

Item	Closing balance	Opening balance
Bank acceptance	57,188,013.94	39,584,331.31
Commercial acceptance	64,590,049.06	34,303,362.93
Total	121,778,063.00	73,887,694.24

(2) Disclosure by bad debt accrual method

In RMB

Type	Closing balance					Opening balance				
	Remaining book value		Bad debt provision		Book value	Remaining book value		Bad debt provision		Book value
	Amount	Proportion	Amount	Provision rate		Amount	Proportion	Amount	Provision rate	
Notes receivable with provision	135,779,716.10	100.00%	14,001,653.10	10.31%	121,778,063.00	74,530,950.99	100.00%	643,256.75	0.86%	73,887,694.24

for bad debts by portfolio										
Including:										
Bank acceptance	57,188,013.94	42.12%			57,188,013.94	39,584,331.31	53.11%			39,584,331.31
Commercial acceptance	78,591,702.16	57.88%	14,001,653.10	17.82%	64,590,049.06	34,946,619.68	46.89%	643,256.75	1.84%	34,303,362.93
Total	135,779,716.10	100.00%	14,001,653.10	10.31%	121,778,063.00	74,530,950.99	100.00%	643,256.75	0.86%	73,887,694.24

Provision for bad debts by combination: bank acceptance

In RMB

Name	Closing balance		
	Remaining book value	Bad debt provision	Provision rate
Bank acceptance	57,188,013.94	0.00	0.00%
Total	57,188,013.94	0.00	

Provision for bad debts by combination: trade acceptance

In RMB

Name	Closing balance		
	Remaining book value	Bad debt provision	Provision rate
Commercial acceptance	78,591,702.16	14,001,653.10	17.82%
Total	78,591,702.16	14,001,653.10	

Group recognition basis:

See 11. Financial Tools in Chapter VIII, V, Important Accounting Policies and Accounting Estimates for the recognition criteria and instructions for withdrawing bad debt reserves by portfolio

If the provision for bad debts on accounts receivable is being made based on the expected credit loss general model:

□ Applicable ☑ Inapplicable

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

Bad debt provision made in the period:

In RMB

Type	Opening balance	Change in the period				Closing balance
		Provision	Written-back or recovered	Canceled	Others	
Commercial acceptance	643,256.75	13,358,396.35				14,001,653.10
Total	643,256.75	13,358,396.35				14,001,653.10

Including significant recovery or reversal:

□ Applicable ☑ Inapplicable

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

In RMB

Item	De-recognized amount	Not de-recognized amount
Bank acceptance		30,948,234.15
Commercial acceptance		9,833,296.73
Total		40,781,530.88

5. Account receivable

(1) Account age

In RMB

Age	Closing balance of book value	Opening balance of book value
Within 1 year (inclusive)	376,385,477.08	535,457,065.77
1-2 years	227,631,352.53	197,202,489.75
2-3 years	157,587,249.50	196,353,916.70
Over 3 years	726,362,340.42	568,801,528.90
3-4 years	155,218,151.25	173,116,205.07
4-5 years	120,919,200.03	134,492,519.77
Over 5 years	450,224,989.14	261,192,804.06
5-6 years	246,826,836.71	Inapplicable
6-7 years	85,242,705.07	
Over 7 years	118,155,447.36	
Total	1,487,966,419.53	1,497,815,001.12

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

Significant individual amounts of accounts receivable in the curtain wall and materials industry that have exceeded three years in age

Customer	Balance of accounts receivable of over 3 years (RMB)	Balance of provision for bad debts (RMB)	Reason of the age	Whether there is a risk of recovery
Customer 1	123,109,266.41	72,907,803.33	Customer credit status deteriorates	Yes
Customer 2	54,873,223.21	54,873,223.21	Customer credit status deteriorates	Yes
Customer 3	32,018,569.51	19,211,141.71	Customer credit status deteriorates	Yes
Customer 4	29,503,796.47	23,967,717.56	Customer credit status deteriorates	Yes
Customer 5	28,809,949.90	18,447,127.44	Customer credit status deteriorates	Yes

Customer 6	28,793,219.55	28,491,561.21	Customer credit status deteriorates	Yes
Customer 7	20,239,681.65	10,640,642.80	Long settlement cycle	No
Customer 8	19,541,985.85	15,787,612.38	Customer credit status deteriorates	Yes
Customer 9	18,700,831.94	18,700,831.94	Customer credit status deteriorates	Yes
Customer 10	17,374,148.42	17,374,148.42	Customer credit status deteriorates	Yes
Customer 11	16,492,469.99	7,763,862.08	Customer credit status deteriorates	Yes
Customer 12	14,371,672.93	7,304,441.08	Long settlement cycle	No
Customer 13	13,461,834.96	13,461,834.96	Customer credit status deteriorates	Yes
Customer 14	11,154,105.00	11,154,105.00	Customer credit status deteriorates	Yes

(2) Disclosure by bad debt accrual method

In RMB

Type	Closing balance					Opening balance				
	Remaining book value		Bad debt provision		Book value	Remaining book value		Bad debt provision		Book value
	Amount	Proportion	Amount	Provision rate		Amount	Proportion	Amount	Provision rate	
Account receivable for which bad debt provision is made by group	194,500,400.69	13.07%	172,387,766.73	88.63%	22,112,633.96	127,640,916.83	8.51%	97,987,987.52	76.77%	29,652,929.31
Including:										
1. Customer 1	54,873,223.21	3.69%	54,873,223.21	100.00%	0.00	54,873,223.21	3.66%	54,873,223.21	100.00%	
2. Customer 2	45,507,085.02	3.06%	42,914,882.44	94.30%	2,592,202.58	47,210,577.56	3.15%	23,605,288.79	50.00%	23,605,288.77
3. Customer 3	13,461,834.96	0.90%	13,461,834.96	100.00%	0.00	13,461,834.96	0.90%	13,461,834.96	100.00%	
4. Customer 4	7,096,421.00	0.48%	7,096,421.00	100.00%	0.00	7,096,421.00	0.47%	3,548,210.50	50.00%	3,548,210.50
5. Customer 5	19,722,254.14	1.33%	19,722,254.14	100.00%	0.00	4,998,860.10	0.33%	2,499,430.06	50.00%	2,499,430.04
6. Customer 6	38,886,078.45	2.61%	23,331,647.07	60.00%	15,554,431.38					
7.	9,915,00	0.67%	5,949,00	60.00%	3,966,00					

Customer 7	0.00		0.00		0.00					
8. Other customers	5,038,503.91	0.34%	5,038,503.91	100.00%	0.00					
Account receivable for which bad debt provision is made by group	1,293,466,018.84	86.93%	430,062,095.57	33.25%	863,403,923.27	1,370,174,084.29	91.49%	276,320,816.62	20.17%	1,093,853,267.67
Including:										
1. Portfolio 1: Curtain wall business receivables	929,090,693.39	62.44%	382,281,446.58	41.15%	546,809,246.81	1,201,581,352.19	80.23%	270,560,899.59	22.52%	931,020,452.60
2. Portfolio 2: Platform screen door business receivables	177,576,351.40	11.93%	38,295,527.37	21.57%	139,280,824.03					
3. Portfolio 3: New materials business receivables	108,037,986.27	7.26%	4,269,005.77	3.95%	103,768,980.50	50,119,323.56	3.35%	1,717,774.28	3.43%	48,401,549.28
4. Portfolio 4: New energy business receivables	26,263,129.43	1.77%	1,313,156.47	5.00%	24,949,972.96	28,090,072.40	1.88%	1,529,525.72	5.45%	26,560,546.68
5. Portfolio 5: Commercial real estate and other receivab	52,497,858.35	3.53%	3,902,959.38	7.43%	48,594,898.97	90,383,336.14	6.03%	2,512,617.03	2.78%	87,870,719.11

les										
Total	1,487,966,419.53	100.00%	602,449,862.30	40.49%	885,516,557.23	1,497,815,001.12	100.00%	374,308,804.14	24.99%	1,123,506,196.98

Separate bad debt provision: separate provision

In RMB

Name	Opening balance		Closing balance			
	Remaining book value	Bad debt provision	Remaining book value	Bad debt provision	Provision rate	Reason
1. Customer 1	54,873,223.21	54,873,223.21	54,873,223.21	54,873,223.21	100.00%	Due to certain customers experiencing prolonged non-payment, material debt defaults, bankruptcy reorganization, or similar circumstances, the Company has determined that full recovery of receivables from these customers is uncertain. In accordance with the prudence principle, the Company has individually provided for impairment losses on these accounts receivable.
2. Customer 2	47,210,577.56	23,605,288.79	45,507,085.02	42,914,882.44	94.30%	
3. Customer 3	13,461,834.96	13,461,834.96	13,461,834.96	13,461,834.96	100.00%	
4. Customer 4	7,096,421.00	3,548,210.50	7,096,421.00	7,096,421.00	100.00%	
5. Customer 5	4,998,860.10	2,499,430.06	19,722,254.14	19,722,254.14	100.00%	
6. Customer 6			38,886,078.45	23,331,647.07	60.00%	
7. Customer 7			9,915,000.00	5,949,000.00	60.00%	
8. Other customers			5,038,503.91	5,038,503.91	100.00%	
Total	127,640,916.83	97,987,987.52	194,500,400.69	172,387,766.73		

Bad debt provision by portfolio: Portfolio 1: Curtain wall business receivables

In RMB

Name	Closing balance		
	Remaining book value	Bad debt provision	Provision rate
Less than 1 year	193,396,954.28	9,669,847.69	5.00%
1-2 years	142,488,723.59	28,497,744.72	20.00%
2-3 years	105,103,593.43	26,275,898.36	25.00%
3-4 years	96,348,934.35	33,722,127.02	35.00%
4-5 years	93,402,372.04	42,031,067.42	45.00%
5-6 years	108,866,523.21	65,319,913.93	60.00%
6-7 years	84,791,633.64	72,072,888.59	85.00%

Over 7 years	104,691,958.85	104,691,958.85	100.00%
Total	929,090,693.39	382,281,446.58	

Group recognition basis:

See 11. Financial Tools in Chapter VIII, V, Important Accounting Policies and Accounting Estimates for the recognition criteria and instructions for withdrawing bad debt reserves by portfolio

Bad debt provision by portfolio: Portfolio 2: Platform screen door business receivables

In RMB

Name	Closing balance		
	Remaining book value	Bad debt provision	Provision rate
Less than 1 year	67,079,150.77	670,791.51	1.00%
1-2 years	41,821,251.41	3,345,700.11	8.00%
2-3 years	17,858,570.89	3,571,714.18	20.00%
3-4 years	30,471,497.81	12,188,599.12	40.00%
4-5 years	6,090,526.91	4,263,368.84	70.00%
Over 5 years	14,255,353.61	14,255,353.61	100.00%
Total	177,576,351.40	38,295,527.37	

Bad debt provision by portfolio: Portfolio 3: New materials business receivables

In RMB

Name	Closing balance		
	Remaining book value	Bad debt provision	Provision rate
Less than 1 year	68,862,940.96	688,629.38	1.00%
1-2 years	26,702,188.50	1,335,109.43	5.00%
2-3 years	9,566,410.63	956,641.06	10.00%
3-4 years	1,982,076.04	396,415.21	20.00%
4-5 years	64,318.91	32,159.46	50.00%
Over 5 years	860,051.23	860,051.23	100.00%
Total	108,037,986.27	4,269,005.77	

Bad debt provision by portfolio: Portfolio 4: New energy business receivables

In RMB

Name	Closing balance		
	Remaining book value	Bad debt provision	Provision rate
Less than 1 year	12,303,649.40	615,182.47	5.00%
1-2 years	9,805,984.58	490,299.23	5.00%
2-3 years	4,153,495.45	207,674.77	5.00%
Total	26,263,129.43	1,313,156.47	

Bad debt provision by portfolio: Portfolio 5: Commercial real estate and other receivables

In RMB

Name	Closing balance		
	Remaining book value	Bad debt provision	Provision rate

Less than 1 year	33,050,286.15	330,502.85	1.00%
1-2 years	3,817,774.69	190,888.73	5.00%
2-3 years	10,394,417.17	1,559,162.58	15.00%
3-4 years	4,874,916.49	1,462,474.95	30.00%
4-5 years	1,333.96	800.38	60.00%
Over 5 years	359,129.89	359,129.89	100.00%
Total	52,497,858.35	3,902,959.38	

If the provision for bad debts on accounts receivable is being made based on the expected credit loss general model:

☐ Applicable ☑ Inapplicable

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

Bad debt provision made in the period:

In RMB

Type	Opening balance	Change in the period				Closing balance
		Provision	Written-back or recovered	Canceled	Others	
Separate bad debt provision	97,987,987.52	74,399,779.21				172,387,766.73
Provision for bad debts by combination	276,320,816.62	160,605,310.49		6,869,566.78	-5,535.24	430,062,095.57
Total	374,308,804.14	235,005,089.70		6,869,566.78	-5,535.24	602,449,862.30

(4) Written-off account receivable during the period

In RMB

Item	Amount
Account receivable written off	6,869,566.78

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

In RMB

Entity	Closing balance of accounts receivable	Closing balance of contract assets	Closing balance of accounts receivable and contract assets	Percentage of total ending balance of accounts receivable and contract assets	Closing balance of provision for bad debts on accounts receivable and impairment of contract assets
No.1	123,432,623.99	0.00	123,432,623.99	3.21%	72,988,642.72
No.2	52,231,883.49	59,502,595.73	111,734,479.22	2.92%	8,025,671.36
No.3	20,540,802.50	64,743,536.53	85,284,339.03	2.23%	16,394,225.22
No.4	8,967,200.00	66,626,539.51	75,593,739.51	1.98%	11,231,443.86
No.5	13,818,177.32	50,340,031.78	64,158,209.10	1.68%	9,526,641.12
Total	218,990,687.30	241,212,703.55	460,203,390.85	12.02%	118,166,624.28

6. Contract assets

(1) Contract assets

In RMB

Item	Closing balance			Opening balance		
	Remaining book value	Bad debt provision	Book value	Remaining book value	Bad debt provision	Book value
Completed and unsettled project funds that fail to meet the collection conditions	2,007,031,514.79	197,762,492.62	1,809,269,022.17	2,303,529,715.41	196,836,354.61	2,106,693,360.80
Quality guarantee deposit that fails to meet the collection conditions	332,521,906.40	27,924,265.40	304,597,641.00	262,289,726.50	24,254,807.14	238,034,919.36
Sales funds with conditional collection right				52,852,539.43	727,775.89	52,124,763.54
Less: Contract assets shown in other non-current assets	125,214,302.34	9,438,790.60	115,775,511.74	160,412,051.45	11,257,487.71	149,154,563.74
Total	2,214,339,118.85	216,247,967.42	1,998,091,151.43	2,458,259,929.89	210,561,449.93	2,247,698,479.96

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

In RMB

Item	Change	Reason
Completed and unsettled project funds that fail to meet the collection conditions	-297,424,338.63	Primarily attributable to contract assets related to engineering contracting contracts that met billing conditions during the year being reclassified to accounts receivable.
Quality guarantee deposit that fails to meet the collection conditions	66,562,721.64	Mainly due to the increase in warranty deposits that have not met the collection conditions
Sales funds with conditional collection right	-52,124,763.54	Primarily attributable to the decrease in material sales proceeds subject to conditional collection rights; this period, proceeds from material sales with simple settlement procedures have been reclassified to accounts receivable for accounting purposes.

Less: Contract assets shown in other non-current assets	-33,379,052.00	Mainly due to lower outstanding warranties on completed projects
Total	-249,607,328.53	——

(3) Disclosure by bad debt accrual method

In RMB

Type	Closing balance					Opening balance				
	Remaining book value		Bad debt provision		Book value	Remaining book value		Bad debt provision		Book value
	Amount	Proportion	Amount	Provision rate		Amount	Proportion	Amount	Provision rate	
Separate bad debt provision	8,992,352.88	0.41%	8,992,352.88	100.00%		16,288,576.53	0.66%	9,033,247.20	55.46%	7,255,329.33
Including:										
Customer 1	4,520,033.57	0.20%	4,520,033.57	100.00%						
Customer 2	1,683,276.51	0.08%	1,683,276.51	100.00%						
Customer 3	1,011,124.93	0.05%	1,011,124.93	100.00%		14,510,658.66	0.59%	7,255,329.33	50.00%	7,255,329.33
Customer 4	1,777,917.87	0.08%	1,777,917.87	100.00%		1,777,917.87	0.07%	1,777,917.87	100.00%	
Provision for bad debts by combination	2,205,346,765.97	99.59%	207,255,614.54	9.40%	1,998,091,151.43	2,441,971,353.36	99.34%	201,528,202.73	8.25%	2,240,443,150.63
Including:										
Portfolio 1: Completed and unsettled project not meeting collection conditions	1,998,039,161.91	90.23%	188,770,139.73	9.45%	1,809,269,022.18	2,286,329,426.34	93.01%	187,097,333.23	8.18%	2,099,232,093.11
Portfolio 2: Quality guarantee deposit not meeting	207,307,604.06	9.36%	18,485,474.81	8.92%	188,822,129.25	102,789,387.59	4.18%	13,703,093.61	13.33%	89,086,293.98

collection conditions										
Combination 3: sales payment with conditional collection right						52,852,539.43	2.15%	727,775.89	1.38%	52,124,763.54
Total	2,214,339,118.85	100.00%	216,247,967.42	9.77%	1,998,091,151.43	2,458,259,929.89	100.00%	210,561,449.93	8.57%	2,247,698,479.96

Separate bad debt provision: separate provision

In RMB

Name	Opening balance		Closing balance			
	Remaining book value	Bad debt provision	Remaining book value	Bad debt provision	Provision rate	Reason
Customer 1			4,520,033.57	4,520,033.57	100.00%	Due to certain customers of the Company experiencing prolonged non-payment, material debt defaults, and bankruptcy reorganization, the Company has determined that there is uncertainty regarding the full recovery of contract assets related to these customers. In accordance with the prudence principle, the Company has individually provided impairment allowances for the contract assets of these customers.
Customer 2			1,683,276.51	1,683,276.51	100.00%	
Customer 3	14,510,658.66	7,255,329.33	1,011,124.93	1,011,124.93	100.00%	
Customer 4	1,777,917.87	1,777,917.87	1,777,917.87	1,777,917.87	100.00%	
Total	16,288,576.53	9,033,247.20	8,992,352.88	8,992,352.88		

Bad debt provision by portfolio: Portfolio 1: Completed but unbilled construction receivables not yet meeting billing conditions

In RMB

Name	Closing balance		
	Remaining book value	Bad debt provision	Provision rate
Completed and unsettled project funds that fail to meet the collection conditions	1,998,039,161.91	188,770,139.73	9.45%
Total	1,998,039,161.91	188,770,139.73	

Group recognition basis:

See 11. Financial Tools in Chapter VIII, V, Important Accounting Policies and Accounting Estimates for the recognition criteria and instructions for withdrawing bad debt reserves by portfolio

Bad debt provision by portfolio: Portfolio 2: Retention receivables not yet meeting billing conditions

In RMB

Name	Closing balance		
	Remaining book value	Bad debt provision	Provision rate
Quality guarantee deposit that fails to meet the collection conditions	207,307,604.06	18,485,474.81	8.92%
Total	207,307,604.06	18,485,474.81	

Bad debt provision by portfolio: Portfolio 3: Sales proceeds with conditional rights to payment

In RMB

Name	Closing balance		
	Remaining book value	Bad debt provision	Provision rate
Sales funds with conditional collection right	0.00	0.00	0.00%
Total	0.00	0.00	

Provision for bad debts based on general model of expected credit losses

☐ Applicable ☑ Inapplicable

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

In RMB

Item	Provision	Recovered or reversed during the period	Written off in the current period	Other change	Reason
Separate bad debt provision	7,214,435.01			7,255,329.33	Other changes are primarily due to customers previously provided for individually under contract assets being

					reclassified to accounts receivable.
Provision for bad debts by combination	6,530,406.95		802,995.14		
Total	13,744,841.96		802,995.14	7,255,329.33	——

(5) Contract assets actually written off during the current period

In RMB

Item	Amount
Contract assets actually written off	802,995.14

7. Receivable financing

(1) Presentation of receivables financing classification

In RMB

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

(2) Disclosure by bad debt accrual method

In RMB

Type	Closing balance					Opening balance				
	Remaining book value		Bad debt provision		Book value	Remaining book value		Bad debt provision		Book value
	Amount	Proportion	Amount	Provision rate		Amount	Proportion	Amount	Provision rate	
Provision for bad debts by combination						4,568,000.10	100.00%	0.00	0.00%	4,568,000.10
Including:										
Bank acceptance						4,568,000.10	100.00%	0.00	0.00%	4,568,000.10
Total						4,568,000.10	100.00%	0.00	0.00%	4,568,000.10

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

In RMB

Item	De-recognized amount	Not de-recognized amount
Bank acceptance	33,761,787.71	
Total	33,761,787.71	

8. Other receivables

In RMB

Item	Closing balance	Opening balance
Other receivables	120,173,307.70	168,322,524.80
Total	120,173,307.70	168,322,524.80

(1) Other receivables

1) Other receivables are disclosed by nature

In RMB

By nature	Closing balance of book value	Opening balance of book value
Deposit and pledge paid	78,067,608.63	101,364,611.15
Construction borrowing and advanced payment	37,322,734.05	39,950,652.16
Staff borrowing and petty cash	2,942,771.01	3,221,577.94
VAT refund receivable	527,217.36	642,493.02
Refundable advance payments	2,713,230.50	18,884,265.12
Others	10,806,871.89	12,294,754.02
Total	132,380,433.44	176,358,353.41

(2) Account age

In RMB

Age	Closing balance of book value	Opening balance of book value
Within 1 year (inclusive)	17,089,433.93	45,432,663.12
1-2 years	7,682,149.15	11,015,466.34
2-3 years	10,634,476.62	4,495,902.18
Over 3 years	96,974,373.74	115,414,321.77
3-4 years	2,289,785.12	3,882,310.18
4-5 years	3,229,224.11	9,518,614.26
Over 5 years	91,455,364.51	102,013,397.33
Total	132,380,433.44	176,358,353.41

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

Significant individual amounts of other accounts receivable in the curtain wall and materials industry that have exceeded three years in age

Customer	Balance of other receivables older than three years (RMB)	Balance of provision for bad debts (RMB)	Reason of the age	Whether there is a risk of recovery
Customer 1	1,770,840.51	1,770,840.51	Customer credit status deteriorates	Yes
Customer 2	1,150,000.00	412,500.00	Customer credit status deteriorates	Yes
Customer 3	1,586,520.17	713,934.08	Performance bond	No

Total	4,507,360.68	2,897,274.59		

(3) Disclosure by bad debt accrual method

☑ Applicable □ Inapplicable

In RMB

Type	Closing balance					Opening balance				
	Remaining book value		Bad debt provision		Book value	Remaining book value		Bad debt provision		Book value
	Amount	Proportion	Amount	Provision rate		Amount	Proportion	Amount	Provision rate	
Provision for bad debts by combination	132,380,433.44	100.00%	12,207,125.74	9.22%	120,173,307.70	176,358,353.41	100.00%	8,035,828.61	4.56%	168,322,524.80
Including:										
First stage	114,617,240.74	86.59%	1,928,103.44	1.68%	112,689,137.30	167,771,508.00	95.13%	2,498,265.50	1.49%	165,273,242.50
Second stage	9,603,537.62	7.25%	3,379,335.58	35.19%	6,224,202.04	3,143,590.00	1.78%	94,307.70	3.00%	3,049,282.30
Third stage	8,159,655.08	6.16%	6,899,686.72	84.56%	1,259,968.36	5,443,255.41	3.09%	5,443,255.41	100.00%	
Total	132,380,433.44	100.00%	12,207,125.74	9.22%	120,173,307.70	176,358,353.41	100.00%	8,035,828.61	4.56%	168,322,524.80

Bad debt provision by portfolio: Stage 1

In RMB

Name	Closing balance		
	Remaining book value	Bad debt provision	Provision rate
Portfolio 3: deposit and margin receivable	74,212,037.53	1,089,166.39	1.47%
Combination 4: Advances receivable	33,834,318.73	593,422.94	1.75%
Portfolio 5: VAT refund receivable	527,217.36	5,272.17	1.00%
Portfolio 7: Other receivables	6,043,667.12	240,241.94	3.98%
Total	114,617,240.74	1,928,103.44	

Description of the basis for determining the portfolio: Provision for bad debts is made on the basis of the general model of expected credit losses.

Bad debt provision by portfolio: Stage 2

In RMB

Name	Closing balance		
	Remaining book value	Bad debt provision	Provision rate
Portfolio 3: deposit and margin receivable	2,129,187.67	879,423.91	41.30%

Combination 4: Advances receivable	3,463,081.82	1,434,706.36	41.43%
Portfolio 7: Other receivables	4,011,268.13	1,065,205.31	26.56%
Total	9,603,537.62	3,379,335.58	

Bad debt provision by portfolio: Stage 3

In RMB

Name	Closing balance		
	Remaining book value	Bad debt provision	Provision rate
Portfolio 3: deposit and margin receivable	1,726,383.43	1,726,383.43	100.00%
Combination 4: Advances receivable	25,333.50	25,333.50	100.00%
Portfolio 7: Other receivables	6,407,938.15	5,147,969.79	80.34%
Total	8,159,655.08	6,899,686.72	

Provision for bad debts based on general model of expected credit losses

In RMB

Bad debt provision	First stage	Second stage	Third stage	Total
	Expected credit losses in the next 12 months	Expected credit loss for the entire duration (no credit impairment)	Expected credit loss for the entire duration (credit impairment has occurred)	
Balance on Wednesday, January 1, 2025	2,498,265.50	94,307.70	5,443,255.41	8,035,828.61
Balance on Wednesday, January 1, 2025 in the current period				
Provision	-560,105.77	3,285,027.88	1,456,431.31	4,181,353.42
Transferred back in the current period	0.00	0.00	0.00	0.00
Written off in the current period	0.00	0.00	0.00	0.00
Canceled in the current period	9,825.48	0.00	0.00	9,825.48
Other change	230.81	0.00	0.00	-230.81
Balance on Wednesday, December 31, 2025	1,928,103.44	3,379,335.58	6,899,686.72	12,207,125.74

Criteria for stage division and provision ratios for bad debts

Other receivables	Basis	Curtain wall Business category	Platform screen door Business category	New materials Business category	New energy business	Commercial real estate and others
Stage 1	Not due or due within 30 days	5.00%	1.00%	1.00%	1.00%	1.00%
Stage 2	Overdue for more than 30 days but no credit impairment has occurred	Provision is made based on the corresponding aging brackets of accounts receivable by business category, applying the respective provision ratios.				
Stage 3	Overdue for more than 30 days	Individual recognition				

	and credit impairment has occurred	

Changes in book balances with significant changes in the current period

☐ Applicable ☑ Inapplicable

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

Bad debt provision made in the period:

In RMB

Type	Opening balance	Change in the period				Closing balance
		Provision	Written-back or recovered	Write-off	Others	
Provision for bad debts by combination	8,035,828.61	4,181,353.42		9,825.48	230.81	12,207,125.74
Total	8,035,828.61	4,181,353.42		9,825.48	230.81	12,207,125.74

5) Other receivable written off in the current period

In RMB

Item	Amount
Other receivable written off	9,825.48

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

In RMB

Entity	By nature	Closing balance	Age	Percentage (%)	Balance of bad debt provision at the end of the period
Shenzhen Yikang Real Estate Co. Ltd.	Margin and current account	6,000,000.00	2-3 years	57.46%	760,626.76
		70,062,675.83	Over 5 years		
Shenzhen Dakang Joint-Stock Cooperative Company	Deposit	8,000,000.00	Over 5 years	6.04%	80,000.00
Shenzhen Ganshang Joint Investment Co., Ltd.	Others	3,791,089.25	Over 5 years	2.86%	2,531,120.89
Bangshen Electronics (Shenzhen) Co., Ltd.	Deposit	3,000,000.00	Over 5 years	2.27%	30,000.00
Shenzhen Tongmeng Decoration Technology Co., Ltd.	Reimbursable expenses	2,473,230.50	1-3 years	1.87%	571,351.88
Total		93,326,995.58		70.50%	3,973,099.53

9. Prepayment

(1) Account ages of prepayments

In RMB

Age	Closing balance	Opening balance

	Amount	Proportion	Amount	Proportion
Less than 1 year	15,477,666.96	75.85%	17,938,392.45	76.81%
1-2 years	527,430.05	2.58%	1,949,630.86	8.35%
2-3 years	1,346,844.99	6.60%	1,404,616.03	6.01%
Over 3 years	3,056,026.16	14.97%	2,062,396.77	8.83%
Total	20,407,968.16		23,355,036.11	

At the end of the period, there are no important prepayments exceeding one year in age.

(2) Balance of top 5 prepayments at the end of the period

The total of top5 prepayments in terms of the prepaid entities in the period is RMB5,261,681.15, accounting for 25.78% of the total prepayments at the end of the period.

10. Inventories

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

(1) Classification of inventories

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

Classified by nature:

In RMB

Item	Closing balance			Opening balance		
	Remaining book value	Provision for inventory depreciation or contract performance cost impairment provision	Book value	Remaining book value	Provision for inventory depreciation or contract performance cost impairment provision	Book value
Development cost	202,021,658.94		202,021,658.94	230,990,938.09		230,990,938.09
Development products	116,643,162.68	23,306,214.74	93,336,947.94	124,380,755.91		124,380,755.91
Contract performance costs	81,997,883.89		81,997,883.89	102,358,825.07		102,358,825.07
Raw materials	111,622,459.00		111,622,459.00	111,139,470.37		111,139,470.37
Product in process	100,255,413.90		100,255,413.90	91,796,788.96		91,796,788.96
Finished goods in stock	41,225,785.96		41,225,785.96	8,694,704.45		8,694,704.45
OEM materials	19,692,260.21		19,692,260.21	13,483,327.00		13,483,327.00
Goods delivered	27,530,506.85		27,530,506.85	20,251,212.30		20,251,212.30
Materials in	7,375,501.87		7,375,501.87	2,570,386.59		2,570,386.59

transit						
Total	708,364,633.30	23,306,214.74	685,058,418.56	705,666,408.74		705,666,408.74

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

In RMB

Item	Starting time	Estimated finish time	Estimated total investment	Opening balance	Transferred to development product in this period	Other decrease in this period	Increase (development cost) in this period	Closing balance	Accumulative capitalized interest	Including: capitalized interest for the current period	Capital source
Dakang Village Project in Shenzhen	1 December 2028	December 31, 2034	3,600,000,000.00	201,016,423.09				202,021,658.94			Own funds and bank loans
Fangda Bangshen Industry Park	Not applicable; see notes below the table for details.			29,974,515.00		29,974,515.00					
Total	--	--	3,600,000,000.00	230,990,938.09		29,974,515.00		202,021,658.94			--

Note: On November 6, 2017, Fangda Property Co., Ltd., a subsidiary of the Company, entered into the "Co-Development Agreement for the Fangda Bangshen Industrial Park (provisional name) Urban Renewal Project" with Bangshen Electronics (Shenzhen) Co., Ltd., agreeing to jointly advance this "industrial-to-industrial" urban renewal project under a co-development model. During project implementation, objective factors—including policy adjustments related to the "Lixin Lake Area Integrated Planning" in Bao'an District, Shenzhen, and changes in the market environment—continuously impeded progress, making it impossible to proceed as originally planned. After amicable negotiations, both parties formally signed a termination agreement on November 10, 2025, mutually agreeing to terminate the aforementioned co-development agreement. Effective from the date of effectiveness of the termination agreement, Fangda Property Co., Ltd. will no longer participate in the subsequent development or related operations of the Fangda Bangshen Industrial Park project.

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

In RMB

Item	Completion time	Opening balance	Increase	Decrease	Closing balance	Accumulative capitalized interest	Including: capitalized interest for the current period
Phase I of Fangda Town	December 29, 2016	15,532,505.97			15,532,505.97	549,009.88	
Nanchang	April 27,	108,848,249.		7,737,593.23	101,110,656.	3,921,815.11	

Fangda Center	2021	94			71		
Total	--	124,380,755.91		7,737,593.23	116,643,162.68	4,470,824.99	

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

The inventory depreciation provision is disclosed as follows:

Classified by nature:

In RMB

Item	Opening balance	Increase in this period		Decrease in this period		Closing balance	Remarks
		Provision	Others	Recover or write-off	Others		
Development products		23,306,214.74				23,306,214.74	
Total		23,306,214.74				23,306,214.74	

Classification by major project:

In RMB

Item	Opening balance	Increase in this period		Decrease in this period		Closing balance	Remarks
		Provision	Others	Recover or write-off	Others		
Nanchang Fangda Center	0.00	23,306,214.74				23,306,214.74	
Total	0.00	23,306,214.74				23,306,214.74	

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

As of December 31, 2025, the capitalized amount of borrowing costs included in inventory balances was RMB4,470,824.99. The calculation basis and criteria for borrowing costs are disclosed in Note 22, "Borrowing Costs," under Section V, "Significant Accounting Policies and Accounting Estimates," of Part VIII.

11. Other current assets

In RMB

Item	Closing balance	Opening balance
Reclassification of VAT debit balance	280,607,689.94	292,626,079.84
Overpayment and prepayment of income tax	13,030,950.36	11,197,246.58
Other prepaid taxes	4,482.73	949,974.83
Payment to be collected on behalf of suppliers	3,003,841.89	3,003,841.89
Total	296,646,964.92	307,777,143.14

12. Long-term share equity investment

In RMB

Invested entity	Opening book value	Beginning balance of impairment provisions	Change (+,-)								Closing book value	Balance of impairment provision at the end of the period
			Increased investment	Decreased investment	Investment gain and loss recognized using the equity method	Other miscellaneous income adjustment	Other equity change	Cash dividend or profit announced	Impairment provision	Others		
1. Joint venture												
2. Associate												
Shenzhen Gansha ng Joint Investment Co., Ltd.	2,402,841.50				410.96						2,403,252.46	
Jiangxi Business Innovative Property Joint Stock Co., Ltd.	54,288,132.47				-23,702,740.30						30,585,392.17	
Subtotal	56,690,973.97				-23,702,329.34						32,988,644.63	
Total	56,690,973.97				-23,702,329.34						32,988,644.63	

The recoverable amount is determined as the net amount after deducting the disposal costs from the fair value.

☐ Applicable ☑ Inapplicable

The recoverable amount is determined based on the present value of estimated future cash flows.

☐ Applicable ☑ Inapplicable

13. Other non-current financial assets

In RMB

Item	Closing balance	Opening balance
Financial assets measured at fair	6,516,131.63	6,519,740.17

value with variations accounted into current income account		
Total	6,516,131.63	6,519,740.17

14. Investment real estates

(1) Investment real estate measured at costs

□ Applicable ☑ Inapplicable

(2) Investment real estate measured at fair value

☑ Applicable □ Inapplicable

In RMB

Item	Houses & buildings	Total
I. Opening balance	5,835,036,098.20	5,835,036,098.20
II. Change in this period	-286,664,671.70	-286,664,671.70
Add: external purchase	24,075,324.78	24,075,324.78
Less: disposal	30,008,027.81	30,008,027.81
Change in fair value	280,731,968.67	280,731,968.67
III. Closing balance	5,548,371,426.50	5,548,371,426.50

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

Disclosure of investment real estate measured at fair value by projects

In RMB

Item	Location	Completion time	Building area	Rental income in the report period	Opening fair value	Closing fair value	Change in fair value	Reason for the change and report
Fangda Town commercial and office buildings	Shenzhen	11 October 2017	92,470.58	84,671,638.31	4,816,996,153.02	4,630,949,866.00	-3.86%	Primarily due to the decline in fair value resulting from the current period's valuation; reference appraisal report "Shen Guoyu Valuation Report No. [2026]01014."
Fangda Building	Shenzhen	28 December 2002	20,464.75	15,481,027.41	380,644,350.00	376,551,400.00	-1.08%	Primarily due to the decline in fair value

								resulting from the current period's valuation; reference appraisal report "Shen Guoyu Valuation Report No. [2026]01014."
Nanchang Fangda Center	Nanchang	December 10, 2020	38,165.36	13,937,159.19	415,552,403.00	327,427,177.00	-21.21%	Primarily due to the decline in fair value resulting from the current period's valuation; reference appraisal report "Shen Guoyu Valuation Report No. [2026]01015."
Nanchang Fangda Technology Park	Nanchang	2 August 2005	85,472.88	6,371,217.17	185,877,848.00	185,877,848.00	0.00%	Reference appraisal report "Shen Guoyu Valuation Report No. [2026]01016."
Others	Dongguan, Zhuhai, Shaoguan, etc.		2,351.95	129,223.09	35,965,344.18	27,565,135.50	-23.36%	Primarily attributable to additions, disposals, and changes in fair value during the current period. Refer to the appraisal reports indexed as "Shen Guo

								Yu Appraisal No. [2026]01017-1 to -6".
Total			238,925.52	120,590,265.17	5,835,036,098.20	5,548,371,426.50	-4.91%	

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

☐ Yes ☑ No

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

☑ Yes ☐ No

Newly-added investment real estate measured by fair value in the current period:

In RMB

Item	Original accounting method	Original book value	Recorded fair value	Closing fair value	Change time	Different handling method and basis
Others	Newly acquired through settlement of construction receivables with property.	21,386,994.79	21,386,994.79	15,701,723.50	September - December 2025	Changes in fair value recognized in profit or loss for the period.
Total		21,386,994.79	21,386,994.79	15,701,723.50		

(3) Investment real estate without ownership certificate

In RMB

Item	Book value	Reason
3 units at Lanzhou Railway - City Dawn	2,606,238.53	The developer is completing the relevant procedures

15. Fixed assets

In RMB

Item	Closing balance	Opening balance
Fixed assets	940,980,113.90	939,548,074.59
Disposal of fixed assets		1,346,269.80
Total	940,980,113.90	940,894,344.39

(1) Fixed assets

In RMB

Item	Houses & buildings	Mechanical equipment	Transportation facilities	Electronics and other devices	PV power plants	Total
I. Original book value:						

1. Opening balance	856,161,214.35	128,885,604.12	21,320,277.19	51,360,255.80	129,754,129.46	1,187,481,480.92
2. Increase in this period	23,945,388.81	11,434,828.35	348,518.21	5,802,795.91	997,411.91	42,528,943.19
(1) Purchase	441,598.49	11,434,828.35	348,518.21	5,801,200.18	997,411.91	19,023,557.14
(2) Transfer-in of construction in progress	23,503,790.32					23,503,790.32
(3) Other increases				1,595.73		1,595.73
3. Decrease in this period	66,049.00	1,107,225.01	980,448.08	1,532,083.91	1,184,005.13	4,869,811.13
(1) Disposal or retirement	66,049.00	1,107,225.01	972,075.11	1,530,164.75	1,184,005.13	4,859,519.00
(2) Other decrease			8,372.97	1,919.16		10,292.13
4. Closing balance	880,040,554.16	139,213,207.46	20,688,347.32	55,630,967.80	129,567,536.24	1,225,140,612.98
II. Accumulative depreciation						
1. Opening balance	87,653,570.30	59,286,500.08	15,592,743.42	32,441,506.84	52,954,004.49	247,928,325.13
2. Increase in this period	19,456,697.12	7,814,507.94	864,757.85	2,858,954.95	6,181,413.13	37,176,330.99
(1) Provision	19,456,697.12	7,814,507.94	864,757.85	2,858,836.91	6,181,413.13	37,176,212.95
(2) Other increases				118.04		118.04
3. Decrease in this period	27,856.84	891,857.61	883,240.57	1,290,121.03	506,162.19	3,599,238.24
(1) Disposal or retirement	27,856.84	891,857.61	874,867.60	1,288,201.87	506,162.19	3,588,946.11
(2) Other decrease			8,372.97	1,919.16		10,292.13
4. Closing balance	107,082,410.58	66,209,150.41	15,574,260.70	34,010,340.76	58,629,255.43	281,505,417.88
III. Impairment provision						
1. Opening balance		5,081.20				5,081.20
2. Increase in this period		2,650,000.00				2,650,000.00
(1) Provision		2,650,000.00				2,650,000.00
3. Decrease in this period						
4. Closing balance		2,655,081.20				2,655,081.20
IV. Book value						

1. Closing book value	772,958,143.58	70,348,975.85	5,114,086.62	21,620,627.04	70,938,280.81	940,980,113.90
2. Opening book value	768,507,644.05	69,594,022.84	5,727,533.77	18,918,748.96	76,800,124.97	939,548,074.59

(4) Fixed assets without ownership certificate

In RMB

Item	Book value	Reason
Yuehai Office Building C 502	94,206.21	Historical reasons

(5) Impairment testing of property, plant and equipment

☑ Applicable □ Inapplicable

The recoverable amount is determined as the net amount after deducting the disposal costs from the fair value.

☑ Applicable □ Inapplicable

In RMB

Item	Book value	Recoverable amount	Impairment amount	Method for determining fair value less costs of disposal	Key assumptions	Basis for determining key assumptions
Mechanical equipment	2,861,500.00	211,500.00	2,650,000.00	Estimated recoverable amount upon disposal	Estimated disposal proceeds	Market price inquiry
Total	2,861,500.00	211,500.00	2,650,000.00			

The recoverable amount is determined based on the present value of estimated future cash flows.

□ Applicable ☑ Inapplicable

(6) Disposal of fixed assets

In RMB

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

16. Construction in process

In RMB

Item	Closing balance	Opening balance
Construction in process	1,214,530.34	7,265,104.44
Total	1,214,530.34	7,265,104.44

(1) Construction in progress

In RMB

Item	Closing balance			Opening balance		
	Remaining book value	Impairment provision	Book value	Remaining book value	Impairment provision	Book value
Fangda (Ganzhou) Low-Carbon Intelligent Manufacturing Base - Phase I Exhibition Hall and Installed Equipment	133,381.74		133,381.74	7,018,372.92		7,018,372.92
Songshan lake production base exhibition hall renovation	583,502.56		583,502.56	246,731.52		246,731.52
Software and other information technology projects	497,646.04		497,646.04			
Total	1,214,530.34		1,214,530.34	7,265,104.44		7,265,104.44

17. Use right assets

(1) Right-to-use assets

In RMB

Item	Houses & buildings	Transportation facilities	Total
I. Book value			
1. Opening balance	17,835,398.71	9,285,061.69	27,120,460.40
2. Increase in this period	3,811,719.28		3,811,719.28
3. Decrease in this period	2,356,058.01	2,139,970.72	4,496,028.73
4. Closing balance	19,291,059.98	7,145,090.97	26,436,150.95
II. Accumulative depreciation			
1. Opening balance	9,589,374.43	1,847,964.93	11,437,339.36
2. Increase in this period	3,153,312.19	1,236,213.69	4,389,525.88
(1) Provision	3,153,312.19	1,236,213.69	4,389,525.88
3. Decrease in this period	1,743,811.77	1,116,908.93	2,860,720.70
(1) Disposal	1,743,811.77	1,116,908.93	2,860,720.70
4. Closing balance	10,998,874.85	1,967,269.69	12,966,144.54
III. Impairment provision			
1. Opening balance			
2. Increase in this period			
3. Decrease in this period			

4. Closing balance			
IV. Book value			
1. Closing book value	8,292,185.13	5,177,821.28	13,470,006.41
2. Opening book value	8,246,024.28	7,437,096.76	15,683,121.04

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

☐ Applicable ☑ Inapplicable

18. Intangible assets

(1) Intangible assets

In RMB

Item	Land using right	Patent	Software	Others	Total
I. Book value					
1. Opening balance	142,009,721.92	9,059,872.37	24,267,321.82	720,000.00	176,056,916.11
2. Increase in this period		426,186.52	4,242,674.77		4,668,861.29
(1) Purchase		426,186.52	4,242,674.77		4,668,861.29
3. Decrease in this period	48,330,450.00	2,012,338.04	243,323.66		50,586,111.70
(1) Disposal	48,330,450.00	2,012,338.04	243,323.66		50,586,111.70
4. Closing balance	93,679,271.92	7,473,720.85	28,266,672.93	720,000.00	130,139,665.70
II. Accumulative amortization					
1. Opening balance	24,105,634.24	8,946,369.49	15,108,511.74		48,160,515.47
2. Increase in this period	2,546,293.68	417,108.04	2,011,794.37	180,000.00	5,155,196.09
(1) Provision	2,546,293.68	417,108.04	2,011,794.37	180,000.00	5,155,196.09
3. Decrease in this period	3,179,444.15	2,012,113.04	243,323.66		5,434,880.85
(1) Disposal	3,179,444.15	2,012,113.04	243,323.66		5,434,880.85
4. Closing balance	23,472,483.77	7,351,364.49	16,876,982.45	180,000.00	47,880,830.71
III. Impairment provision					
1. Opening balance	3,844,005.85				3,844,005.85
2. Increase in this period					
3. Decrease in this period	3,844,005.85				3,844,005.85
(1) Disposal	3,844,005.85				3,844,005.85
4. Closing balance					
IV. Book value					

1. Closing book value	70,206,788.15	122,356.36	11,389,690.48	540,000.00	82,258,834.99
2. Opening book value	114,060,081.83	113,502.88	9,158,810.08	720,000.00	124,052,394.79

19. Long-term amortizable expenses

In RMB

Item	Opening balance	Increase in this period	Amortized amount in this period	Other decrease	Closing balance
Expenditures on modifications to property, plant and equipment, etc.	4,041,025.70	6,933,834.00	4,393,633.54	18,731.19	6,562,494.97
Total	4,041,025.70	6,933,834.00	4,393,633.54	18,731.19	6,562,494.97

20. Differed income tax assets and differed income tax liabilities

(1) Non-deducted deferred income tax assets

In RMB

Item	Closing balance		Opening balance	
	Deductible temporary difference	Deferred income tax assets	Deductible temporary difference	Deferred income tax assets
Assets impairment provision	251,624,427.59	40,453,268.46	227,880,793.93	35,025,619.90
Unrealized profit of internal transactions	122,552,188.00	28,685,612.51	108,593,435.66	26,573,799.68
Deductible loss	486,268,366.84	91,973,864.74	286,565,331.75	67,193,424.59
Credit impairment provision	626,126,565.76	100,493,765.98	382,932,070.72	60,483,324.52
Anticipated liabilities	7,214,622.24	1,082,193.35	4,191,535.03	628,730.25
Unrealized investment income	281,712,399.15	55,842,834.35	281,712,399.15	55,842,834.35
Deferred earning	21,913,458.18	3,518,841.84	5,946,064.06	1,041,584.25
Change in fair value	10,239,089.49	1,535,863.42	8,623,065.19	1,303,042.83
Lease liabilities	13,623,096.04	2,469,342.96	15,352,065.96	2,788,081.55
Accrued and unpaid land tax	15,043,321.06	3,760,830.27	16,012,293.28	4,003,073.33
Reserved expense	36,589,539.42	5,488,430.92	36,589,539.42	5,488,430.92
Tax and accounting differences for overseas subsidiaries	7,121,041.73	2,136,312.52	8,617,276.57	2,585,182.97
Total	1,880,028,115.50	337,441,161.32	1,383,015,870.72	262,957,129.14

(2) Non-deducted deferred income tax liabilities

In RMB

Item	Closing balance		Opening balance	
	Taxable temporary difference	Deferred income tax liabilities	Taxable temporary difference	Deferred income tax liabilities

Change in fair value	4,014,727,945.14	1,000,546,168.91	4,296,974,960.10	1,071,313,064.75
Acquire premium to form inventory	1,535,605.48	383,901.37	1,535,605.48	383,901.37
Use right assets	13,470,006.41	2,564,776.55	15,683,121.04	2,901,986.66
Estimated gross margin when Fangda Town records income, but does not reach the taxable income level	8,000,812.74	2,000,203.19	24,131,708.41	6,032,927.10
Rental income	24,631,068.63	6,157,767.16	26,717,859.03	6,679,464.47
Total	4,062,365,438.40	1,011,652,817.18	4,365,043,254.06	1,087,311,344.35

(3) Net deferred income tax assets or liabilities listed

In RMB

Item	Deferred income tax assets and liabilities at the end of the period	Offset balance of deferred income tax assets or liabilities after offsetting	Deferred income tax assets and liabilities at the beginning of the period	Offset balance of deferred income tax assets or liabilities after offsetting
Deferred income tax assets	70,572,127.96	266,869,033.36	56,970,202.43	205,986,926.71
Deferred income tax liabilities	70,572,127.96	941,080,689.22	56,970,202.43	1,030,341,141.92

(4) Details of unrecognized deferred income tax assets

In RMB

Item	Closing balance	Opening balance
Deductible temporary difference	2,555,701.75	434,437.85
Deductible loss	20,249,356.74	383,366.61
Total	22,805,058.49	817,804.46

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

In RMB

Year	Closing amount	Opening amount	Remarks
2025		2,679.34	
2026	36,426.09	449.91	
2027	566,465.76	125,759.62	
2028	196,742.94	122,872.18	
2029	19,136,478.27	131,605.56	
2030 and later	313,243.68		
Total	20,249,356.74	383,366.61	

21. Other non-current assets

In RMB

Item	Closing balance	Opening balance

	Remaining book value	Impairment provision	Book value	Remaining book value	Impairment provision	Book value
Contract assets	125,214,302.34	9,438,790.60	115,775,511.74	160,412,051.45	11,257,487.71	149,154,563.74
Prepaid house and equipment amount	29,968,445.50		29,968,445.50	63,504,106.15		63,504,106.15
Total	155,182,747.84	9,438,790.60	145,743,957.24	223,916,157.60	11,257,487.71	212,658,669.89

22. Assets with restricted ownership or use rights

In RMB

Item	Closing balance				Beginning of the period			
	Remaining book value	Book value	Type of restriction	Restricted situation	Remaining book value	Book value	Type of restriction	Restricted situation
Monetary capital	310,326,554.83	310,326,554.83	For pledge or restricted use	Various deposits, judicially frozen funds, etc.	460,052,125.50	460,052,125.50	For pledge or restricted use	Various deposits
Notes receivable	40,781,530.88	39,012,200.04	For endorsement or discounting	Bills endorsed or discounted but not yet due	34,500,685.65	34,490,806.03	For endorsement or discounting	Bills endorsed or discounted but not yet due
Fixed assets	205,663,759.54	192,954,910.15	Used as collateral	Loan by pledge	362,760,741.16	355,978,425.04	Used as collateral	Loan by pledge
Intangible assets	24,179,649.75	22,728,870.63	Used as collateral	Loan by pledge	24,179,649.75	23,212,463.67	Used as collateral	Loan by pledge
Account receivable	17,452,160.26	17,261,724.13	For pledge	Loan by pledge	34,364,041.60	33,851,277.04	For pledge	Loan by pledge
Investment real estate	3,349,490,698.00	3,349,490,698.00	Used as collateral	Loan by pledge	1,822,483,172.10	1,822,483,172.10	Used as collateral	Loan by pledge
Long-term Equity Investments (Parent Company)			For pledge	100% stake in Fangda Property Development held by the Company			For pledge	100% stake in Fangda Property Development held by the Company
Total	3,947,894,353.26	3,931,774,957.78			2,738,340,415.76	2,730,068,269.38		

23. Short-term borrowings

(1) Classification of short-term borrowings

In RMB

Item	Closing balance	Opening balance
Guarantee loan	674,220,527.58	720,642,744.49

Guarantee and pledge loan	528,625,969.45	943,053,677.99
Total	1,202,846,497.03	1,663,696,422.48

Notes to classification of short-term borrowings

① As of the reporting date, among guaranteed borrowings:

RMB62,045,333.34 and RMB605,125,916.77 were guaranteed by the Company for its subsidiaries Fangda Zhiyuan Technology Co., Ltd. and Shenzhen Fangda Construction Technology Group Co., Ltd., respectively;

RMB6,019,002.78 was guaranteed by the Company for its subsidiary Shenzhen Fangda Yunchu Technology Co., Ltd.;

RMB1,030,274.69 was guaranteed by the Company for its subsidiary Fangda New Materials (Jiangxi) Co., Ltd.RMB1,030,274.69 was guaranteed by the Company for its subsidiary Fangda New Materials (Jiangxi) Co., Ltd. Among guaranteed borrowings, internal factoring loans amounted to RMB194,900,000.

② As of the reporting date, among guaranteed and pledged borrowings:

RMB49,047,775.00 was guaranteed by the Company for its subsidiary Shenzhen Fangda Construction Technology Group Co., Ltd., with the subsidiary providing intellectual property pledges on its patents for "Automatic Sensing Curtain Wall Energy-Saving Window System" and "Intelligent Shading System"; RMB40,027,777.78 was guaranteed by the Company for Shenzhen Fangda Construction Technology Group Co., Ltd., with the subsidiary pledging its patent for "Modular Frame Curtain Wall System";

RMB50,038,194.45 was guaranteed by the Company for Shenzhen Fangda Construction Technology Group Co., Ltd., with the subsidiary pledging its patents for "Connection Structure for Ventilated Box-Type Curtain Wall" and "Energy-Saving Curtain Wall Structure Using Copper-Aluminum Composite Panels";

RMB342,580,000.00 was guaranteed and pledged by the Company for its subsidiary Shenzhen Fangda Construction Technology Group Co., Ltd. Among guaranteed and pledged borrowings, internal factoring loans amounted to RMB40,580,000.00.

24. Derivative financial liabilities

In RMB

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

25. Notes payable

In RMB

Type	Closing balance	Opening balance

Commercial acceptance	598,808.42	8,958,406.41
Bank acceptance	428,511,829.11	672,229,721.56
Total	429,110,637.53	681,188,127.97

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

26. Account payable

(1) Account payable

In RMB

Item	Closing balance	Opening balance
Account repayable and engineering repayable	1,456,091,905.06	1,528,510,873.88
Payable installation and implementation fees	540,158,310.89	558,215,149.23
Construction payable	17,642,579.41	27,062,009.47
Others	26,798,424.80	32,806,857.99
Total	2,040,691,220.16	2,146,594,890.57

（2） Significant accounts payable with aging over one year or overdue

As of the reporting date, there were no significant accounts payable with aging over one year or overdue.

(3) Whether there are any overdue payments to small and medium-sized enterprises (SMEs) that remain unpaid

Whether the entity qualifies as a large enterprise

☑ Yes □ No

Whether there are any overdue payments to SMEs that remain unpaid

☐ Yes ☑ No

27. Other payables

In RMB

Item	Closing balance	Opening balance
Other payables	125,372,728.24	120,918,002.02
Total	125,372,728.24	120,918,002.02

(1) Other payables

1) Other payables presented by nature

In RMB

Item	Closing balance	Opening balance
Performance and quality deposit	39,447,699.46	42,955,873.85
Deposit	23,547,532.18	22,843,813.76
Reserved expense	3,689,432.93	5,336,051.21

Others	58,688,063.67	49,782,263.20
Total	125,372,728.24	120,918,002.02

(2) Significant other accounts payable older than 1 year or past due

In RMB

Item	Closing balance	Reason
Shenzhen Yikang Real Estate Co. Ltd.	26,159,711.72	Payment paid as agreed in the contract
Total	26,159,711.72	

28. Prepayment received

(1) Prepayment received

In RMB

Item	Closing balance	Opening balance
Rent received in advance	3,517,539.83	1,513,398.39
Total	3,517,539.83	1,513,398.39

29. Contract liabilities

In RMB

Item	Closing balance	Opening balance
Project funds collected in advance	347,809,670.83	259,315,011.77
Material loan	979,539.70	8,934,838.06
Others	1,366,667.08	344,191.43
Total	350,155,877.61	268,594,041.26

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

In RMB

Item	Change	Reason
Project funds collected in advance	88,494,659.06	Due to the increase in advance receipts from construction contracts
Total	88,494,659.06	——

30. Employees' wage payable

(1) Employees' wage payable

In RMB

Item	Opening balance	Increase	Decrease	Closing balance
1. Short-term remuneration	69,946,623.12	430,502,785.23	438,781,419.33	61,667,989.02
2. Retirement pension program-defined contribution plan	762,569.73	31,667,690.80	31,717,595.58	712,664.95
3. Dismiss compensation	5,534,455.12	12,853,198.93	12,955,461.93	5,432,192.12

Total	76,243,647.97	475,023,674.96	483,454,476.84	67,812,846.09

(2) Short-term remuneration

In RMB

Item	Opening balance	Increase	Decrease	Closing balance
1. Wage, bonus, allowance and subsidies	68,590,093.96	398,581,088.05	406,848,495.18	60,322,686.83
2. Employee welfare	227,864.06	9,870,012.56	10,095,803.26	2,073.36
3. Social insurance	187,229.50	10,254,180.58	10,306,309.16	135,100.92
Including: medical insurance	170,309.99	8,429,936.21	8,478,678.37	121,567.83
Labor injury insurance	10,483.12	1,101,060.84	1,103,883.37	7,660.59
Breeding insurance	6,436.39	723,183.53	723,747.42	5,872.50
4. Housing fund	73,372.23	10,728,412.28	10,714,303.31	87,481.20
5. Labor union budget and staff education fund	329,829.09	934,796.35	816,508.42	448,117.02
6. Short-term paid leave	538,234.28	134,295.41		672,529.69
Total	69,946,623.12	430,502,785.23	438,781,419.33	61,667,989.02

(3) Defined contribution plan

In RMB

Item	Opening balance	Increase	Decrease	Closing balance
1. Basic pension	750,906.10	30,441,686.74	30,486,994.92	705,597.92
2. Unemployment insurance	11,663.63	1,226,004.06	1,230,600.66	7,067.03
Total	762,569.73	31,667,690.80	31,717,595.58	712,664.95

31. Taxes payable

In RMB

Item	Closing balance	Opening balance
VAT	6,404,428.28	5,014,443.15
Enterprise income tax	12,238,129.74	22,749,953.33
Personal income tax	1,465,819.45	1,436,564.89
City maintenance and construction tax	701,639.13	442,894.30
Land using tax	427,736.41	342,015.86
Property tax	1,608,807.88	1,433,309.14
Education surtax	306,278.00	194,329.75
Local education surtax	204,185.33	129,553.00
Land VAT	15,043,321.06	16,012,293.28
Consumption service tax	1,469,363.12	237,874.41
Others	569,589.35	853,886.08

Total	40,439,297.75	48,847,117.19

32. Non-current liabilities due within 1 year

In RMB

Item	Closing balance	Opening balance
Long-term loans due within 1 year	368,687,783.34	123,355,127.55
Lease liabilities due within one year	4,642,179.29	5,114,390.19
Provisions expected to mature within one year	5,759,232.03	2,905,143.31
Total	379,089,194.66	131,374,661.05

33. Other current liabilities

In RMB

Item	Closing balance	Opening balance
Notes receivable endorsed but not derecognized	40,781,530.88	21,426,278.75
Substituted money on VAT	20,137,407.63	29,409,280.92
Total	60,918,938.51	50,835,559.67

34. Long-term borrowings

(1) Classification of long-term borrowings

In RMB

Item	Closing balance	Opening balance
Guarantee, mortgage and pledge loan	1,658,687,783.34	1,260,355,127.55
Less: Long-term loans due within 1 year	368,687,783.34	123,355,127.55
Total	1,290,000,000.00	1,137,000,000.00

Notes to classification of long-term borrowings:

(1) Among the aforementioned guaranteed, mortgaged, and pledged borrowings:

Borrowings of RMB1,081,171,500.00 were secured by pledges of 100% equity interests in the Company's subsidiary Fangda Property Holdings Company (held directly and indirectly by China Fangda Group Co., Ltd.) and receivable rental income from the Company's self-held Fangda City leased properties;

Borrowings of RMB280,247,333.34 were guaranteed by China Fangda Group Co., Ltd. for its subsidiary Fangda Intelligent Manufacturing Company, with additional collateral provided by the subsidiary in the form of its property, plant and equipment and industrial land use rights;

Borrowings of RMB297,268,950.00 were guaranteed by China Fangda Group Co., Ltd. for its subsidiary Fangda Construction Technology Company.

(2) The interest rate range for long-term borrowings is 2.1% to 3.65%.

35. Lease liabilities

In RMB

Item	Closing balance	Opening balance
Lease payments	15,229,706.15	18,828,149.71
Less: unrecognized financing expenses	1,607,979.99	3,061,152.04
Less: lease liabilities due within one year	4,642,179.29	5,114,390.19
Total	8,979,546.87	10,652,607.48

36. Anticipated liabilities

In RMB

Item	Closing balance	Opening balance	Reason
Loss contract to be executed	280,345.71	369,328.45	
Maintenance fee	1,175,044.50	917,063.27	Product quality warranty
Total	1,455,390.21	1,286,391.72	

37. Deferred earning

In RMB

Item	Opening balance	Increase	Decrease	Closing balance	Reason
Government subsidy	10,669,612.13	17,776,306.00	2,141,640.44	26,304,277.69	Assets-related government subsidy
Total	10,669,612.13	17,776,306.00	2,141,640.44	26,304,277.69	--

38. Capital share

In RMB

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

39. Capital reserve

In RMB

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

40. Other miscellaneous income

In RMB

Item	Opening balance	Amount occurred in the current period						Closing balance
		Amount before income tax	Less: amount written into other gains and transferred into gain/loss in previous terms	Less: amount written into other gains and transferred into gain/loss in previous terms	Less: Income tax expenses	After-tax amount attributed to the parent	After-tax amount attributed to minority shareholders	
I. Other comprehensive income that cannot be reclassified into profit or loss	-3,779,277.52							-3,779,277.52
Fair value change of investment in other equity tools	-3,779,277.52							-3,779,277.52
2. Other misc. incomes that will be re-classified into gain and loss	162,184,292.04	3,038,109.97			396,775.71	2,641,819.98	-485.72	164,826,112.02
Cash flow hedge	-1,269,329.14	2,980,575.00			447,086.25	2,533,488.75		1,264,159.61

reserve								
Translation difference of foreign exchange statement	-533,034.30	295,507.38				295,993.10	-485.72	-237,041.20
Investment real estate measured at fair value	163,986,655.48	-237,972.41			-50,310.54	-187,661.87		163,798,993.61
Other miscellaneous income	158,405,014.52	3,038,109.97			396,775.71	2,641,819.98	-485.72	161,046,834.50

41. Surplus reserves

In RMB

Item	Opening balance	Increase	Decrease	Closing balance
Statutory surplus reserves	83,974,716.22	1,393,611.78		85,368,328.00
Total	83,974,716.22	1,393,611.78		85,368,328.00

Explanation of retained earnings, including changes during the period and reasons for such changes:

The increase in retained earnings during the period resulted from the appropriation of statutory surplus reserves.

42. Retained profit

In RMB

Item	Current period	Last period
Adjustment on retained profit of previous period	4,805,192,000.28	4,772,359,940.45
Retained profit adjusted at beginning of year	4,805,192,000.28	4,772,359,940.45
Plus: Net profit attributable to owners of the parent	-515,466,884.24	144,813,705.53
Less: Statutory surplus reserves	1,393,611.78	5,728,420.02
Common share dividend payable	53,693,711.35	85,909,938.16
Others		20,343,287.52
Closing retained profit	4,234,637,792.91	4,805,192,000.28

43. Operational revenue and costs

In RMB

Item	Amount occurred in the current period		Occurred in previous period	
	Income	Cost	Income	Cost
Main business	3,327,948,583.52	2,881,219,133.19	4,373,119,434.75	3,545,394,888.31
Other businesses	49,354,482.92	40,317,819.34	51,104,762.96	42,747,408.17

Total	3,377,303,066.44	2,921,536,952.53	4,424,224,197.71	3,588,142,296.48

The lowest of the Company's audited profit before tax, net profit, and net profit after deducting non-recurring gains and losses for the reporting period was negative.

☑ Yes □ No

In RMB

Item	Current year	Details of deductions	Prior year	Details of deductions
Amount of operating revenue	3,377,303,066.44		4,424,224,197.71	
Total amount of operating revenue deductions	49,354,482.92	Deduction items primarily include scrap sales and property sales revenue from non-commercial real estate operations, etc.	51,104,762.96	Deduction items primarily include scrap sales and property sales revenue from non-commercial real estate operations, etc.
Proportion of total operating revenue deductions to operating revenue	1.46%		1.16%	
I. Revenue unrelated to principal business activities				
1. Other operating revenue generated outside normal business operations. Examples include rental income from property, plant and equipment and intangible assets, rental income from packaging materials, sales of raw materials, revenue from non-monetary asset exchanges using materials, revenue from entrusted management services, and any revenue recorded as principal business revenue but arising outside the listed company's normal business operations.	49,354,482.92	Primarily scrap sales and property sales revenue from non-commercial real estate operations, etc.	51,104,762.96	Primarily scrap sales and property sales revenue from non-commercial real estate operations, etc.
Subtotal of revenue unrelated to principal business activities	49,354,482.92		51,104,762.96	
II. Revenue lacking commercial substance				
Subtotal of revenue	0.00	Inapplicable	0.00	Inapplicable

lacking commercial substance				
Operating revenue after deductions	3,327,948,583.52	Amount after deducting scrap sales and property sales revenue from non-commercial real estate operations, among others.	4,373,119,434.75	Amount after deducting scrap sales and property sales revenue from non-commercial real estate operations, among others.

Breakdown of operating revenues and operating costs:

In RMB

Contract classification	Segment 1-curtain wall		Segment 2 - rail transit division		Segment 3 - real estate segment		Segment 4 - new energy		Segment 5 - other segments		Total	
	Turnover	Operating cost	Turnover	Operating cost	Turnover	Operating cost	Turnover	Operating cost	Turnover	Operating cost	Turnover	Operating cost
Business type	2,569,944,686.00	2,415,208,604.86	596,770,482.60	422,931,696.88	176,038,964.94	75,419,551.91	18,558,764.40	7,968,831.22	15,990,168.50	8,267.66	3,377,303,066.44	2,921,536,952.53
Including:												
Curtain wall system and materials	2,569,944,686.00	2,415,208,604.86									2,569,944,686.00	2,415,208,604.86
Subway screen door and service			596,770,482.60	422,931,696.88							596,770,482.60	422,931,696.88
Real estate rental and sales and property services					176,038,964.94	75,419,551.91					176,038,964.94	75,419,551.91
PV power generation products							18,558,764.40	7,968,831.22			18,558,764.40	7,968,831.22
Others									15,990,168.50	8,267.66	15,990,168.50	8,267.66
By operat	2,569,944,686.00	2,415,208,604.86	596,770,482.60	422,931,696.88	176,038,964.94	75,419,551.91	18,558,764.40	7,968,831.22	15,990,168.50	8,267.66	3,377,303,066.44	2,921,536,952.53

ing region												
Including:												
In China	2,425,053,572.40	2,303,596,503.06	359,463,056.09	281,780,377.15	176,038,964.94	75,419,551.91	18,558,764.40	7,968,831.22	15,990,168.50	8,267.66	2,995,104,526.33	2,668,773,531.00
Out of China	144,891,113.60	111,612,101.80	237,307,426.51	141,151,319.73							382,198,540.11	252,763,421.53

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

In 2025, the information of operating revenue broken down by revenue recognition time is as follows:

Item	2025 (RMB)	2024 (RMB)
Revenue recognized at a certain point in time	533,955,293.94	545,412,251.88
Revenue recognized over a period of time	2,843,347,772.50	3,878,811,945.83
Total	3,377,303,066.44	4,424,224,197.71

(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 the transaction price allocated to remaining performance obligations:

The amount of revenue corresponding to the performance obligations that have been signed, but not yet performed or not yet performed at the end of the reporting period is 6,547,837,327.97 yuan, of which 3,151,510,895.04 yuan is expected to be recognized in 2026, and 1,457,408,206.84 yuan is expected to be recognized in 2027, 1,938,918,226.08 yuan is expected to be recognized in 2028 and beyond.

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

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

In RMB

No.	Item	Balance
1	Fangda Town	147,921,435.79
2	Nanchang Fangda Center	23,541,885.77

Revenue from the aforementioned projects includes income from property leasing, property sales, property management services, etc.

44. Taxes and surcharges

In RMB

Item	Amount occurred in the current period	Occurred in previous period
City maintenance and construction tax	5,507,073.14	6,526,296.57
Education surtax	4,097,235.46	4,894,545.68
Property tax	21,128,884.70	20,235,700.43
Land using tax	2,148,696.57	1,967,709.57
Stamp tax	2,646,316.83	5,125,991.22
Land VAT	162,267.96	4,535,890.32
Others	320,867.76	78,257.55
Total	36,011,342.42	43,364,391.34

45. Management expense

In RMB

Item	Amount occurred in the current period	Occurred in previous period
Labor costs	129,569,222.27	137,729,076.22
Depreciation and amortization	15,295,989.89	17,246,520.96
Agencies	9,092,377.02	6,918,578.15
Entertainment expense	5,941,257.55	7,993,709.32
Office expense	4,113,166.63	5,648,928.52
Travel expense	2,852,779.56	4,337,710.40
Rental	2,795,359.88	2,254,738.54
Water and electricity	1,764,753.20	1,204,391.67
Property management fee	1,221,908.37	1,102,485.41
Lawsuit	1,194,968.95	296,491.06
Others	5,505,940.23	6,934,804.95
Total	179,347,723.55	191,667,435.20

46. Sales expense

In RMB

Item	Amount occurred in the current period	Occurred in previous period
Labor costs	35,157,320.22	30,449,690.40
Entertainment expense	6,378,943.30	8,485,462.87
Travel expense	4,614,410.83	2,955,271.55
Advertisement and promotion fee	2,317,559.63	2,144,452.78
Rental	1,005,536.52	629,569.36
Depreciation and amortization	1,886,120.08	2,269,054.34
Material consumption	1,011,161.01	1,352,405.66
Sales agency fee	970,571.54	1,595,221.91
Office costs	731,950.25	895,531.77
Others	3,330,447.79	4,363,492.49
Total	57,404,021.17	55,140,153.13

47. R&D cost

In RMB

Item	Amount occurred in the current period	Occurred in previous period
Labor costs	87,229,245.50	100,670,006.36
Material costs	29,787,750.26	50,544,384.90
Testing fees	9,776,489.95	11,574,101.52
Depreciation and amortization	3,651,149.36	4,730,697.11
Others	2,369,777.05	3,512,181.84
Total	132,814,412.12	171,031,371.73

48. Financial expense

In RMB

Item	Amount occurred in the current period	Occurred in previous period
Interest expense	73,451,706.21	60,377,020.35
Including: interest expense of lease liabilities	587,402.86	1,270,121.44
Less: discount government subsidies	1,639,000.00	2,616,200.00
Less: Interest income	10,685,216.12	19,230,549.61
Net interest expenditure	61,127,490.09	38,530,270.74
Exchange net loss	3,446,327.54	-3,073,376.55
Discount expense	10,151,618.08	23,766,144.18
Commission charges and others	3,808,049.61	6,074,894.67
Total	78,533,485.32	65,297,933.04

49. Other gains

In RMB

Source	Amount occurred in the current period	Occurred in previous period
Government subsidy	9,734,296.68	14,027,285.85
Individual income tax withholding handling fee	272,580.44	282,947.24
Additional deduction of input tax	562,972.73	5,373,030.49
Total	10,569,849.85	19,683,263.58

50. Income from fair value fluctuation

In RMB

Source of income from fluctuation of fair value	Amount occurred in the current period	Occurred in previous period
Transactional financial assets	410.06	
Investment real estate measured at fair value	-280,731,968.67	-18,397,296.67
Other non-current financial assets	-3,608.54	3,098.25
Total	-280,735,167.15	-18,394,198.42

51. Investment income

In RMB

Item	Amount occurred in the current period	Occurred in previous period
Gains from long-term equity investment measured by equity	-23,702,329.34	-70,043.43
Investment income from disposal of trading financial assets	1,494,724.44	-1,666,256.28
Debt restructuring gains		-118,701.78
Financial assets derecognized as a result of amortized cost	-3,565,876.31	-2,538,217.26
Income from derecognition of other financial assets measured at fair value		-154,143.85
Total	-25,773,481.21	-4,547,362.60

52. Credit impairment loss

In RMB

Item	Amount occurred in the current period	Occurred in previous period
Bad debt loss of notes receivable	-13,358,396.35	-237,783.09
Bad debt loss of account receivable	-235,005,089.69	-109,795,711.27
Bad debt loss of other receivables	-4,181,353.42	-653,357.89
Total	-252,544,839.46	-110,686,852.25

53. Assets impairment loss

In RMB

Item	Amount occurred in the current period	Occurred in previous period
Inventory write-down losses and impairment losses on contract fulfillment costs	-23,306,214.74	
Impairment losses on property, plant and equipment	-2,650,000.00	-2,500,000.00
Impairment losses on intangible assets		-3,844,005.85
Impairment loss on contract assets (including the portion reclassified to other non-current assets)	-4,669,897.78	-28,916,573.64
Total	-30,626,112.52	-35,260,579.49

54. Assets disposal gains

In RMB

Source	Amount occurred in the	Occurred in previous period

	current period	
Disposition not classified as possession of fixed assets to be sold, construction in progress, and intangible assets	-2,097,446.78	-571,500.30
Including: Fixed assets	-690,446.78	-571,500.30
Intangible assets	-1,407,000.00	
Disposal of other non-current assets	-1,129,425.81	
Disposal of use right assets	194,594.82	71,307.49
Total	-3,032,277.77	-500,192.81

55. Non-business income

In RMB

Item	Amount occurred in the current period	Occurred in previous period	Amount accounted into the current accidental gain/loss
Penalty income	147,421.94	169,756.38	147,421.94
Compensation received	84,950.00	110,450.67	84,950.00
Payable account not able to be paid		1,105,933.49	
Others	342,226.94	291,705.96	342,226.94
Gains on disposal of non-current assets	8,061.54	34,565.79	8,061.54
Total	582,660.42	1,712,412.29	582,660.42

56. Non-business expenses

In RMB

Item	Amount occurred in the current period	Occurred in previous period	Amount accounted into the current accidental gain/loss
Donation	530,000.00	50,000.00	530,000.00
Loss from retirement of damaged non-current assets	890,363.69	636,096.88	890,363.69
Penalty and overdue fine	906,136.85	724,692.03	906,136.85
Others	16,034,265.87	815,503.59	16,034,265.87
Total	18,360,766.41	2,226,292.50	18,360,766.41

Other notes: "Others" includes a loss of RMB16,000,000.00 arising from the termination of the Bangshen project; see Note 10, "Inventories," in Section VII, "Notes to Consolidated Financial Statements," of Part VIII for details.

57. Income tax expenses

(1) Details about income tax expense

In RMB

Item	Amount occurred in the current period	Occurred in previous period
Income tax expenses in this period	37,186,918.12	31,496,973.61
Deferred income tax expenses	-150,018,693.23	-18,304,449.34
Total	-112,831,775.11	13,192,524.27

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

In RMB

Item	Amount occurred in the current period
Total profit	-628,265,004.92
Income tax expenses calculated based on the legal (or applicable) tax rates	-157,066,251.23
Impacts of different tax rates applicable for some subsidiaries	32,144,912.45
Impacts of income tax before adjustment	1,224,027.11
Impact of non-taxable income	-44,361.26
Impacts of non-deductible cost, expense and loss	5,703,572.23
Deductible temporary difference and deductible loss of unrecognized deferred income tax assets	4,953,429.05
Additional deduction of R&D expense	-18,869,349.63
Profit and loss of associates and joint ventures calculated using the equity method	5,925,582.34
Effect of tax rate change on deferred income tax	-787,559.90
Impact of deductible losses of deferred income tax assets recognized in the previous period exceeding the recoverable period	13,984,223.73
Income tax expenses	-112,831,775.11

58. Other miscellaneous income

See Note 40, "Other Comprehensive Income," in Section VII, "Notes to Consolidated Financial Statements," of Part VIII for details.

59. Notes to the cash flow statement

(1) Cash inflow related to operation

Other cash received from business operations

In RMB

Item	Amount occurred in the current period	Occurred in previous period
Interest income	10,824,216.12	13,149,043.03
Subsidy income	21,354,321.72	14,815,630.09
Retrieving of bidding deposits	41,527,537.45	32,822,259.64
Other operating accounts	31,388,726.08	26,028,503.64
Net amount of receipts from bills and other deposits	48,883,570.67	28,208,714.36
Total	153,978,372.04	115,024,150.76

Other cash paid for business operations

In RMB

Item	Amount occurred in the current period	Occurred in previous period
Cash expenses	130,505,709.21	127,740,024.89
Bidding deposit paid	21,368,944.98	35,416,621.23
Other trades	4,811,588.71	17,528,864.15
Total	156,686,242.90	180,685,510.27

(2) Cash related to investment activities

Other cash paid for investment

In RMB

Item	Amount occurred in the current period	Occurred in previous period
Foreign exchange investment losses		1,787,676.30
Total		1,787,676.30

Significant cash payments related to investing activities

In RMB

Item	Amount occurred in the current period	Occurred in previous period
Acquisition of non-controlling interests in Fangda Zhiyuan Company		26,616,725.71
Total		26,616,725.71

(3) Cash related to financing

Other cash received from financing activities

In RMB

Item	Amount occurred in the current period	Occurred in previous period
Recovery of loan deposits	100,842,000.00	133,000,000.00
Recovery of time deposits		330,600,944.44
Total	100,842,000.00	463,600,944.44

Other cash paid related to financing activities

In RMB

Item	Amount occurred in the current period	Occurred in previous period
Financing fee	2,825,971.65	3,078,784.45
Principal and interest of lease liabilities	7,588,118.52	16,984,180.17
Payment for repurchase of equity interest in Fangda Zhiyuan		98,116,151.32
Payments to non-controlling shareholders due to subsidiary liquidation	2,549,339.32	1,221,195.25
Total	12,963,429.49	119,400,311.19

Changes in liabilities arising from financing activities

☑ Applicable □ Inapplicable

In RMB

Item	Opening balance	Increase		Decrease		Closing balance
		Change in cash	Non-cash change	Change in cash	Non-cash change	
Short-term loans	1,663,696,422.48	1,416,692,628.24	17,355,048.96	1,881,823,195.75	13,074,406.90	1,202,846,497.03
Dividend payable			53,693,711.35	53,693,711.35		
Non-current liabilities due in 1 year	128,469,517.74		406,279,362.16	161,418,917.27		373,329,962.63
Long-term loans	1,137,000,000.00	1,100,000,000.00		600,000,000.00	347,000,000.00	1,290,000,000.00
Lease liabilities	10,652,607.48		5,185,685.19		6,858,745.80	8,979,546.87
Total	2,939,818,547.70	2,516,692,628.24	482,513,807.66	2,696,935,824.37	366,933,152.70	2,875,156,006.53

(4) Explanation of cash flows presented on a net basis

Item	Relevant factual information	Basis for adopting net presentation	Financial impact
Net margin paid on bills of exchange, etc.	Corresponding deposits for bills of exchange are presented on a net basis according to changes in their balances	Quick turnaround and short maturity	None
Net deposits received such as bills of exchange			

(5) Significant activities and financial effects that do not involve current cash receipts and disbursements but affect the enterprise's financial position or may affect the enterprise's cash flows in the future

None

60. Supplementary data of cash flow statement

(1) Supplementary data of cash flow statement

In RMB

Supplementary information	Amount of the Current Term	Amount of the Previous Term
1. Net profit adjusted to cash flow related to business operations		
Net profit	-515,433,229.81	146,168,290.32
Plus: Asset impairment provision	283,170,951.98	145,947,431.74
Fixed asset depreciation, gas and petrol depreciation, production goods depreciation	37,176,212.95	32,873,765.23
Depreciation of right to use assets	4,389,525.88	15,038,434.25

Amortization of intangible assets	5,155,196.09	7,362,948.39
Amortization of long-term amortizable expenses	4,393,633.54	3,854,633.92
Loss from disposal of fixed assets, intangible assets, and other long-term assets ("-" for gains)	3,032,277.77	500,192.81
Loss from fixed asset discard ("-" for gains)	882,302.15	601,531.09
Loss from fair value fluctuation ("-" for gains)	280,735,167.15	18,394,198.42
Financial expenses ("-" for gains)	77,563,351.94	62,507,793.94
Investment losses ("-" for gains)	25,773,481.21	1,855,001.49
Decrease of deferred income tax asset ("-" for increase)	-60,882,106.65	-34,722,077.39
Increase of deferred income tax asset ("-" for increase)	-89,260,452.70	-6,409,546.15
Decrease of inventory ("-" for increase)	-2,698,224.56	42,960,388.63
Decrease of operational receivable items ("-" for increase)	387,051,651.84	-288,233,573.56
Increase of operational receivable items ("-" for decrease)	-302,520,409.58	93,985,965.94
Others	48,883,570.67	28,208,714.36
Cash flow generated by business operations, net	187,412,899.87	270,894,093.43
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	3,811,719.28	13,743,381.24
3. Net change in cash and cash equivalents:		
Balance of cash at period end	1,090,965,547.89	1,031,725,216.34
Less: Initial balance of cash	1,031,725,216.34	779,661,118.42
Add: Ending balance of cash equivalents		
Less: Ending balance of cash equivalents		
Net increase in cash and cash equivalents	59,240,331.55	252,064,097.92

(2) Composition of cash and cash equivalents

In RMB

Item	Closing balance	Opening balance
I. Cash	1,090,965,547.89	1,031,725,216.34
Including: Cash in stock	697.90	148.01
Bank savings can be used at any time	1,078,821,930.02	1,024,641,201.90
Other monetary capital can be used at any time	12,142,919.97	7,083,866.43
II. Balance of cash and cash equivalents at end of term	1,090,965,547.89	1,031,725,216.34

(3) Monetary funds other than cash and cash equivalents

In RMB

Item	Amount of the Current Term	Amount of the Previous Term	Reasons for not being cash and cash equivalents

Various deposits, judicially frozen funds, etc.	310,326,554.83	460,052,125.50	Use restricted
Total	310,326,554.83	460,052,125.50	

(4) Supplier Financing Arrangements

① Terms and Conditions of Supplier Financing Arrangements

Supplier financing arrangement 1: The Company utilizes the "eXintong" supply chain financial service platform, jointly provided by Beijing Yuehan Technology Co., Ltd. and Shenzhen Branch of China Construction Bank Corporation (hereinafter referred to as "CCB"), to conduct reverse factoring transactions, offering services to suppliers holding electronic receivable instruments on the "eXintong" platform that are payable by the Company upon maturity. Suppliers transfer their accounts receivable under the Company's electronic debt certificates to CCB and apply for "e-Xintong" business services from CCB. After analysis and evaluation, CCB provides "e-Xintong" business services to suppliers if conditions are met. The Company's obligation to fulfill payment under the electronic debt certificates is unconditional and irrevocable, unaffected by any commercial disputes among parties involved in the transfer of the electronic debt certificates. The Company will not claim offsets or defenses regarding this payment obligation. The Company will transfer an amount equal to the amount under the electronic debt certificates on the committed payment date according to the "e-Xintong" platform business rules.

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

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

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

Supplier financing arrangement 5: The Company has entered into relevant agreements with Bank of Shanghai Co., Ltd., authorizing Bank of Shanghai to, based on financing details provided by the Company and via the "Shanghang e-Chain" platform, allow suppliers to initiate financing applications and execute factoring transactions against the Company's credit line with Bank of Shanghai. Upon maturity of the factoring facility, the Company is only required to repay the principal amount of the factoring financing to Bank of Shanghai, while the related interest is borne by the designated party as agreed.

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

Item	December 31, 2025	December 31, 2024
Account payable	535,521,368.29	465,016,938.13
Including: Amounts received by suppliers	449,522,342.67	341,199,057.49

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

Item	December 31, 2025	December 31, 2024
Financial liabilities under supplier financing arrangements	90-300 days from invoice receipt	90-300 days from invoice receipt
Comparable accounts payable not under supplier financing arrangements	0-180 days from invoice receipt	0-180 days from invoice receipt

61. Foreign currency monetary items

(1) Foreign currency monetary items

In RMB

Item	Closing foreign currency balance	Exchange rate	Closing RMB balance
Monetary capital			239,466,025.46
Including: USD	23,572,087.83	7.0288	165,683,490.94
Euro	247,321.86	8.2355	2,036,819.18
HK Dollar	33,197,100.74	0.9032	29,984,285.33
Singapore Dollar	2,173,283.21	5.4586	11,863,083.73
Vietnamese Dong	1,498,727,578.00	0.0003	401,075.99
Rupee	18,585,243.26	0.0783	1,455,224.55
Australian Dollar	5,712,726.73	4.6892	26,788,118.18
Dirham	105,189.93	1.9071	200,607.72
Philippine Peso	8,602,278.03	0.1195	1,027,972.22
Saudi Riyal	13,569.10	1.8680	25,347.62
Account receivable			42,841,960.18
Including: USD	2,825,905.87	7.0288	19,862,727.18
HK Dollar	13,004,052.62	0.9032	11,745,520.41
Singapore Dollar	1,471,623.38	5.4586	8,033,003.38
Australian Dollar	682,570.42	4.6892	3,200,709.21
Contract assets			88,704,919.11
Including: Hong Kong Dollar	53,498,133.31	0.9032	48,320,583.97
U.S. Dollar	4,031,412.60	7.0288	28,335,992.88
Rupee	11,258,301.46	0.0783	881,525.00

Australian Dollar	2,320,553.49	4.6892	10,881,539.43
Dirham	149,587.24	1.9071	285,277.83
Other receivables			2,025,531.07
Including: Hong Kong Dollar	832,476.66	0.9032	751,909.57
U.S. Dollar	23,239.05	7.0288	163,342.63
Singapore Dollar	144,049.35	5.4586	786,307.78
Rupee	620,785.33	0.0783	48,607.49
Australian Dollar	34,599.08	4.6892	162,242.01
Dirham	30,749.99	1.9071	58,643.31
Philippine Peso	221,398.00	0.1195	26,457.06
Saudi Riyal	15,000.33	1.8680	28,021.22
Account payable			26,163,925.16
Including: USD	1,005,776.11	7.0288	7,069,399.12
Singapore Dollar	365,446.54	5.4586	1,994,826.48
Rupee	14,804,553.01	0.0783	1,159,196.50
Australian Dollar	3,374,612.30	4.6892	15,824,232.00
Philippine Peso	158,805.69	0.1195	18,977.28
Saudi Riyal	52,083.35	1.8680	97,293.78
Other payables			2,045,959.56
Including: USD	273,407.62	7.0288	1,921,727.48
Singapore Dollar	3,901.85	5.4586	21,298.64
Australian Dollar	21,787.84	4.6892	102,167.54
Saudi Riyal	410.00	1.8680	765.90
Other non-current assets			166,996.84
Including: USD	23,758.94	7.0288	166,996.84

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

□ Applicable ☑ Inapplicable

62. Leasing

(1) The Company is the leasee

☑ Applicable □ Inapplicable

Variable lease payments not included in the measurement of the lease liability

□ Applicable ☑ Inapplicable

Lease costs for short-term leases or low-value assets with simplified treatment

☑ Applicable □ Inapplicable

Item	2025
Short term lease expenses with simplified treatment included in current profit and loss	48,043,619.80
Lease expenses of low value assets with simplified treatment included in current profit and loss (except short-term lease)	391,407.49
Interest expense on lease liabilities	587,402.86
Total cash outflow related to leasing	48,460,651.06

Involvement in sale-and-leaseback transactions: None.

(2) The Company as lessor

Operating leases as lessor

☑ Applicable □ Inapplicable

In RMB

Item	Rental income	Including: Income related to variable lease payments not included in lease receipts
Rental income	120,590,265.17	369,804.65
Total	120,590,265.17	369,804.65

Financing leases as lessor

☐ Applicable ☑ Inapplicable

Undiscounted lease receipts for each of the next five years

☑ Applicable □ Inapplicable

In RMB

Item	Annual undiscounted lease receipts	
	Closing amount	Opening amount
First year	105,050,316.05	134,938,024.44
Second year	67,773,129.84	106,208,000.52
Third year	43,260,708.88	72,916,499.50
Fourth year	26,273,854.79	53,731,466.05
Fifth year	20,185,331.81	32,774,253.57
Total undiscounted lease receipts after five years	65,750,209.88	89,046,751.97

VIII. R&D expenses

In RMB

Item	Amount occurred in the current period	Occurred in previous period
Labor costs	87,229,245.50	100,670,006.36
Material costs	29,787,750.26	50,544,384.90
Testing fees	9,776,489.95	11,574,101.52
Depreciation and amortization	3,651,149.36	4,730,697.11
Others	2,369,777.05	3,512,181.84
Total	132,814,412.12	171,031,371.73
Including: Expensed R&D expenditure	132,814,412.12	171,031,371.73

IX. Change to Consolidation Scope

1. Change to the consolidation scope for other reasons

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

During the current period, the scope of consolidation changed with the addition of two new subsidiaries established by incorporation: Fangda Facade Contracting L.L.C and Fangda Facade (NSW) Pty Ltd.

X. Equity in Other Entities

1. Interests in subsidiaries

(1) Group Composition

In RMB

Company	Registered capital	Place of business	Registered address	Business	Shareholding percentage		Obtaining method
					Direct	Indirect	
Shenzhen Fangda Jianke Group Co., Ltd.	600,000,000.00	Shenzhen	Shenzhen	Designing, manufacturing, and installation of curtain walls	98.66%	1.34%	Incorporation
Fangda Zhichuang Technology Co., Ltd.	105,000,000.00	Shenzhen	Shenzhen	Production, processing and installation of subway screen doors	51.00%	49.00%	Incorporation
Fangda New Materials (Jiangxi) Co., Ltd.	99,328,800.00	Nanchang	Nanchang	Production and sales of new materials and composite materials	75.00%	25.00%	Incorporation
Shenzhen Fangda Property Development Co., Ltd.	200,000,000.00	Shenzhen	Shenzhen	Real estate development and operation	99.00%	1.00%	Incorporation
Shenzhen Fangda New Energy Co., Ltd.	100,000,000.00	Shenzhen	Shenzhen	Design and construction of PV power plants	99.00%	1.00%	Incorporation
Chengdu Fangda Construction Technology Co., Ltd.	50,000,000.00	Chengdu	Chengdu	Trusted processing of building curtain wall materials		100.00%	Incorporation
Shihui International Holding Co., Ltd.	21,086,400.00	Virgin Islands	Virgin Islands	Investment	100.00%		Incorporation
Dongguan Fangda New Material Co., Ltd.	272,800,000.00	Dongguan	Dongguan	Installation and sales of building curtain walls		100.00%	Incorporation
Shenzhen Fangda Property Management Co., Ltd.	10,000,000.00	Shenzhen	Shenzhen	Property management		100.00%	Incorporation
Fangda (Jiangxi)	100,000,000.00	Nanchang	Nanchang	Real estate development and		100.00%	Incorporation

Property Development Co., Ltd.				operation			
Pingxiang Fangda Luxin New Energy Co., Ltd.	10,000,000.00	Pingxiang	Pingxiang	Design and construction of PV power plants		100.00%	Incorporation
Nanchang Xinjian Fangda New Energy Co., Ltd.	10,000,000.00	Nanchang	Nanchang	Design and construction of PV power plants		100.00%	Incorporation
Dongguan Fangda New Energy Co., Ltd.	10,000,000.00	Dongguan	Dongguan	Design and construction of PV power plants		100.00%	Incorporation
Shenzhen Qianhai Kechuangyuan Software Co., Ltd.	5,000,000.00	Shenzhen	Shenzhen	Software development		100.00%	Incorporation
Fangda Zhiyuan Technology (Hong Kong) Co., Ltd.	8,945.00	Hong Kong	Hong Kong	Metro screen door		100.00%	Incorporation
Shenzhen Fangda Investment Holding Co., Ltd.	100,000,000.00	Shenzhen	Shenzhen	Investment	98.00%	2.00%	Incorporation
Fangda Australia Co., Ltd.	2,972,280.00	Australia	Australia	Designing, manufacturing, and installation of curtain walls		100.00%	Incorporation
Shenzhen Fangda Yunzhi Technology Co., Ltd.	50,000,000.00	Shenzhen	Shenzhen	Technology development and sales; Invest in industry; Operation management of science and technology park		100.00%	Incorporation
Chengdu Fangda Curtain Wall Technology Co., Ltd.	50,000,000.00	Chengdu	Chengdu	Building decoration and other construction industry		100.00%	Incorporation
Fangda Southeast Asia Co., Ltd.	3,000,000.00	Vietnam	Vietnam	Designing, manufacturing, and installation of curtain walls		100.00%	Incorporation
Shanghai Fangda Zhijian Technology Co., Ltd	100,000,000.00	Shanghai	Shanghai	Intelligent technology, new energy, automated technology	30.00%	70.00%	Incorporation
Shanghai Fangda Jianzhi Technology Co., Ltd.	50,000,000.00	Shanghai	Shanghai	Construction technology, intelligent technology, automation		100.00%	Incorporation

				technology, design, production and installation of building curtain walls			
Shenzhen Zhongrong Litai Investment Co., Ltd.	121,000,000.00	Shenzhen	Shenzhen	Business service		55.00%	Purchase
Fangda Jianke Hong Kong Co., Ltd.	36,594.00	Hong Kong	Hong Kong	Design, sale and installation of building curtain wall		100.00%	Incorporation
Shenzhen Fangda Yunzhu Technology Co., Ltd.	10,000,000.00	Shenzhen	Shenzhen	Inspection, technical service and consultation of building safety and building energy saving system		100.00%	Consolidation of entities under common control
Shenzhen Yunzhu Testing Technology Co., Ltd.	5,000,000.00	Shenzhen	Shenzhen	Inspection, technical service and consultation of building safety and building energy saving system		100.00%	Consolidation of entities under common control
General Railway Technology Ltd.	8,060,094.00	Singapore	Singapore	Production, processing and installation of subway screen doors		100.00%	Incorporation
Fangda Zhiyuan Technology (Wuhan) Co., Ltd.	10,000,000.00	Wuhan	Wuhan	Production, processing and installation of subway screen doors		100.00%	Incorporation
Fangda Zhiyuan Technology (Nanchang) Co., Ltd.	1,000,000.00	Nanchang	Nanchang	Production, processing and installation of subway screen doors		100.00%	Incorporation
Fangda Zhiyuan Railway Transportation Equipment (Dongguan) Co. Ltd.	1,000,000.00	Dongguan	Dongguan	Production, processing and installation of subway screen doors		100.00%	Incorporation
Jiangxi Fangda Intelligent Manufacturing Technology Co., Ltd.	250,000,000.00	Ganzhou	Ganzhou	Production and sales of new materials and composite materials	99.00%	1.00%	Incorporation
Shenzhen Fangda Jianchuang Technology Co.,	50,000,000.00	Shenzhen	Shenzhen	Installation and sales of building curtain walls		100.00%	Incorporation

Ltd.							
Shenzhen Fangda Construction Technology Co., Ltd.	50,000,000.00	Shenzhen	Shenzhen	Installation and sales of building curtain walls		100.00%	Non-business combination
Fangda Facade Singapore Pte Ltd	4,352,063.24	Singapore	Singapore	Installation and sales of building curtain walls		100.00%	Incorporation
FANGDA FACADE PHILIPPINES INC.	1,497,396.00	Philippine	Philippine	Installation and sales of building curtain walls		98.999%	Incorporation
GENERAL RAIL TECHNOLOGY PHILIPPINES, INC.	1,521,564.25	Philippine	Philippine	Metro screen door sales and installation		99.999%	Incorporation
FANGDA GULF DMCC	788,545.80	Dubai	Dubai	Installation and sales of building curtain walls		100.00%	Incorporation
GLOBAL MEGA INTERNATIONAL HOLDINGS LIMITED	4,217,280.00	Saudi Arabia	Saudi Arabia	Designing, manufacturing, and installation of curtain walls		100.00%	Incorporation
FANGDA FACADE CONTRACTING L.L.C	1,936,258.00	Dubai	Dubai	Installation and sales of building curtain walls		100.00%	Incorporation
FANGDA FACADE (NSW) PTY LTD	2,344,600.00	Australia	Australia	Installation and sales of building curtain walls		100.00%	Incorporation

(2) Major non wholly-owned subsidiaries

In RMB

Company	Shareholding of minority shareholders	Profit and loss attributed to minority shareholders	Dividend to be distributed to minority shareholders	Interest balance of minority shareholders in the end of the period
Zhongrong Litai	45.00%	35,230.12		48,343,241.08

(3) Financial highlights of major non wholly owned subsidiaries

In RMB

Company	Closing balance						Opening balance					
	Current assets	Non-current assets	Total of assets	Current liabilities	Non-current liabilities	Total liabilities	Current assets	Non-current assets	Total of assets	Current liabilities	Non-current liabilities	Total liabilities
Zhongrong Litai	210,411,282.10	26,300.00	210,437,582.10	103,008,157.51		103,008,157.51	209,711,213.30	31,600.00	209,742,813.30	102,391,677.87		102,391,677.87

In RMB

Company	Amount occurred in the current period	Occurred in previous period

	Turnover	Net profit	Total of misc. incomes	Business operation cash flows	Turnover	Net profit	Total of misc. incomes	Business operation cash flows
Zhongrong Litai	110,091.72	78,289.16	78,289.16	-379,966.11	110,091.72	19,074.18	19,074.18	-27,370.15

2. Interests in joint ventures or associates

(1) Financial summary of insignificant joint ventures and associates

In RMB

	Closing balance/amount occurred in this period	Opening balance/amount occurred in previous period
Joint venture:		
Total shareholding		
Associate:		
Total book value of investment	32,988,644.63	56,690,973.97
Total shareholding		
Net profit	-23,702,329.34	-70,043.43
--Total of misc. incomes	-23,702,329.34	-70,043.43

XI. Government Subsidies

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

☑ Applicable □ Inapplicable

Closing balance of accounts receivable: RMB527,217.36.
Reasons for not receiving the estimated amount of government grants at the expected point in time

☐ Applicable ☑ Inapplicable

2. Liabilities involving government subsidies

☑ Applicable □ Inapplicable

In RMB

Accounting item	Opening balance	Amount of new subsidy	Amount included in non-operating revenue	Other misc. gains recorded in this period	Other change in the current period	Closing balance	Assets/earning-related
Deferred earning	10,669,612.13	17,776,306.00		2,141,640.44		26,304,277.69	Assets-related
Total	10,669,612.13	17,776,306.00		2,141,640.44		26,304,277.69	

3. Government subsidies accounted into current profit or loss.

☑ Applicable □ Inapplicable

In RMB

Accounting item	Amount occurred in the current period	Occurred in previous period
Other gains	2,141,640.44	630,958.59
Other gains	7,592,656.24	13,396,327.26
Financial expenses	1,639,000.00	2,616,200.00
Total	11,373,296.68	16,643,485.85

XII. Risks of Financial Tools

1. Types of risks arising from financial instruments

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

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

The overall goal of the Company's risk management is to formulate risk management policies that minimize the risks associated with various financial instruments without excessively affecting the Company's competitiveness and resilience.

A. Credit risk

Credit risk is caused by the failure of one party of a financial instrument in performing its obligations, causing the risk of financial loss for the other party. The credit risk of the Company mainly comes from monetary capital, notes receivable, accounts receivable, other receivables, receivables financing, contract assets, etc. The credit risk of these financial assets comes from the default of the counterparts, 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 counterpart ratings, guaranty methods, collateral categories, repayment methods, etc.), the Company establishes the default probability, default loss rate and default risk exposure model.

Definition:

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

Breach Loss Rate means the extent of loss expected by the Company for breach risk exposure. Depending on the type of counterpart, 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. The assessment of significant increases in credit risk and the calculation of expected credit losses both involve forward-looking information. 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 Company's accounts receivable, the accounts receivable (including contract assets) from the top five customers accounted for

12.02% of the total accounts receivable (prior period: 11.01%). Among the Company's other receivables, the other receivables from the top five counterparts by amount accounted for 70.50% of the total other receivables (prior period: 71.82%).

B. Liquidity risk

Liquidity risk is the risk of capital shortage when the Group needs to pay cash or settled with other financial assets. The Company is responsible for the cash management of its subsidiaries, including short-term investments in cash surpluses and loans to meet projected cash requirements. The Company's policy is to regularly monitor short and long-term liquidity requirements and compliance with borrowing agreements to ensure adequate cash reserves and readily available securities.

As of December 31, 2025, the maturity of the Company's financial liabilities is as follows:

In RMB10,000

Item	December 31, 2025			
	Less than 1 year	Within 1-3 years	Over 3 years	Total
Short-term loans	120,284.65			120,284.65
Notes payable	42,911.06			42,911.06
Account payable	200,969.52	1,659.43	1,440.17	204,069.12
Employees' wage payable	6,781.28			6,781.28
Other payables	5,087.03	1,622.93	5,827.31	12,537.27
Non-current liabilities due in 1 year	37,908.92			37,908.92
Other current liabilities	6,091.89			6,091.89
Long-term loans		30,000.00	99,000.00	129,000.00
Lease liabilities		739.16	158.79	897.95
Total	420,034.35	34,021.52	106,426.27	560,482.14

(Continued)

Item	December 31, 2024			
	Less than 1 year	Within 1-3 years	Over 3 years	Total
Short-term loans	166,369.64			166,369.64

Derivative financial liabilities	152.06			152.06
Notes payable	68,118.81			68,118.81
Account payable	213,195.52	297.46	1,166.51	214,659.49
Other payables	8,013.60	1,109.24	2,968.96	12,091.80
Non-current liabilities due in 1 year	12,846.95			12,846.95
Other current liabilities	5,083.56			5,083.56
Long-term loans		96,700.00	17,000.00	113,700.00
Lease liabilities		923.06	142.20	1,065.26
Total	473,780.14	99,029.76	21,277.67	594,087.57

C. Market risk

(1) Credit risks

The exchange rate risk of the Company mainly comes from the assets and liabilities of the Company and its subsidiaries in foreign currency not denominated in its functional currency. Except for the Company's subsidiaries established in the Hong Kong Special Administrative Region of the People's Republic of China and other overseas jurisdictions, which use Hong Kong Dollars, U.S. Dollars, Australian Dollars, Vietnamese Dong, Euros, Indian Rupees, UAE Dirhams, or Singapore Dollars for pricing and settlement, the Company's other principal operations are priced and settled in RMB.

As of Wednesday, December 31, 2025, the foreign currency financial assets and foreign currency financial liabilities of the Company at the end of the period are listed in the description of foreign currency monetary items in Note V, 61.

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.

For the period ended December 31, 2025, assuming all other risk variables remain unchanged, if the interest rate on borrowings calculated at floating rates were to increase or decrease by 50 basis points, the Company's net profit for the year would decrease or increase by RMB6,502,300 (prior period: RMB4,800,000).

2. Hedging

(1) The Company conducts hedging business for risk management.

☑ Applicable □ Inapplicable

Item	Corresponding risk management strategies and objectives	Qualitative and quantitative information about the hedged risk	Economic relationships between hedged items and related hedging instruments	Effective achievement of expected risk management objectives	The impact of the corresponding hedging activities on the risk exposure
Aluminum futures hedging	Utilizing the hedging function of futures tools, the Company carries out aluminum futures 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	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	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	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	Buy or sell corresponding aluminum futures contracts to hedge the risk exposure existing in the spot business side.

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

(2) The Company conducts eligible hedging operations and applies hedge accounting.

In RMB

Item	Carrying value associated with hedged items and hedging instruments	Cumulative fair value hedge adjustments to hedged items included in the carrying value of the hedged item recognized	Hedge effectiveness and sources of hedge ineffectiveness	Impact of hedge accounting related to the Company's financial statements
Types of hedge risk				
Price risk	1,459,950.00	Inapplicable	Relevance of hedged items to hedging instruments	Derivative financial assets: RMB1,459,950.00 Other comprehensive income: RMB1,240,957.50 Deferred tax liabilities: RMB218,992.50
Exchange rate		Inapplicable	Relevance of	Finance costs: RMB97,537.72

risk			hedged items to hedging instruments	
Type				
Cash flow hedging	1,459,950.00	Inapplicable	Relevance of hedged items to hedging instruments	Derivative financial assets: RMB1,459,950.00 Other comprehensive income: RMB1,240,957.50 Deferred tax liabilities: RMB218,992.50 Finance costs: RMB97,537.72

(3) The Company conducts hedging business for risk management and expects to achieve its risk management objectives but does not apply hedge accounting.

□ Applicable ☑ Inapplicable

3. Financial Assets

(1) Classification of transfer methods

☑ Applicable □ Inapplicable

In RMB

Way of transfer	Nature of financial assets transferred	Amount of financial assets transferred	Derecognization	Basis for judging derecognization
Endorsement or discounting	Outstanding promissory notes in notes receivable	40,781,530.88	Not derecognized	Promissory notes used for discounting or endorsement are accepted by banks or enterprises with low credit ratings, discounting or endorsement does not affect recourse, and the credit risk and deferred payment risk associated with the notes remain untransferred
Endorsement or discounting	Outstanding bankers' acceptances in receivables financing	33,761,787.71	Derecognization	Bankers' acceptances used for discounting or endorsement are accepted by banks with high credit ratings and the credit risk and deferred payment risk associated with the instruments are low
Factoring	Outstanding receivables in receivables financing	105,859,442.51	Derecognization	Non-recourse factoring
Total		180,402,761.10		

(2) Financial assets derecognized due to transfers

☑ Applicable □ Inapplicable

In RMB

Item	Transfer method of	Amount of financial	Gain or loss related to

	financial assets	assets derecognized	the de-recognition
Outstanding bankers' acceptances in receivables financing	Endorsement or discounting	33,761,787.71	
Account receivable	Factoring	105,859,442.51	-3,565,876.31
Total		139,621,230.22	-3,565,876.31

(3) Transfer of financial assets with continuing involvement in assets

☐ Applicable ☑ Inapplicable

XIII. Fair Value

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

In RMB

Item	Closing fair value			
	First level fair value	Second level fair value	Third level fair value	Total
1. Continuous fair value measurement	--	--	--	--
(I) Transactional financial assets		1,460,360.06		1,460,360.06
1. Financial assets measured at fair value with variations accounted into current income account		1,460,360.06		1,460,360.06
(1) Derivative financial assets		1,459,950.00		1,459,950.00
2. Transactional financial assets		410.06		410.06
(II) Investment property			5,548,371,426.50	5,548,371,426.50
1. Leased building			5,548,371,426.50	5,548,371,426.50
(III) Other non-current financial assets			6,516,131.63	6,516,131.63
Total assets measured at fair value continuously		1,460,360.06	5,554,887,558.13	5,556,347,918.19
2. Discontinuous fair value measurement	--	--	--	--

2. Recognition basis of market value of continuous and discontinuous items measured at first level fair value

For the financial instruments traded in the active market, the Company determines their fair value based on their quoted prices in the active market; for the financial instruments not traded in the active market, the Company adopts valuation technology to determine their fair value. The valuation models are mainly cash flow discount model and market comparable company model. The input value of valuation technology mainly includes risk-free interest rate, benchmark interest rate, exchange rate, credit point difference, liquidity premium, lack of liquidity discount, etc.

3. Valuation technique and qualitative and quantitative information for key parameters of continuous and discontinuous second level fair value items

For derivative financial assets and derivative financial liabilities with fair value of forward exchange contracts, the fair value is determined based on the market value of expected earnings at the balance sheet date.

Receivables financed at fair value through other comprehensive income are notes receivable, for which the fair value is determined based on the book value due to the short remaining maturity.

4. Valuation technique and qualitative and quantitative information for key parameters of continuous and discontinuous third level fair value items

Investment properties measured at fair value are appraised using the comparative and income approaches. Comparison method: It selects a certain number of comparable examples, compares them with the valuation object and processes the comparable instance transaction prices according to the difference to obtain the value or price of the valuation object. The income approach is a method of predicting the future earnings of the object of valuation, and using the rate of compensation or capitalization rate, income multiplier to convert the future earnings into value to get the value or price of the object of valuation.

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

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

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

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

XIV. Related Parties and Transactions

1. Parent of the Company

Parent	Registered address	Business	Registered capital	Share of the parent co. in the Company	Voting power of the parent company
Shenzhen Banglin Technologies Development Co., Ltd.	Shenzhen	Limited liability company	RMB30 million	11.11%	11.11%
Shengjiu Investment Ltd.	Hong Kong	Limited liability company	HKD1 million	10.73%	10.73%

Particulars about the parent of the Company

① The major shareholder of the Company, Shenzhen Banglin Technology Development Co., Ltd., is wholly owned by natural persons, among whom Mr. Xiong Jianming, Chairman of the Company, holds 85% of the shares, and Mr. Xiong Xi, Vice Chairman of the Company, holds 15% of the shares.

② Among the top 10 shareholders, Shenzhen Banglin Technology Development Co., Ltd. and Shengjiu Investment Co., Ltd. are acting in concert.

The final controller of the Company is Xiong Jianming.

2. Subsidiaries of the Company

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

3. Joint ventures and associates

Key joint ventures or associates of the Company are disclosed in Note X, "Interests in Other Entities."

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

Joint venture or associate	Relationship with the Company
Shenzhen Ganshang Joint Investment Co., Ltd.	Affiliates of the Company

4. Other associates

Other related parties	Relationship with the Company
Shenzhen Yikang Real Estate Co. Ltd.	Controlled subsidiaries

Shenzhen Skylot Technology Co., Ltd.	Common actual controller
Director, manager and secretary of the Board	Key management

5. Related transactions

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

Sales of goods and services

In RMB

Affiliated party	Related transaction	Amount occurred in the current period	Occurred in previous period
Shenzhen Skylot Technology Co., Ltd.	Property service and sales of goods	34,773.14	17,392.00

(2) Related leasing

The Company is the leasor:

In RMB

Name of the leasee	Category of asset for lease	Rental recognized in the period	Rental recognized in the period
Shenzhen Skylot Technology Co., Ltd.	Houses & buildings	86,857.14	86,857.15

(3) Related guarantees

The Company is the guarantor:

In RMB

Beneficiary party	Amount guaranteed	Start date	Due date	Whether the guarantee has been fully performed
Fangda Construction Technology	930,000,000.00	December 28, 2023	Three years after the expiration date of debt performance	Yes
Fangda Construction Technology	240,000,000.00	27 May 2024	Three years after the expiration date of debt performance	Yes
Fangda Construction Technology	40,000,000.00	June 20, 2024	Three years after the expiration date of debt performance	Yes
Fangda Construction Technology	390,000,000.00	January 24, 2024	Three years after the expiration date of debt performance	Yes
Fangda Construction Technology	300,000,000.00	October 20, 2023	Three years after the expiration date of debt performance	Yes
Fangda Construction Technology	300,000,000.00	December 21, 2023	Three years after the expiration date of debt performance	Yes
Fangda Zhiyuan	360,000,000.00	June 27, 2024	Three years after the	Yes

			expiration date of debt performance	
Fangda Zhiyuan	150,000,000.00	30 May 2024	Three years after the expiration date of debt performance	Yes
Fangda Zhiyuan	100,000,000.00	September 25, 2023	Three years after the expiration date of debt performance	Yes
Fangda Zhiyuan	100,000,000.00	December 21, 2023	Three years after the expiration date of debt performance	Yes
Fangda Property	1,350,000,000.00	February 25, 2020	Three years after the expiration date of debt performance	Yes
Fangda New Material	100,000,000.00	July 8, 2024	Three years after the expiration date of debt performance	Yes
Fangda New Material	85,000,000.00	November 2, 2023	Three years after the expiration date of debt performance	Yes
Fangda Zhijian	70,000,000.00	8 May 2024	Three years after the expiration date of debt performance	Yes
Fangda Yunzhu	10,000,000.00	07 May 2024	Three years after the expiration date of debt performance	Yes
Fangda Yunzhu	10,000,000.00	June 28, 2024	Three years after the expiration date of debt performance	Yes
Fangda Yunzhu	6,000,000.00	June 3, 2024	Three years after the expiration date of debt performance	Yes
Fangda Dongguan New Material	50,000,000.00	August 26, 2024	Three years after the expiration date of debt performance	Yes
Fangda Construction Technology	1,030,000,000.00	January 17, 2025	Three years after the expiration date of debt performance	Yes
Fangda Construction Technology	150,000,000.00	11 May 2024	Three years after the expiration date of debt performance	Yes
Fangda Construction Technology	500,000,000.00	September 4, 2024	Three years after the expiration date of debt performance	Yes
Fangda Construction Technology	300,000,000.00	November 11, 2024	Three years after the expiration date of debt performance	Yes
Fangda Construction Technology	600,000,000.00	June 27, 2024	Three years after the expiration date of debt performance	Yes
Fangda Construction Technology	200,000,000.00	December 27, 2024	Three years after the expiration date of debt performance	Yes
Fangda Construction Technology	600,000,000.00	December 19, 2024	Three years after the expiration date of debt performance	Yes
Fangda Zhiyuan	358,000,000.00	June 27, 2024	Three years after the	Yes

			expiration date of debt performance	
Fangda Zhiyuan	200,000,000.00	November 11, 2024	Three years after the expiration date of debt performance	Yes
Fangda Zhiyuan	150,000,000.00	September 4, 2024	Three years after the expiration date of debt performance	Yes
Fangda Zhiyuan	100,000,000.00	11 May 2024	Three years after the expiration date of debt performance	Yes
Total amount of guarantee fulfilled	8,779,000,000.00		Three years after the expiration date of debt performance	
Fangda Construction Technology	1,010,000,000.00	December 21, 2025	Three years after the expiration date of debt performance	No
Fangda Construction Technology	390,000,000.00	January 14, 2025	Three years after the expiration date of debt performance	No
Fangda Construction Technology	150,000,000.00	Jul. 01, 2025	Three years after the expiration date of debt performance	No
Fangda Construction Technology	480,000,000.00	December 15, 2024	Three years after the expiration date of debt performance	No
Fangda Construction Technology	111,500,000.00	August 16, 2023	Three years after the expiration date of debt performance	No
Fangda Construction Technology	500,000,000.00	Jul. 16, 2025	Three years after the expiration date of debt performance	No
Fangda Construction Technology	200,000,000.00	December 9, 2025	Three years after the expiration date of debt performance	No
Fangda Construction Technology	250,000,000.00	January 10, 2025	Three years after the expiration date of debt performance	No
Fangda Construction Technology	49,000,000.00	28 April 2025	Three years after the expiration date of debt performance	No
Fangda Construction Technology	200,000,000.00	November 4, 2024	Three years after the expiration date of debt performance	No
Fangda Construction Technology	400,000,000.00	August 7, 2025	Three years after the expiration date of debt performance	No
Fangda Construction Technology	350,000,000.00	21 April 2025	Three years after the expiration date of debt performance	No
Fangda Construction Technology	300,000,000.00	27 March 2025	Three years after the expiration date of debt performance	No
Fangda Construction Technology	250,000,000.00	December 23, 2025	Three years after the expiration date of debt performance	No
Fangda Construction	600,000,000.00	December 12, 2025	Three years after the	No

Technology			expiration date of debt performance	
Fangda Zhijian	70,000,000.00	June 30, 2025	Three years after the expiration date of debt performance	No
Fangda Zhiyuan	180,000,000.00	December 15, 2024	Three years after the expiration date of debt performance	No
Fangda Zhiyuan	358,000,000.00	Jul. 22, 2025	Three years after the expiration date of debt performance	No
Fangda Zhiyuan	200,000,000.00	21 April 2025	Three years after the expiration date of debt performance	No
Fangda Zhiyuan	100,000,000.00	December 9, 2025	Three years after the expiration date of debt performance	No
Fangda Zhiyuan	150,000,000.00	Jul. 16, 2025	Three years after the expiration date of debt performance	No
Fangda Zhiyuan	100,000,000.00	Jul. 01, 2025	Three years after the expiration date of debt performance	No
Fangda Zhiyuan	154,750,000.00	November 21, 2023	Three years after the expiration date of debt performance	No
Fangda Zhiyuan	150,000,000.00	January 13, 2025	Three years after the expiration date of debt performance	No
Fangda Yunzhu	10,000,000.00	25 March 2025	Three years after the expiration date of debt performance	No
Fangda Yunzhu	7,000,000.00	21 April 2025	Three years after the expiration date of debt performance	No
Fangda New Material	85,000,000.00	27 February 2025	Three years after the expiration date of debt performance	No
Fangda Property	1,100,000,000.00	02 April 2025	Three years after the expiration date of debt performance	No
Fangda Intelligent Manufacturing	300,000,000.00	22 February 2024	Three years after the expiration date of debt performance	No
Fangda Zhiyuan	318,960,200.00	17 February 2024	Date of project contract completion	No
Fangda Zhiyuan	248,851,600.00	17 February 2024	Date of project contract completion	No
Dongguan New Materials	50,000,000.00	Jul. 01, 2025	Three years after the expiration date of debt performance	No
Total amount of guarantee being performed	8,823,061,800.00			

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

(4) Remuneration of key management

In RMB

Item	Amount occurred in the current period	Occurred in previous period
Key management personnel compensation	9,042,695.59	11,179,886.17

6. Receivable and payables due with related parties

(1) Receivable interest

In RMB

Item	Affiliated party	Closing balance		Opening balance	
		Remaining book value	Bad debt provision	Remaining book value	Bad debt provision
Account receivable	Shenzhen Skylot Technology Co., Ltd.	10,048.39	100.48	85,792.00	857.92
Other receivables	Shenzhen Ganshang Joint Investment Co., Ltd.	3,791,089.25	2,531,120.89	3,791,089.25	56,487.23
Other receivables	Shenzhen Yikang Real Estate Co. Ltd.	76,062,675.83	760,626.76	76,062,675.83	1,133,333.87

(2) Receivable interest

In RMB

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

XV. Commitment and Contingent Events

1. Major commitments

Major commitments that exist on the balance sheet day

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, 2025, Fangda Property has paid Party B and the project company RMB50 million of security deposit, RMB20 million of service fee, RMB61,937,200 of equity transfer and RMB81,862,200 of other related payments.

The Company has no other commitments that should be disclosed by December 31, 2025.

2. Contingencies

Significant contingencies on the balance sheet date:

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

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

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

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

④ In August 2025, Fangda Construction Technology Company filed a lawsuit with the Wenjiang District People's Court of Chengdu City, requesting that Chengdu Wenjiang Yufu Wansheng Rail Transit Urban Development Co., Ltd. pay RMB17,238,120.44 in total for construction costs and interest related to the Chengdu Wenjiang R&F Center project, that its sole shareholder, Chengdu Xinghuangfei Enterprise Management Co., Ltd., bear joint and several liability, and that Fangda Construction Technology Company be granted priority rights to the construction payment. In February 2026, the court of first instance ruled that Chengdu Wenjiang Yufu Wansheng Rail Transit Urban Development Co., Ltd. shall pay Fangda Company construction costs of RMB17,222,549.37 and confirmed that Fangda Construction Technology Company has priority rights over the curtain wall works of the tower and podium of the Chengdu Wenjiang R&F Center. As of the date of this report's disclosure, Chengdu Wenjiang Yufu Wansheng Rail Transit Urban Development Co., Ltd. has appealed the first-instance judgment, and the case remains under trial.

⑤ In January 2026, Fangda Construction Technology Company filed a lawsuit with the Qingpu District People's Court of Shanghai, requesting that Shanghai Lianhong Real Estate Co., Ltd. pay RMB26,269,434.95 in principal and interest for construction costs related to the West Hongqiao Project, and asserting a priority right to the construction payment. As of the disclosure date of this report, the court has filed and accepted the case, and is awaiting a hearing.

⑥ In June 2025, Fangda Construction Technology Company filed a lawsuit with the Longhua District People's Court of Shenzhen, requesting that Shenzhen Jinshunyuan Industrial Group Co., Ltd. pay RMB4,738,376.50 in principal and interest for construction costs related to the Jinshun Mingju Project, and asserting a priority right to the construction payment In December 2025, Shenzhen Jinshunyuan Industrial Group Co., Ltd. filed a counterclaim with the Longhua District People's Court of Shenzhen, requesting that Fangda Construction Technology Company pay RMB9,250,070 as liquidated damages for delay in project completion. 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 Kaidaer is required to pay the principal amount of the project payment of RMB113, 529, 244.60 and corresponding interest to Fangda Jianke, and has the priority right to be compensated for the discount or auction price of the project curtain wall. Currently, the case has entered the execution stage.

③ In September 2022, Fangda Jianke Co., Ltd. filed a lawsuit to the People's Court of Longhua District, requiring Longguang Engineering Construction Co., Ltd. to pay the total principal and interest of the project funds of Longguang Jiuzuan Project Plot 05 and Plot 09 to Fangda Construction Technology Co., Ltd., totaling RMB33,197,543.00. As of the disclosure date of this report, the case regarding the Jiuzuan Plot 05 project has concluded with both first and second instance judgments. The first instance judgment ruled that Longguang Company must pay Fangda Construction Technology Company project payments of RMB7,709,679.55, a quality guarantee deposit of RMB6,033,911.38, and corresponding interest, while also granting priority compensation rights on the proceeds from the sale or auction of the curtain wall fabrication and installation project. The second instance judgment upheld the first instance decision regarding the project payments, quality guarantee deposit, corresponding interest, and priority compensation rights, and additionally ruled that Shenzhen Longguang Junjing Real Estate Development Co., Ltd., the owner of the Longguang Jiuzuan Plot 05 project, is jointly liable for the debt to Fangda Construction Technology Company. The case has entered the enforcement stage. As of the disclosure date of this report, the case regarding the Jiuzuan Plot 09 project has concluded with both first and second instance judgments. The first instance judgment ruled that Longguang Company must pay Fangda Construction Technology Company project payments of RMB9,166,924.08, a quality guarantee deposit of RMB4,875,762.96, and corresponding interest, while also granting priority compensation rights on the proceeds from the sale or auction of the curtain wall fabrication and installation project. The second instance judgment upheld the first instance decision regarding the project payments, quality guarantee deposit, corresponding interest, and priority compensation rights, and additionally ruled that Shenzhen Longguang Junjing Real Estate Development Co., Ltd., the owner of the Longguang Jiuzuan Plot 09 project, is jointly liable for the debt to Fangda Construction Technology Company. The case has entered the enforcement stage.

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

⑤ In December 2024, Fangda Construction Technology Company filed a lawsuit with the People's Court of Futian District, Shenzhen, requesting Shenzhen Suhao Investment Co., Ltd. (hereinafter referred to as "Suhao Company") and Zhang Shengjie to pay Fangda Construction Technology Company the principal and interest of the project payment for the Ziyuan Building curtain wall project, totaling RMB18,600,899.46. The company also claimed the priority right of compensation for construction project payments. In August 2025, the court of first instance issued a judgment ruling that Suhao Company shall pay Fangda Construction Technology Company RMB18,171,796.03 plus overdue interest (calculated at a daily rate of 0.03% on the principal amount of RMB17,814,305.41 from November 1, 2024 until the date of actual repayment; the RMB110,000 already paid by Suhao Company shall be offset against the aforementioned interest), that Zhang Shengjie shall bear joint and several liability for Suhao Company's obligations, and that Fangda Construction Technology Company's priority right to payment for the curtain wall works of the Ziyuanyuan Building Project is confirmed. In September 2025, as Suhao Company and Zhang Shengjie failed to comply with the court judgment, Fangda Construction Technology Co., Ltd. has applied to the Futian District People's Court of Shenzhen Municipality for enforcement. The case is currently under enforcement.

⑥ In August 2025, Fangda Construction & Technology Co., Ltd. filed a lawsuit with the Yuhang District People's Court of Hangzhou City, requesting Zhejiang Fuli Real Estate Development Co., Ltd. and Hangzhou Lianfu Real Estate Development Co., Ltd. to pay RMB10,102,081.10 in principal and interest owed for the Fuli Center project, and asserting a claim for priority compensation with respect to the construction project payment. In January 2026, the court of first instance ruled that Zhejiang R&F Real Estate Development Co., Ltd. and Hangzhou Lianfu Real Estate Development Co., Ltd. shall pay Fangda Construction Technology Company RMB9,915,000 plus interest, and confirmed Fangda Construction Technology Company's priority right to the construction payment. Neither party appealed, and the first-instance judgment has taken effect. As of the disclosure date of this report, the case has entered the enforcement stage.

⑦ In March 2024, Fangda Construction Technology Company filed a lawsuit with the Nanshan District People's Court of Shenzhen, requesting that Shenzhen Roland Sibao Property Development Co., Ltd., Shenzhen Hanking Group Co., Ltd., and Shenzhen Hairun De Petrochemical Technology Co., Ltd. pay a total of RMB59,126,328.21 in principal and interest for construction costs related to the Hanking Finance Project and the Hanking Times Project. In January 2025, Fangda Construction Technology Company reached a settlement with all defendants, and the Nanshan District People's Court issued a judicial confirmation order requiring the defendants to pay a total of RMB55,418,127.73 in principal and interest for the construction costs, with additional personal guarantees provided by their legal representatives, Wu Shaojie and Huang Jianwen. In May 2025, as the defendants failed to make payments as stipulated in the judicial confirmation order, Fangda Company applied to the Nanshan District People's Court for compulsory enforcement. The parties reached an enforcement settlement in July 2025; however, after the defendants defaulted again following the settlement, Fangda Company re-applied for compulsory enforcement in November 2025, demanding that the defendants pay a total of RMB42,490,699.70 in outstanding principal and interest for the Hanking Finance and Hanking Times Projects. As of the date of this report's disclosure, the Nanshan District People's Court of Shenzhen has accepted the enforcement application, and the case is currently under enforcement.

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

By December 31, 2025, the Company has provided loan guarantees for the following entities:

Name of guaranteed entity	Guarantee	Amount (in RMB10,000)	Term
Fangda Property	Guarantee and mortgage guarantee	108,000.00	2025.04.02-2040.03.28
Fangda Intelligent Manufacturing	Guarantee	28,000.00	2024.03.15-2030.03.14
Fangda Construction Technology	Guarantee	10,500.00	2025.03.19-2026.03.18
Fangda Construction Technology	Guarantee	4,000.00	2025.03.21-2026.03.21
Fangda Construction Technology	Guarantee	5,000.00	2025.06.17-2026.06.16
Fangda Construction	Guarantee	4,900.00	2025.05.23-2026.05.18

Name of guaranteed entity	Guarantee	Amount (in RMB10,000)	Term
Technology			
Fangda Construction Technology	Guarantee	29,700.00	2024.06.26-2026.06.25
Fangda Construction Technology	Guarantee	4,000.00	2025.06.30-2026.06.17
Fangda Yunzhu	Guarantee	600.00	2025.03.25-2026.03.24
Fangda Zhiyuan	Guarantee	1,200.00	2025.03.31-2026.03.30
Fangda Zhiyuan	Guarantee	4,000.00	2025.06.20-2026.06.19
Total		199,900.00	

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, 2025, the Company's outstanding amount for the above-mentioned phased guarantees was RMB4,890,000.

3. Others

Status of non-revocation of company as at December 31, 2025:

Currency	Guarantee balance (original currency)	Cash deposits as security (Equivalent in RMB)	Utilized credit facilities (Equivalent in RMB)
CNY	780,950,867.53	31,931.14	780,950,867.53
Hong Kong dollars (HKD)	22,259,665.45	15,000,000.00	20,105,375.03
United States dollars (USD)	5,739,305.43	1,962,466.66	38,377,963.35
Singapore Dollar SGD	18,396,338.00		100,418,250.61
AUD	14,124,550.00		66,232,839.86
Euro (EUR)	1,257,254.67		10,354,120.83
Total		16,994,397.80	1,016,439,417.21

XVI. Post-balance-sheet Events

1. Profit distribution

On April 3, 2026, the sixteenth meeting of the tenth session of the Company's Board of Directors deliberated and approved the full text and summary of the 2025 Annual Report and the "2025 Profit Distribution Proposal." The Company will not distribute cash dividends, issue bonus shares, or convert capital reserves into share capital for the year 2025.

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 03, 2026 (report date approved by the Board of Directors).

XVII. Other material events

1. Segment information

(1) Recognition basis and accounting policy for segment report

The Group divides its businesses into five reporting segments. The reporting segments are determined based on financial information required by routine internal management. The Company's management regularly evaluates the operating results of these reporting segments to decide on the allocation of resources and to assess their performance.

The reporting segments are:

① Curtain wall division: production and sales of curtain wall materials, design, production and installation of building curtain walls, curtain wall testing and maintenance services;

② Rail transit branch: assembly and processing of subway screen doors, screen door detection and maintenance services;

③ Real Estate Segment: Engaging in real estate development and operations, property leasing, and property management services on land for which lawful use rights have been obtained.

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

(5) Others

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

(2) Financial information

In RMB

Item	Curtain wall	Rail transport	Real estate	New energy	Others	Offset between segments	Total
Turnover	2,582,489,536.60	596,770,482.60	185,100,036.04	19,396,434.57	22,995,999.62	29,449,422.99	3,377,303,066.44
Including: external transaction income	2,569,944,686.00	596,770,482.60	176,038,964.94	18,558,764.40	15,990,168.50		3,377,303,066.44
Inter-segment transaction income	12,544,850.60		9,061,071.10	837,670.17	7,005,831.12	29,449,422.99	
Including: major business turnover	2,548,180,137.18	586,079,070.27	184,943,757.90	19,396,434.57	15,990,168.50	24,569,535.92	3,330,020,032.50
Operating cost	2,425,206,394.27	425,418,439.30	79,275,284.65	7,968,831.22	8,267.66	16,340,264.57	2,921,536,952.53
Including: major business cost	2,395,869,372.69	414,437,641.54	54,017,532.42	7,968,831.22	8,267.66	16,340,264.57	2,855,961,380.96
Operation cost	511,878,426.79	70,735,133.33	390,636,076.52	2,899.22	32,765,653.12	-60,234,823.86	1,066,253,012.84
Operating profit/(loss)	-354,595,284.46	100,616,909.97	-284,811,325.13	11,424,704.13	-9,777,921.16	73,343,982.28	-610,486,898.93
Total assets	6,880,323,000.07	977,857,042.55	5,751,277,252.87	130,227,209.06	3,493,828,343.18	4,658,112,779.98	12,575,400,067.75
Total liabilities	4,587,040,203.14	548,307,670.17	3,140,426,669.50	4,155,436.68	1,177,066,961.10	2,489,222,259.19	6,967,774,681.40

(3) Others

① External revenue from principal products and services

Item	2025	2024
Metal production	2,549,499,511.03	3,506,046,473.56
Railroad industry	586,079,070.27	612,264,588.95
New energy industry	18,558,764.40	18,259,004.01
Real estate	175,882,686.80	236,549,368.23

Item	2025	2024
Total	3,330,020,032.50	4,373,119,434.75

② Geographic breakdown of operating revenue

Item	2025	2024
In China	2,995,104,526.33	4,027,988,850.55
Out of China	382,198,540.11	396,235,347.16
Total	3,377,303,066.44	4,424,224,197.71

XVIII. Notes to Financial Statements of the Parent

1. Account receivable

(1) Account age

In RMB

Age	Closing balance of book value	Opening balance of book value
Within 1 year (inclusive)	5,278,640.77	2,857,394.06
Over 3 years	359,129.89	359,129.89
4-5 years		359,129.89
Over 5 years	359,129.89	
Total	5,637,770.66	3,216,523.95

(2) Disclosure by bad debt accrual method

In RMB

Type	Closing balance					Opening balance				
	Remaining book value		Bad debt provision		Book value	Remaining book value		Bad debt provision		Book value
	Amount	Proportion	Amount	Provision rate		Amount	Proportion	Amount	Provision rate	
Account receivable for which bad debt provision is made by group	5,637,770.66	100.00%	411,916.30	7.31%	5,225,854.36	3,216,523.95	100.00%	331,398.60	10.30%	2,885,125.35
Including:										
Combination 3: Other business models	5,637,770.66	100.00%	411,916.30	7.31%	5,225,854.36	3,216,523.95	100.00%	331,398.60	10.30%	2,885,125.35

Total	5,637,770.66	100.00%	411,916.30	7.31%	5,225,854.36	3,216,523.95	100.00%	331,398.60	10.30%	2,885,125.35

Provision for bad debts by combination:

In RMB

Name	Closing balance		
	Remaining book value	Bad debt provision	Provision rate
Less than 1 year	5,278,640.77	52,786.41	1.00%
Over 5 years	359,129.89	359,129.89	100.00%
Total	5,637,770.66	411,916.30	

Group recognition basis:

See 11. Financial Tools in Chapter VIII, V, Important Accounting Policies and Accounting Estimates for the recognition criteria and instructions for withdrawing bad debt reserves by portfolio

If the provision for bad debts on accounts receivable is being made based on the expected credit loss general model:

☐ Applicable ☑ Inapplicable

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

Bad debt provision made in the period:

In RMB

Type	Opening balance	Change in the period				Closing balance
		Provision	Written-back or recovered	Canceled	Others	
Portfolio 3. Others	331,398.60	80,517.70				411,916.30
Total	331,398.60	80,517.70				411,916.30

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

In RMB

Entity	Closing balance of accounts receivable	Closing balance of contract assets	Closing balance of accounts receivable and contract assets	Percentage of total ending balance of accounts receivable and contract assets	Closing balance of provision for bad debts on accounts receivable and impairment of contract assets
No.1	2,386,098.78	0.00	2,386,098.78	42.33%	23,860.99
No.2	2,142,225.63	0.00	2,142,225.63	38.00%	21,422.26
No.3	359,129.89	0.00	359,129.89	6.37%	359,129.89
No.4	227,409.36	0.00	227,409.36	4.03%	2,274.09
No.5	168,095.71	0.00	168,095.71	2.98%	1,680.96
Total	5,282,959.37	0.00	5,282,959.37	93.71%	408,368.19

2. Other receivables

In RMB

Item	Closing balance	Opening balance

Other receivables	1,131,454,187.78	1,622,103,166.85
Total	1,131,454,187.78	1,622,103,166.85

(1) Other receivables

1) Other receivables are disclosed by nature

In RMB

By nature	Closing balance of book value	Opening balance of book value
Accounts between related parties within the scope of consolidation	1,131,408,372.96	1,622,041,266.22
Others	46,277.60	62,836.90
Total	1,131,454,650.56	1,622,104,103.12

(2) Account age

In RMB

Age	Closing balance of book value	Opening balance of book value
Within 1 year (inclusive)	3,425,432.76	53,408,271.79
1-2 years	53,345,434.89	642,978,380.00
2-3 years	632,978,380.00	92,577,980.00
Over 3 years	441,705,402.91	833,139,471.33
3-4 years	92,577,980.00	680,897,404.79
4-5 years	318,667,629.82	152,242,066.54
Over 5 years	30,459,793.09	0.00
Total	1,131,454,650.56	1,622,104,103.12

(3) Disclosure by bad debt accrual method

In RMB

Type	Closing balance					Opening balance				
	Remaining book value		Bad debt provision		Book value	Remaining book value		Bad debt provision		Book value
	Amount	Proportion	Amount	Provision rate		Amount	Proportion	Amount	Provision rate	
Including:										
Provision for bad debts by combination	1,131,454,650.56	100.00%	462.78	0.00%	1,131,454,187.78	1,622,104,103.12	100.00%	936.27	0.00%	1,622,103,166.85
Including:										
First stage	46,277.60	0.00%	462.78	1.00%	45,814.82	62,836.90	0.00%	936.27	1.49%	61,900.63
Related	1,131,40	100.00%	0.00	0.00%	1,131,40	1,622,04	100.00%	0.00	0.00%	1,622,04

party funds within the scope of consolidation	8,372.96				8,372.96	1,266.22				1,266.22
Total	1,131,454,650.56	100.00%	462.78	0.00%	1,131,454,187.78	1,622,104,103.12	100.00%	936.27	0.00%	1,622,103,166.85

Allowance for doubtful accounts by portfolio: Portfolio 1 – Stage 1

In RMB

Name	Closing balance		
	Remaining book value	Bad debt provision	Provision rate
Portfolio 1: First stage	46,277.60	462.78	1.00%
Total	46,277.60	462.78	

Description of the basis for determining the portfolio: Provision for bad debts is made on the basis of the general model of expected credit losses.

Provision for bad debts by portfolio: Portfolio 4: Amounts from related parties within the scope of consolidation

In RMB

Name	Closing balance		
	Remaining book value	Bad debt provision	Provision rate
Portfolio 4: related party funds within the scope of consolidation	1,131,408,372.96	0.00	0.00%
Total	1,131,408,372.96	0.00	

Provision for bad debts based on general model of expected credit losses

In RMB

Bad debt provision	First stage	Second stage	Third stage	Total
	Expected credit losses in the next 12 months	Expected credit loss for the entire duration (no credit impairment)	Expected credit loss for the entire duration (credit impairment has occurred)	
Balance on Wednesday, January 1, 2025	936.27			936.27
Balance on Wednesday, January 1, 2025 in the current period				
Provision	-473.49			-473.49
Balance on Wednesday, December 31, 2025	462.78			462.78

Criteria for stage division and provision ratios for bad debts

Changes in book balances with significant changes in the current period

☐ Applicable ☑ Inapplicable

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

Bad debt provision made in the period:

In RMB

Type	Opening balance	Change in the period				Closing balance
		Provision	Written-back or recovered	Write-off	Others	
Other receivables and bad debt provision	936.27	-473.49				462.78
Total	936.27	-473.49				462.78

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

In RMB

Entity	By nature	Closing balance	Age	Percentage (%)	Balance of bad debt provision at the end of the period
Shenzhen Fangda Property Development Co., Ltd.	Related party funds within the scope of consolidation	3,379,155.16	Less than 1 year	82.16%	
		12,706,314.89	1-2 years		
		615,478,380.00	2-3 years		
		72,577,980.00	3-4 years		
		225,409,345.03	4-5 years		
Fangda (Jiangxi) Property Development Co., Ltd.	Related party funds within the scope of consolidation	40,639,120.00	1-2 years	15.15%	
		17,500,000.00	2-3 years		
		20,000,000.00	3-4 years		
		93,258,284.79	4-5 years		
Shihui International Holding Co., Ltd.	Related party funds within the scope of consolidation	30,459,793.09	Over 5 years	2.69%	
Housing provident fund	Non-related parties	23,311.00	Less than 1 year	0.00%	233.11
Social insurance contributions	Non-related parties	20,070.95	Less than 1 year	0.00%	200.71
Total		1,131,451,754.91		100.00%	433.82

3. Long-term share equity investment

In RMB

Item	Closing balance			Opening balance		
	Remaining book	Impairment	Book value	Remaining book	Impairment	Book value

	value	provision		value	provision	
Investment in subsidiaries	1,706,562,530.00		1,706,562,530.00	1,657,062,530.00		1,657,062,530.00
Total	1,706,562,530.00		1,706,562,530.00	1,657,062,530.00		1,657,062,530.00

(1) Investment in subsidiaries

In RMB

Invested entity	Opening book value	Beginning balance of impairment provisions	Change (+,-)				Closing book value	Balance of impairment provision at the end of the period
			Increased investment	Decreased investment	Impairment provision	Others		
Fangda Construction Technology	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 Investment Holding Company	98,000,000.00						98,000,000.00	
Fangda Intelligent Manufacturing	198,000,000.00		49,500,000.00				247,500,000.00	
Fangda Zhiyuan	237,554,277.00						237,554,277.00	
Total	1,657,062,530.00		49,500,000.00				1,706,562,530.00	

4. Operational revenue and costs

In RMB

Item	Amount occurred in the current period		Occurred in previous period	
	Income	Cost	Income	Cost
Main business	22,995,999.62	8,267.66	22,532,419.32	81,137.33
Total	22,995,999.62	8,267.66	22,532,419.32	81,137.33

Breakdown of operating revenues and operating costs:

In RMB

Contract classification	Others		Total	
	Turnover	Operating cost	Turnover	Operating cost
Business type				

Of which: Others	22,995,999.62	8,267.66	22,995,999.62	8,267.66
Total	22,995,999.62	8,267.66	22,995,999.62	8,267.66

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

The amount of revenue corresponding to the performance obligations that have been signed, but not yet performed or not yet performed at the end of the reporting period is 55,758,625.66 yuan, of which 13,202,434.52 yuan is expected to be recognized in 2026, and 9,830,856.80 yuan is expected to be recognized in 2027, 32,725,334.34 yuan It is expected that revenue will be recognized in 2028 and beyond.

5. Investment income

In RMB

Item	Amount occurred in the current period	Occurred in previous period
Investment income of trading financial assets during the holding period	176,162.22	
Dividends distributed by subsidiaries	25,500,000.00	72,929,550.62
Total	25,676,162.22	72,929,550.62

XIX. Supplementary Materials

1. Detailed accidental gain/loss

☑ Applicable □ Inapplicable

In RMB

Item	Amount	Notes
Gain/loss of non-current assets	-3,032,277.77	
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)	7,081,782.93	
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	1,491,525.97	
One-time expenses incurred by the enterprise due to the discontinuation of related business activities, such as expenditures for employee placement.	-1,145,361.48	
Gain/loss from change of fair value of investment property measured at fair value in follow-up measurement	-280,731,968.67	
Other non-business income and expenditures other than the above	-17,778,105.99	

Less: Influenced amount of income tax	-73,720,330.38	
Impact on minority interests (after tax)	-38.58	
Total	-220,394,036.05	--

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

☐ Applicable ☑ Inapplicable

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

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

☐ Applicable ☑ Inapplicable

2. Net income on asset ratio and earning per share

Profit of the report period	Weighted average net income/asset ratio	Earning per share	
		Basic earnings per share (yuan/share)	Diluted Earnings per share (yuan/share)
Net profit attributable to common shareholders of the Company	-8.75%	-0.48	-0.48
Net profit attributable to the common owners of the PLC after deducting of non-recurring gains/losses	-4.98%	-0.27	-0.27

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

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

☐ Applicable ☑ Inapplicable

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

☐ Applicable ☑ Inapplicable

(3) Differences in financial data using domestic and foreign accounting standards, the overseas institution name should be specified if the difference in data audited by an overseas auditor is adjusted

None