China Fangda Group Co., Ltd.

2026 Interim Report

August 2026

Chapter 1 Important Statement, Table of Contents and Definitions

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

Mr. Xiong Jianming, the 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 interim report.

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

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

The Company has detailed the potential risks the company may face in this report. Please refer to the section X. Risks and Countermeasures Faced by the Company in Chapter 3 Management Discussion and Analysis for more information.

The Company will distribute no cash dividends or bonus shares and has no reserve capitalization plan.

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Reference

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

2. 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 Construction Technology	Refers to	Shenzhen Fangda Construction Technology 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

I. Company Profile

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.		
English name (if any)	Fangda Group		
English name (if any)	CHINA FANGDA GROUP CO.,LTD.		
English abbreviation (if any)	CFGC		
Legal representative	Xiong Jianming		

II. Contacts and liaisons

	Secretary of the Board	Representative of Stock Affairs
Name	Ye Zhiqing	Guo Lingchen
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III. Other Information

1. Liaison

Changes to the Company's registration address, office address, post code, website or email during the report period

□ Applicable ☑ Inapplicable

Company's registration address, office address, post code, website or email have not changed during the report period. See Annual Report 2025 for details.

2. Information disclosure and inquiring

Changes to the information disclosure and inquiring place

□ Applicable ☑ Inapplicable

The names and websites of the securities exchange websites and media where the company discloses its semi-annual report, as well as the location of the company's semi-annual report, remain unchanged during the reporting period. Please refer to the 2025 annual report for specific details.

3. Other information

Whether other relevant information has changed during the reporting period

□ Applicable ☑ Inapplicable

IV. Financial Highlight

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

□ Yes ☑ No

	This report period	Same period last year	Year-on-year change (%)
Turnover (yuan)	1,551,057,757.28	1,598,286,450.04	-2.95%
Net profit attributable to shareholders of the listed company (yuan)	54,501,089.34	17,289,598.23	215.22%
Net profit attributable to the shareholders of the listed company and after deducting of non-recurring gain/loss (yuan)	49,718,847.69	14,383,496.33	245.67%
Net cash flow generated by business operation (yuan)	7,667,221.67	-266,347,227.85	102.88%
Basic earnings per share (yuan/share)	0.0508	0.0161	215.53%
Diluted Earnings per share (yuan/share)	0.0508	0.0161	215.53%
Weighted average net income/asset ratio	0.98%	0.28%	0.70%
	End of the report period	End of last year	Year-on-year change
Total asset (yuan)	12,270,886,027.75	12,575,400,067.75	-2.42%
Net profit attributable to the shareholders of the listed company (RMB)	5,547,312,310.75	5,559,285,130.74	-0.22%

V. 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.

VI. Accidental gain/loss item and amount

☑ Applicable □ Inapplicable

In RMB

Item	Amount	Notes
Non-current asset disposal gain/loss (including the write-off part for which assets impairment provision is made)	149,689.17	
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)	2,608,161.54	
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	745,970.57	
Gain/loss from change of fair value of investment property measured at fair value in follow-up measurement	2,196,417.29	
Other non-business income and expenditures other than the above	-40,931.38	
Less: Influenced amount of income tax	877,065.54	
Impact on minority interests (after tax)	0.00	
Total	4,782,241.65	

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

I. 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. The Company has under its umbrella 1 "Manufacturing Single Champion Product," 1 "National Quality Leader Enterprise," 2 "National Intellectual Property Advantage Enterprises," 7 National High-tech Enterprises, 4 "Specialized, Refined, Distinctive, and Innovative" (SRDI) enterprises, and 2 provincial-level Engineering Technology Research Centers.

During the reporting period, in the face of profound industry adjustments, the Company remained committed to innovation-driven development and vigorously promoted the deep integration of next-generation information technologies—such as artificial intelligence (AI) and big data—with its core business. While consolidating its domestic market leadership, the Company expanded its presence in overseas markets and systematically advanced its internationalization strategy, achieving leapfrog growth in orders from two key regional markets: Australia and the Middle East. In addition, through the establishment of a full-process risk management system, the Company closely monitored project settlements, intensified collection efforts, continuously optimized its accounts receivable structure, and strictly enforced project entry criteria, thereby safeguarding high-quality and sustainable development. During the reporting period, the Company recorded operating revenue of RMB 1,551,057,800, down 2.95% year-on-year; net profit attributable to owners of the parent company reached RMB 54,501,100, up 215.22% year-on-year. Total accounts receivable decreased by 6.96% from the beginning of the period. Net cash flow from operating activities amounted to RMB 7,667,200, an increase of RMB 274 million year-on-year, turning positive compared to the same period last year. Newly signed orders totaled RMB 1,653,099,100, up 91.71% year-on-year, of which newly signed overseas orders accounted for 56.03%. Both order volume and structure improved, demonstrating strong growth resilience. As of the end of the reporting period, the Company's order backlog stood at RMB 6,460,882,300, including overseas order backlog of RMB 3,113,749,900, representing 48.19% of the total and a year-on-year increase of 39.83%. The Company's global footprint continues to deepen, with the share of overseas order backlog rising steadily, laying a solid foundation for sustained future performance growth.

(I) Intelligent Platform Screen Door Systems for Rail Transit

1. Three Consecutive Wins: Leading the New Track of High-Speed Railway Platform Screen Doors

The Company has continued to deepen its expertise in the rail transit platform screen door sector, achieving remarkable results in both technological innovation and market expansion. Notably, significant breakthroughs have been made in both the technology and application scenarios of high-speed railway (HSR) platform screen doors. As a global first, the Company's HSR platform screen doors utilize AI multi-modal fusion technology and have obtained CRCC certification. Compatible with multiple train models, the system resolves the challenge of variable door positions caused by mixed-model operations. It enables automatic and precise alignment through AI visual recognition without reliance on the HSR signaling system.

During the reporting period, the Company successively won bids for projects to install additional platform screen doors at Platforms 11 and 12 of Shenzhen North Station and Platforms 1–4 of Dongguan Humen High-Speed Railway Station. Following the Shenzhen Futian High-Speed Railway Station project in 2025, this marks another instance where the Company has provided intelligent full-sliding platform screen door solutions for core HSR hubs.

Shenzhen North Station is a super-large comprehensive railway hub in the Guangdong-Hong Kong-Macao Greater Bay Area, featuring 11 platforms and 20 tracks. It handles over 1,500 train arrivals and departures daily, with passenger throughput reaching 126 million in 2025, ranking among the top three nationwide. As the only stop on the Guangzhou-Shenzhen-Hong Kong High-Speed Railway within Dongguan, Dongguan Humen High-Speed Railway Station handled nearly 20 million passengers in 2025. Both stations are among the busiest HSR hubs in China. The renovation projects involve the demolition of existing facilities and the construction of new half-height full-sliding platform screen doors, establishing a robust safety barrier for these heavily loaded hubs.

From the full-height platform screen doors at Futian Station to the half-height ones at Shenzhen North and Dongguan Humen stations, Fangda's HSR platform screen door products now offer comprehensive coverage of both full-height and half-height configurations. They represent the first full-sliding platform screen doors in China installed directly against the platform edge at an HSR station. Furthermore, Fangda has become the first supplier to install full-sliding platform screen doors at an HSR station with annual passenger traffic exceeding 100 million.

The successful adoption of Fangda's HSR platform screen door systems at the aforementioned stations signifies the Company's official transition from product validation to large-scale deployment. Marking a true leap from the "metro era" into the "high-speed rail era," the Company has opened a brand-new chapter in the emerging market of HSR platform screen doors.

Advancing Global Presence and Standard Leadership: Rail Transit Platform Screen Door Business Demonstrates Growing International Influence

As a pioneer and leader in intelligent rail transit platform screen doors, the Company has steadfastly pursued its globalization strategy. Its products and services now span multiple countries and regions, including Singapore, Malaysia, Hong Kong (China), Taipei (China), Thailand, India, Greece, Colombia, and the Philippines, earning widespread international recognition for high-quality and reliable system solutions. During the reporting period, all sections of India's NCRTC project commenced through-service operations, with Indian Prime Minister Narendra Modi presiding over the inauguration ceremony. As India's first Regional Rapid Transit System (RRTS), the line adopts a mixed-operation mode integrating high-speed rail and metro services. The platform screen door systems supplied by the Company precisely accommodate complex operating conditions—including non-stop high-speed train pass-through, bidirectional traffic, and multi-model train stops—thereby supporting the development of a seamless, efficient, modern, and sustainable public transport network in India's National Capital Region. This achievement further underscores the Company's deepening engagement in Belt and Road Initiative (BRI) projects. Meanwhile, the platform screen door system at Platform 4 of Hong Kong Airport Express Station was commissioned to support capacity expansion at this international aviation hub, serving as critical transport infrastructure for Hong Kong International Airport. From exporting products to exporting technology and brand value, the Company is completing a global transition from equipment export to standard export.

In domestic project delivery, the Company ensured the successful launch of the initial section of Wuhan Metro Line 12, which operates with GoA4 fully automatic operation—the highest automation level. The Company's platform screen door system achieves Safety Integrity Level (SIL) 2 and enables millisecond-level real-time data interaction between trains and doors. Once the entire loop line is operational, it will become the world's second-longest and Asia's longest circular metro line. Concurrently, Phase II (Northern Extension) of Shenzhen Metro Line 13 also entered service; as another GoA4 fully automatic line, its full-line commissioning across 11 stations was completed within just 15 days, passing final acceptance inspection on the first attempt. During the reporting period, the Company received multiple authoritative customer accolades, including the sole "2025 Annual Safety Gold Award" from MTR Corporation (Hong Kong); "2025 Outstanding Supplier" and "2025 Outstanding Contribution Unit for Line Openings" from Shenzhen Metro Group; "2025 Outstanding Partner" from Wuhan Metro Group; and "Advanced Supplier" for Dongguan Rail Transit Line 1. These honors reflect the Company's continuously strengthening brand influence.

In terms of standard leadership, the Company served as lead drafter for both the first national standard in the sector, Urban Rail Transit Platform Screen Door Systems (GB/T 46749-2025, effective May 1, 2026), and the first industry standard, Platform Screen Doors for Urban Rail Transit (CJ/T 236-2022). It also participated in drafting numerous other national, industry, and enterprise standards, promoting standardized and regulated industrial development while providing Chinese technical standards to support BRI projects abroad. The Company's management systems continue to operate effectively, having successfully passed annual audits for IRIS (International Railway Industry Standard) as well as ISO 14001, ISO 45001, and ISO 27001 certifications. Continued validity of these certificates provides robust institutional assurance for the Company's participation in global competition. From exporting products to exporting standards, the Company is reshaping the global landscape of rail transit equipment with Chinese solutions.

During the reporting period, revenue from the Company's intelligent rail transit platform screen door equipment and systems segment reached RMB 255,530,900. At period-end, order backlog for this segment stood at RMB 2,089,055,100, equivalent to 8.18 times the segment's H1 2026 revenue, laying a solid foundation for sustained high-quality growth.

3. Deep AI Integration Empowers Innovation: Abundant Technological Achievements in Rail Transit Platform Screen Doors

The Company has continued to deepen the integration of artificial intelligence (AI) with its core rail transit platform screen door business, achieving multiple milestone results in production processes, equipment management, intelligent operations and maintenance (O&M), and visual recognition, significantly enhancing its technological capabilities and product competitiveness.

In intelligent manufacturing process innovation, the Company built the industry's first robotic assembly intelligent production line. Centered on the deep integration of robotic clusters and AI algorithms, the line achieves fully automated closed-loop operations—from material loading and assembly to stacking. Through intelligent trajectory planning, dual-robot collaborative high-precision assembly, and AI-based zone interlock monitoring, the line attains millimeter-level operational precision and autonomous collision avoidance. An integrated intelligent stacking compensation system enables precise unified control of unloading, padding, and stacking. With autonomous perception, decision-making, and execution—requiring no human intervention throughout the process—the line has significantly improved production yield and operational safety, marking the transition of core platform screen door component manufacturing into a new intelligent era of "machines replacing humans, data driving operations."

In intelligent O&M system development, the Company's Condition Monitoring intelligent O&M system has been deployed on Singapore's J152 project (Jurong Region Line) and has entered the Factory Acceptance Test (FAT) confirmation phase. Integrating real-time line-wide equipment monitoring, intelligent diagnostics, and predictive maintenance, the system provides owners with a comprehensive smart O&M solution.

In AI visual recognition technology, the train AI visual recognition system—optimized for high-speed rail (HSR) scenarios—has been deployed at Shenzhen Futian High-Speed Railway Station. By precisely identifying train models, stopping positions, and door status, the system achieves accurate positioning and rapid response control. In the absence of an interface between the signaling system and the HSR platform screen doors, it enables fully automatic operation of the doors, providing robust support for capacity enhancement on the Guangzhou-Shenzhen-Hong Kong High-Speed Railway. The train AI visual recognition system has also been installed as a full prototype on Singapore's Bukit Panjang Light Rail Transit (LRT). Independent of the signaling system, the system autonomously identifies the entire process of train entry and exit through visual recognition and can replace the signaling system to control platform screen door operations, offering an ideal solution for legacy line retrofits lacking signaling interfaces.

In system platform innovation, the Company has deeply integrated AI with digital twin technology to build a next-generation intelligent platform screen door ecosystem. Leveraging LiDAR point cloud modeling and multi-sensor fusion, the platform achieves millimeter-level precise alignment and coordinated control between platform screen doors and train doors. It is adaptable to trains of different formations, significantly enhancing compatibility for mixed-model operations and improving transport capacity and efficiency. The Company continues to lead the evolution of platform screen doors from conventional electromechanical equipment toward highly intelligent core rail transit systems.

From intelligent O&M to AI visual recognition, from digital twin coordination to signal-free autonomous control, AI is comprehensively reshaping the technological boundaries of rail transit platform screen doors. The Company is driving the evolution of platform screen door systems from "reliable execution" to "autonomous perception," and from "passive response" to "proactive prevention," continuing to lead the industry's transformation from traditional electromechanical equipment to highly intelligent core systems—delivering a compelling answer sheet for China's intelligent manufacturing leadership in the global wave of rail transit digitalization.

4. Building a Global Full-Value-Chain Service System to Deepen the "Technology + Service" Dual-Wheel Drive

The Company is accelerating its transformation from an equipment manufacturer of rail transit platform screen door systems into a full-value-chain service provider integrating "equipment manufacturing + comprehensive technical services." It has established a complete industrial closed loop spanning "R&D—manufacturing—installation—maintenance," achieving a comprehensive upgrade from single product export to a dual-output business model of "products + services."

In terms of industrial layout, the Company has aligned closely with domestic and overseas market demand, continuously enhancing its global O&M service network. Domestically, the Wuhan production base has been successfully commissioned, further strengthening regional production capacity. Overseas, leveraging Hong Kong's unique geographic advantages, the Company has established a Hong Kong subsidiary and built a Global Platform Screen Door Maintenance Center, integrating maintenance technology, a global spare parts supply chain, and overseas after-sales team resources to create a unified global O&M service hub for the Group. The center's services cover local line maintenance in Hong Kong, after-sales support for Southeast Asian projects, as well as annual maintenance for existing lines and O&M for legacy line retrofits, continuously expanding incremental maintenance business opportunities and further refining the integrated service model of "equipment sales + long-term O&M."

During the reporting period, revenue from the Company's comprehensive technical services for rail transit platform screen doors reached RMB 43,426,400, up 29.80% year-on-year. Newly signed orders for comprehensive technical services increased by 108.08% year-on-year, establishing this business as a new engine for the Company's growth. With a global O&M service network covering over 30 cities and the remote precision diagnostic capabilities of its CBMS intelligent O&M system, the Company is pursuing an innovative path of "turning technology into products, products into services, and services into value," continuously consolidating its leadership in the global rail transit platform screen door sector.

(II) Intelligent Curtain Wall Systems and New Materials

1. Focusing on High-End Premium Projects: Deepening Global Presence

Adhering to a high-end premium strategy, the Company remains firmly anchored in the domestic and overseas high-end curtain wall markets. By cultivating quality clients and key regions while securing major landmark projects, it provides customers with full-process, one-stop comprehensive curtain wall solutions. In overseas markets, the Company pursues a dual-track development strategy of "deepening engagement in mature markets and expanding into emerging markets," continuously enhancing its project acquisition capabilities and delivery performance.

Australia remains one of the Company's key overseas advantage markets. During the reporting period, the Company successfully won bids for multiple high-quality projects, including the Canberra Theatre, Melbourne CDC Data Centre, Iglu Kensington Student Accommodation in Sydney, and Palmera Residences on the Gold Coast, significantly improving project responsiveness and delivery quality.

In the Middle East, the Company deepened its presence in the core UAE market, achieving breakthroughs in high-end market access. During the reporting period, it secured multiple curtain wall projects, including Enara and One River Point in Dubai. In Saudi Arabia, leveraging strong partnership resources, the Company obtained project bidding qualifications, opening a critical pathway for deeper market penetration.

In Southeast Asia and other high-potential markets, the Company continued to strengthen cooperation with reputable local enterprises. During the reporting period, it won the bid for Dhaka Tower in Dhaka, Bangladesh. Upon completion, this project will become a local landmark, effectively enriching the Company's track record of overseas super-high-rise curtain wall projects and laying a solid foundation for scaled expansion across Southeast Asia. Meanwhile, focusing on Indonesia, Vietnam, and other countries, the Company steadily advanced product certification and market compliance efforts. It completed building materials market access certification for Mongolia and accelerated its layout in Hong Kong, Macao, and Taiwan markets, continuously winning and implementing regional engineering projects.

In the domestic market, the Company successively secured bids for high-quality benchmark projects, including Shanghai Yachuang Automotive Electronics Headquarters Base, CIQTEK Shanghai Zhangjiang R&D Center, Guangzhou Bee Assistant

Future Technology Building, Guangzhou Quwan Technology Global Headquarters, Beihaojia Chengdu Beichen S1 Project, and Suzhou Inovance New Energy Vehicle Components Production Base. Over 80% of newly signed domestic projects are self-built corporate facilities, featuring clients with strong creditworthiness and favorable payment terms, ensuring an overall high-quality and risk-controllable project portfolio.

During the reporting period, new orders for the Company's smart curtain wall and new materials segment totaled RMB 1596,649,300, up 110.40% year-on-year. Of this total, newly signed overseas orders reached RMB 915,308,500, surging 895.01% year-on-year, marking particularly significant progress in overseas market development. During the reporting period, revenue from the smart curtain wall and new materials segment amounted to RMB 1,199,918,500, up 1.27% year-on-year. At period-end, order backlog stood at RMB 4,371,827,200, equivalent to 3.64 times the segment's H1 revenue. As previously secured high-quality overseas orders were progressively converted into revenue, the share of overseas revenue in the curtain wall systems and new materials segment rose from 5.64% in FY2025 to 15.46% in the current reporting period. This reflects a continuing optimization of the revenue mix and steady improvements in overall operational quality and profitability.

2. AI Empowers Full-Value-Chain Innovation: Abundant Achievements in Smart Curtain Wall Systems and New Materials

The Company has continued to deepen the integration of artificial intelligence (AI) with its curtain wall and new materials business, embedding intelligent technologies across core areas including green energy efficiency, prefabricated construction, new materials application, and complex curtain wall systems, thereby building end-to-end breakthrough capabilities spanning technology R&D, product iteration, and engineering application.

① AI Accelerates Quality and Efficiency Enhancement Across the Full Value Chain

The Company has established an AI Research and Application Promotion Team to leverage AI technology for enhanced management efficiency. The team focuses on researching and applying AI-assisted tools, methodologies, and business scenarios across the entire value chain and various operational processes, covering diverse applications such as an intelligent collaborative assistant for the full curtain wall bidding process, a BIM-based AI curtain wall cutting optimization system, an AI collaborative management platform for curtain wall engineering quality, and an AI-assisted project risk management tool. Leveraging AI, the Company continues to optimize its nine major information management systems. Through in-depth collaboration with Huawei Cloud, it has comprehensively upgraded its factory MES, enabling seamless information exchange and resource sharing from daily operations to the full lifecycle of curtain wall projects. To support overseas business expansion, the Company conducts collaborative design on platforms including ACC, Aconex, and Simpel, effectively streamlining cross-disciplinary coordination and collaboration for overseas projects.

In engineering practice, the Company deeply integrates full-process BIM application, 3D scanning, and reverse modeling, enhancing the practical application of digital twin technology. In production, the MES system enables data-driven planning and real-time monitoring based on aggregated data, bridging data flow across departments and functional modules. The system automatically performs summary analysis and adjusts correlated data, achieving scientific linkage and real-time follow-up between upstream and downstream schedules. New features added to the MES include quality statistical reports, pre-coating parameter monitoring, and customized quality inspection for orders, enabling process hold control for non-conforming products. The Company independently developed VBA plug-ins to synchronize form data and add early-warning functions, effectively reducing manual operation errors.

For complex and challenging irregular-shaped curtain wall projects, the Company combines 3D scanning equipment with AI-assisted technology to implement digital incoming material inspection and full-process visual quality control at construction sites, comprehensively improving refined quality control for irregular curtain walls. Concurrently, the Company is advancing the R&D and application of an AI quality collaborative management platform for curtain wall engineering. Relying on this digital platform, it establishes a full-process closed-loop quality control chain, accumulating engineering quality data and professional expertise to enable digital reuse of experience.

② Accelerated Launch of New Products with Tangible Results in Overseas Customization

The Company continues to strengthen technological breakthroughs and product innovation in key areas including prefabricated construction, green energy efficiency, and high-end curtain wall systems. To address the differentiated needs of Middle Eastern and Australian markets, the Company has developed a range of products including Middle East-standard framed curtain wall systems, Middle East-standard unitized curtain wall systems, mullion-free glass balustrade systems, sand-proof louvers, triple-blade louver systems, and AS/NZS 4284-compliant three-track sliding doors for Australia. Some of these products have already passed performance testing and certification.

In new materials development and application, the Company focuses on R&D of high-value-added artistic aluminum panels—including expanded metal double-curved panels, wave-patterned panels, and ultra-large modular prefabricated panels—and has customized dark bronze-brushed and ceramic-like high-gloss aluminum panels to precisely match regional architectural aesthetics and quality standards through differentiated surface finishes. For the Middle East market specifically, the Company has developed snap-on perforated kits, profile-based and wooden handrails with steel substructures, stone-look aluminum panels that emulate local stonework, as well as iridescent aluminum panels featuring controlled color variation and excellent coating uniformity. The Company has also completed development of multiple innovative products, including integrated bathroom vanities (integrating stone honeycomb composite and one-piece corner forming technologies), cast aluminum veneer, antique bronze series panels, linear-textured stone-look panels, anodized-look panels, iridescent panels, and glazed tile-finish aluminum panels.

Green and eco-friendly materials such as Building Integrated Photovoltaics (BIPV) are increasingly adopted in smart curtain wall applications. Projects including Shenzhen Qianhai Financial Holdings Tower and Guangzhou Kugou Music Building have been successfully delivered, effectively reducing building energy consumption and carbon emissions. The design of the BIPV power-generating unitized curtain wall system for Australia has been completed, with sample fabrication and fire performance testing now underway. Concurrently, the Company is advancing upgrades to its environmental protection facilities: newly installed enclosed grinding booths enable targeted dust collection during aluminum panel grinding; solvent distillation recovery units now reclaim over 100 liters of spray diluent daily; and a new temperature- and humidity-controlled powder warehouse ensures raw material storage quality—continuously reinforcing the foundation for green manufacturing.

③ Industry-Academia-Research Collaborative Innovation Ecosystem Continuously Strengthened

The Company remains steadfast in advancing deep integration of industry, academia, and research. It has signed a long-term strategic cooperation agreement with the College of Mechanics and Civil Engineering at Jinan University, collaborating on multiple fronts including big data for building curtain walls, intelligentization, complex steel structure systems, and new materials performance research. The Company has been approved to establish a "Shenzhen Postdoctoral Innovation Practice Base," further bridging the "university–enterprise–industry" cycle. This provides a powerful engine for attracting and cultivating high-end research talent and driving the curtain wall industry's upgrade toward intelligentization and green development. The Company's independently developed "Vertically Offset Curtain Wall Finishing System" and "Ultra-Large High-Vanadium Cable Curtain Wall Technology" were selected for the "Shenzhen Enterprise Innovation (China) Records." Its "Ultra-High Suspended Curtain Wall Construction Technology," which enables "building curtain walls in mid-air," was named to the Top Ten Innovative Applications List in the curtain wall industry. This technology has been applied to the Qianhai Financial Holdings Tower—the tallest building under construction in Shenzhen Qianhai at 245 meters—demonstrating the Company's top-tier intelligent construction capabilities in extreme working conditions and the installation of ultra-large, irregular-shaped curtain walls. The Company was awarded the title of "Advanced Organization" in academic exchange at the 2026 Shenzhen Keyuan Award for Building Doors, Windows, and Curtain Walls. Multiple curtain wall designers received "Outstanding Paper Awards" for their academic achievements, further enhancing the Company's industry influence.

3. Strengthening Cash Collection to Safeguard Operational Security

The Company prioritizes risk control and cash flow security in its operations, continuously strengthening accounts receivable management through systematic and refined collection control mechanisms. At the end of the reporting period, total accounts receivable decreased by 6.96% from the beginning of the period. Net cash flow from operating activities reached RMB 7.6672 million, an increase of RMB 274 million year-on-year, turning positive from negative. This significant improvement in cash flow has further enhanced the Company's operational quality and financial resilience. This turnaround is a phased achievement resulting from the Company's commitment to its high-quality development strategy and intensified efforts in cash collection. With the gradual conversion of overseas high-gross-margin orders, the Company's profitability is expected to continue improving. Coupled with the normalized operation of collection control mechanisms, the Company's self-sustaining cash generation capacity is steadily increasing, and its cash flow position is poised for continued optimization.

On the business origination front, the Company strictly controls project access, focusing on high-quality clients and orders with strong payment assurance to effectively mitigate incremental operational risks. For existing receivables, the Company implements categorized strategies and targeted collection efforts, leveraging multiple measures to intensify recovery. The Company has established a full-process collection control system covering pre-event, in-process, and post-event stages. It coordinates key matters through regular special meetings, dynamically tracks execution, and strengthens response mechanisms at critical junctures to ensure timely issue resolution. Meanwhile, the Company continues to strengthen progress billing management for ongoing projects to ensure timely payments at contractual milestones. For settled projects, it regularly reviews and resolves bottlenecks and difficulties in settlement, accelerates approval processes, and effectively drives the collection of settlement payments. The Company will continue to optimize management processes and improve capital recovery efficiency, providing solid financial support for sustainable operations.

(3) New energy industry

Seizing the opportunities presented by the global energy transition, the Company has positioned new energy as a key strategic segment driving green growth and sustainable development. As one of the earliest enterprises in China engaged in the design, manufacturing, and integration of Building Integrated Photovoltaics (BIPV) systems, the Company has established integrated industrial capabilities spanning R&D, product manufacturing, system integration, and O&M services, forging differentiated competitive advantages in the cross-sector integration of architecture and photovoltaics.

During the reporting period, the Company continued to deepen its focus on the core BIPV sector. It provided a PV power generation system solution for the Qianhai Financial Holdings Tower in Shenzhen, which is projected to generate an average of 105,000 kWh annually and reduce CO_2 emissions by 104.7 tonnes per year, further consolidating the Company's demonstration effect and technological leadership in high-end BIPV applications.

The Company's self-owned rooftop distributed PV stations at Pingxiang (Jiangxi), Jiangling Motors Parking Lot (Nanchang, Jiangxi), Songshan Lake Base (Dongguan), Ganzhou Production Base, and Shanghai Production Base continued to operate stably. During the reporting period, these stations generated a cumulative 10.0984 million kWh of electricity and reduced CO_2 emissions by 10,068 tonnes. All PV projects are operating well, continuously contributing stable profits and cash flows. They have become a vital component of the Company's green asset portfolio, demonstrating the sustainable development potential of the new energy business driven by both economic and environmental benefits.

(IV) Commercial Management and Services

The Company's commercial management and property services focus on two core cities, Shenzhen and Nanchang. Driven by the dual engines of "precise positioning + digital empowerment," the Company continuously enhances asset operational efficiency and service quality, unlocking the value of existing assets.

In the Shenzhen market, leveraging the locational advantages and innovation factor agglomeration effects of the Guangdong-Hong Kong-Macao Greater Bay Area, the Company continues to deepen leasing innovation and operational upgrades. At the end of the reporting period, the sell-through rate for the Shenzhen Fangda Town project reached 98.84%, with an occupancy rate of 56.84% for self-held properties; the occupancy rate for Shenzhen Fangda Technology Tower stood at 81.44%. Despite overall pressure and cyclical demand adjustments in the Shenzhen office market, the Company's projects maintained steady operations. Located in the core of the Honggutan CBD, Nanchang Fangda Center has benefited from the provincial capital's functional upgrades and rising regional value. The project maintains high market attention and strong rental support. At the end of the reporting period, its sell-through rate reached 47.48%, with an occupancy rate of 89.29% for self-held properties.

The Company continues to advance its "AI + Property Services" digital ecosystem, comprehensively promoting the development of a property services management middle platform and iterating its AI-powered customer service infrastructure to drive the transformation from isolated smart applications to integrated intelligent operations. On the customer service front, the Company upgraded its WeCom-based property manager capabilities, enabling one-click access to fee inquiries, payments, and work order tracking, significantly improving service responsiveness and customer experience. Regarding energy-saving retrofits, the Company organized technical discussions to optimize the central air conditioning control system for the Fangda Town project and refined the AI-based intelligent control implementation plan, laying the technical groundwork for retrofit execution in the second half of the year.

Going forward, the Company will continue to leverage digital tools to empower precise operational decision-making and deepen the integration of commercial operations and property services. Amid regional structural optimization and consumption upgrades, these efforts will drive the steady appreciation of core asset values.

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 RMB 10,000)	Accumulated total investment (in RMB 10,000)
Shenzhen Nanshan District	Fangda Town	No.2 Longzhu 4th Road	Office commercial complex	100.00%	May 1, 2014	100%	100.00%	35,397.60	212,400.00	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 (m^2)	Sellable area (m^2)	Cumulative pre-sale (sales) area (m^2)	Pre-sale (sales) area in this period (m^2)	Amount of pre-sale (sales) in the current period (RMB 10,000)	Cumulative settlement area (m^2)	Settlement area in the current period (m^2)	Settlement amount in this period (RMB 10,000)
Shenzhen Nanshan District	Fangda Town	No.2 Longzhu 4th Road	Office commercial complex	100.00%	217,763.69	93,086.25	92,002.95	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	12,343.36	170.11	108.7	12,343.36	170.11	108.7

5. Main project lease

Item	Land location	Project form	Interests percentage	Leasable area (m^2)	Cumulative leased area (m^2)	Average lease ratio
Shenzhen Fangda Town	Shenzhen Nanshan District	Commercial and office building	100.00%	92,470.58	52,564.72	56.84%
Shenzhen Fangda Technology Building	Shenzhen Nanshan District	Office building	100.00%	20,464.75	16,666.07	81.44%
Jiangxi Nanchang Science and Technology Park	Nanchang, Jiangxi Province	Plant and office building	100.00%	85,472.88	54,291.10	63.52%
Jiangxi Nanchang Fangda Center	Nanchang, Jiangxi Province	Commercial and office building	100.00%	38,165.36	34,076.99	89.29%

6. First-level development of land

□ Applicable ☑ Inapplicable

7. Financing channel

Financing source	Ending financing balance (in	Financing cost range / average financing cost	Maturity Structure (RMB10,000)			
			Within 1 year	1-2 years	2-3 years	Over 3 years

	RMB10,000)					
Bank loan	106,000	Annual interest rate: 2.1%-3.65%	4,000.00	4,500.00	4,500.00	93,000.00
Total	106,000	Annual interest rate: 2.1%-3.65%	4,000.00	4,500.00	4,500.00	93,000.00

8. Development strategy and operation plan in next year

The Commercial Management and Services segment will prioritize the sell-through of existing assets and the enhancement of operational capabilities. The Company will accelerate the sell-through of remaining units at the Shenzhen Fangda City project and adopt multiple measures to increase occupancy rates for self-held properties, thereby consolidating its leading position in the regional market. Resources will be concentrated on advancing sales at the Nanchang Fangda Center project to expedite capital recovery and improve overall project profitability.

Operationally, the Company will deepen its digital and intelligent transformation, driving the evolution of property services from traditional management to smart operations. It will actively explore the in-depth application of AI, big data, and other technologies in scenarios such as customer service, energy consumption management, and facility O&M to continuously enhance service efficiency and customer experience. Meanwhile, aligned with urban renewal policy directions and leveraging internal resources, the Company will steadily advance the application and approval processes for the Shenzhen Henggang Dakang Urban Renewal Project, securing high-quality assets for the segment's long-term development.

9. 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 June 30, 2026, the Company's outstanding amount for the above-mentioned phased guarantees was RMB 4.99 million.

10. Joint Investment by Directors, Senior Management and the Listed Company

□ Applicable ☑ Inapplicable

II. Core Competitiveness Analysis

(1) Rail Transit Platform Screen Door Equipment and Systems

1. Technical R&D advantage

The Company has always adhered to independent innovation and took the lead in mastering core technologies in the field of rail transit platform screen doors (PSDs). It has achieved a technological leap from import dependence to complete independence and controllability, establishing an independent intellectual property (IP) system covering the entire industrial chain. After more than 20 years of engineering practice and continuous iteration, the Company's R&D advantages have been increasingly consolidated. It hosts the "Guangdong Provincial Engineering Technology Research Center" recognized by the Department of Science and Technology of Guangdong Province, and has built an experienced international technical team with comprehensive professional expertise. Its achievements have won awards including the "Guangdong Provincial Science and Technology Award" and the "Shenzhen Science and Technology Progress Award." As a technology leader in the industry, the Company served as the lead drafter of China's first national standard, Urban Rail Transit Platform Screen Door Systems (GB/T 46749-2025), and the first industry standard, Urban Rail Transit Platform Screen Doors (CJ/T 236-2022). During the reporting period, the national standard was officially implemented, further strengthening the Company's industry influence and competitive barriers. The Company also participated in drafting the Guangdong provincial standard, Technical Standard for Foreign Object Detection in Risk Zones

Between Urban Rail Transit Platform Doors and Trains, which has been submitted for approval, continuing to build a multi-tiered standards system comprising national, industry, and local standards.

The Company successfully developed the world's first AI fully-sliding PSD system, overcoming compatibility challenges for existing high-speed railway (HSR) platform doors. This achievement represents three world-class breakthroughs and opens a new frontier for HSR platform door development. Successfully applied at Shenzhen Futian High-Speed Railway Station, this technology increased the station's train handling capacity by 50% and reduced average passenger entry time by five minutes during the reporting period, further consolidating the Company's comprehensive leadership in rail transit equipment. Deeply engaged in GoA4 fully automatic operation scenarios, the Company's PSD systems have achieved Safety Integrity Level 2 (SIL2) certification and are deployed on over 20 fully automatic metro lines worldwide, more than 10 of which are the first GoA4 lines in their respective regions, provinces, or cities.

Fangda Zhiyuan has been recognized as a "National IP Advantage Enterprise" and a "Shenzhen Specialized, Refined, Distinctive, and Innovative (SRDI) Enterprise." Its urban rail transit platform safety doors were designated a "Single Champion Product in Manufacturing" by the Ministry of Industry and Information Technology (MIIT), setting multiple "Shenzhen Enterprise Innovation (China) Records." During the reporting period, the Company obtained certification for its IP Compliance Management System, demonstrating that its IP management meets national standard requirements and further solidifying its competitive edge within the industry.

2. Industry chain advantage

As one of the first domestic enterprises to enter the metro PSD industry, the Company has established a full-chain service loop covering R&D and design, equipment manufacturing, engineering services, maintenance, and spare parts supply, with one-stop delivery capabilities. 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. During the reporting period, the Company built the industry's first robotic assembly intelligent production line. Centered on the deep integration of robotic clusters and AI algorithms, it achieves fully automated closed-loop operations from material feeding and assembly to palletizing. In addition, the Company completed the customized development and pilot launch of a Manufacturing Execution System (MES), advancing digital and refined production management and further strengthening the intelligent manufacturing foundation of its industrial chain.

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 made forward-looking deployments in the intelligent O&M field. Its independently developed CBMS Intelligent O&M System, deployed in the Hong Kong 1254 Project, enables real-time monitoring of equipment operating status, health assessment, and early warning, and can automatically generate solutions based on a fault knowledge base. The Condition Monitoring Intelligent O&M System developed for the Singapore J152 Project has been completed and entered the FAT confirmation stage, integrating functions such as full-line real-time equipment monitoring, intelligent diagnostics, predictive maintenance, knowledge base, and statistical analysis. In terms of business model innovation, the Company has secured the 30-year long-term maintenance project for half-height platform safety doors on the Singapore MRT Jurong Region Line and the 6-year maintenance project for the Hong Kong East Rail Line, marking a successful transformation from an equipment supplier to a full-lifecycle "product + service" provider. Currently, the Company's O&M service team spans over 30 cities worldwide. Its Hong Kong subsidiary has established and put into operation a global PSD maintenance center, integrating maintenance technologies, a global spare parts supply chain, and overseas after-sales team resources to create a unified global PSD O&M service hub for the Group. As service capabilities and customer recognition continue to grow, revenue contributions from technical services will keep increasing, injecting new momentum into the Company's high-quality development.

3. Brand and Market Position Advantages

With over 20 years of deep engagement in the rail transit PSD system sector, the Company has earned widespread acclaim and profound trust from numerous global clients through its products' outstanding safety, reliability, availability, and maintainability, establishing Fangda as an industry benchmark. Fangda Zhiyuan has been named among the "Top 100 Industry Leaders in Shenzhen" for consecutive years and included in the "Guangdong-Hong Kong-Macao Greater Bay Area Enterprise Innovation List." During the reporting period, the Company received multiple authoritative client recognitions, including the sole "2025 Annual Safety Gold Award" from MTR Corporation, the "2025 Outstanding Supplier" and "2025 Outstanding Contributor to Line Opening" awards from Shenzhen Metro, the "2025 Outstanding Partner" award from Wuhan Metro, and the "Advanced Supplier" recognition for Dongguan Rail Transit Line 1, further elevating its brand influence. 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. During the reporting period, Fangda PSD systems ensured the seamless through-operation of all sections of India's NCRTC project, precisely meeting complex operating conditions such as mixed high-speed rail and metro traffic. The project was inaugurated by Indian Prime Minister Narendra Modi. Meanwhile, the PSD system for Platform 4 at Hong Kong International Airport Station on the Airport Express Line was put into service, supporting the expansion of this international aviation hub. To date, Fangda PSD systems have been deployed in over 40 cities across more than 120 rail transit lines worldwide. The Company has secured multiple landmark projects in countries and regions including Singapore, Malaysia, Hong Kong (China), Taipei (China), Thailand, India, Colombia, Greece, the Philippines, and Kazakhstan. Its product R&D, design capabilities, on-time delivery, and consistent quality have gained widespread recognition from overseas clients. Leveraging its strong brand image and market influence, the Company continues to strengthen its core competitiveness and sustainable development capabilities.

4. Advantages of Adapting to Multinational Technical Standards

In its global strategic deployment, leveraging profound technical expertise and extensive overseas project experience, the Company has established a comprehensive standards database covering EN (European Standards), BS (British Standards), NFPA 130 (Standard for Fixed Guideway Transit and Passenger Rail Systems), AAMA (American Architectural Manufacturers Association), Singapore BCA (Building and Construction Authority), and Colombian national technical specifications. This has enabled a closed-loop solution of "standards pre-research – product development – certification acceleration," ensuring precise localization of technical parameters. In international market expansion, the Company has forged strategic partnerships with global EPC giants such as Alstom, Siemens, and LG (South Korea), creating a synergistic "market + technology" model to jointly participate in global rail transit PSD projects. In the Philippines, structural and IP protection tests were completed on half-height door prototypes under extreme typhoon conditions, verifying the solution's robust environmental adaptability. In Vietnam, the Company co-established a rail transit laboratory with Ho Chi Minh City University of Transport, promoting the localization of technical standards through industry-academia-research collaboration. The Company actively benchmarks against and adopts European railway technical standards to enhance the international compatibility of its system design. Furthermore, capitalizing on the technological spillover from the national standard Urban Rail Transit Platform Screen Door System (GB/T 46749-2025), which the Company led in formulating, it provides highly reliable products and full-lifecycle services for overseas projects. 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 over 20 years of dedication to the rail transit PSD sector, the Company has established a specialized organizational structure covering the entire lifecycle from "R&D, design, manufacturing, and testing to installation and O&M," ensuring high synergy and operational efficiency across all stages. To precisely address industry characteristics such as long project delivery cycles and high customization requirements, the Company has formed dedicated teams for each key stage. The R&D center can rapidly tackle technical challenges for customized customer needs; the design team possesses extensive experience in executing complex engineering projects; large-scale manufacturing bases and a stable, reliable supply chain ensures high-quality product delivery; and professional testing equipment coupled with comprehensive testing methodologies guarantee reliable product performance. 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 continued to optimize and upgrade its organizational structure. The Hong Kong subsidiary officially established and commenced operations of its Global PSD Maintenance Center, integrating maintenance technologies, a global spare parts supply chain, and overseas after-sales resources. This initiative created a unified global PSD O&M service hub for the Group, further enhancing its global service network layout. Meanwhile, the Company completed the customized development and pilot launch of its MES system, advancing manufacturing toward digitalization and refined management, thereby providing robust support for improved industrial chain collaboration efficiency. Leveraging its increasingly sophisticated global service architecture and digital management capabilities, the Company has achieved a strategic leap from "product delivery" to "full-lifecycle services," fully demonstrating the forward-thinking nature and competitiveness of its organizational structure and service system.

(2) Intelligent Curtain Wall Systems and Materials

1. Technological Innovation Advantages

Adhering to innovation-driven development, the Company leverages AI technology as a key enabler to drive the in-depth intelligent transformation 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 established a robust industry-academia-research collaborative innovation platform. It was among the first in the industry to set up a postdoctoral workstation and a provincial-level engineering technology research center. In 2025, it was approved as a "Shenzhen Postdoctoral Innovation Practice Base" and signed a long-term strategic cooperation agreement with the College of Mechanics and Civil Engineering at Jinan University. This partnership covers collaboration in areas such as big data for building curtain walls, intelligentization, complex steel structure systems, and new material performance research, fully leveraging the technical strengths of both parties to ensure the Company's sustained R&D leadership in the high-end curtain wall sector. Among its subsidiaries in the smart curtain wall systems and materials business, six are recognized as National High-Tech Enterprises (including three "Specialized, Refined, Distinctive, and Innovative" enterprises), forming a robust platform foundation supporting high-quality development.

Product innovation closely aligns with strategic directions such as green and low-carbon development and prefabricated construction. A series of independently developed new products have been applied in landmark projects across China. Aluminum veneer and aluminum honeycomb composite panel products passed the authoritative assessment by China Testing & Certification Group (CTC) and were awarded the highest level in China's green building material certification—the "Three-Star Green Building Material Product Certification." Green energy-efficient curtain wall systems compliant with international standards have achieved large-scale application in overseas markets including Australia, the Middle East, and Southeast Asia, accelerating the conversion of technological achievements into global market value. This fully demonstrates the Company's leapfrog development capability from technological breakthroughs to industry leadership.

2. Brand Value Advantages

With over 30 years of deep engagement in the curtain wall systems and new materials sector, the Company has always upheld a quality-first philosophy, building a strong brand value and market reputation through its outstanding product capabilities and service system. The Company has successively received more than 200 awards at or above the provincial and ministerial level, including the "National Quality Award," the "Lu Ban Award (National Quality Engineering Award)," the "Zhan Tianyou Civil Engineering Award," and the "China Building Decoration Award." It has delivered over 1,000 landmark quality projects worldwide, establishing itself as a leading brand in the high-end curtain wall sector. The Fangda trademark has been recognized as a "China Well-Known Trademark" and has been honored with titles such as "International Reputation Brand" and "Shenzhen Time-Honored Brand." During the reporting period, the Company received multiple brand honors, including "Outstanding Shenzhen Brand Enterprise," "Top 100 Shenzhen Brands," "Shenzhen Well-Known Brand," and "Greater Bay Area Well-Known Brand," and was named a "Brand Building Benchmark Enterprise." Its brand building achievements continue to receive authoritative recognition, with brand influence and market credibility steadily rising. During the reporting period, the Company was awarded the title of "Advanced Unit" in the 2026 Shenzhen Building Doors, Windows and Curtain Wall Keyuan Award Academic Exchange, and several curtain wall designers won the "Outstanding Paper Award" for their academic achievements, further enhancing industry recognition. The continued consolidation of Fangda's brand value and industry standing provides a strong foundation of market credibility and customer trust for the Company's high-quality development.

3. Industry Experience Advantage

The Company's wholly-owned subsidiary, Fangda Construction Technology, 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. With over 30 years of deep engagement in the industry, the Company's smart curtain wall projects now span diverse sectors, including super high-rise buildings, large-scale public facilities, corporate headquarters, commercial complexes, hospitals, and hotels. Characterized by varied project forms and complex structures, these undertakings have enabled the Company to accumulate extensive engineering construction experience and cross-sector project delivery capabilities. During the reporting period, the Company was included in the Top 10 Innovative Applications List of the curtain wall industry for its "Sky-High Curtain Wall Construction" technology for ultra-high suspended curtain walls, fully demonstrating its premier construction capabilities under extreme conditions and in the installation of oversized, irregularly shaped curtain walls. Leveraging its systematic intelligent construction framework, extensive project management expertise, and superior construction quality, the Company continues to earn widespread recognition and acclaim from clients, further consolidating its leading position in the industry.

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 terms of talent recruitment and development, the Company was approved to establish the "Shenzhen Postdoctoral Innovation Practice Base," further strengthening the "university-enterprise-industry" talent circulation channel. It signed a long-term strategic cooperation agreement with the College of Mechanics and Civil Engineering at Jinan University, carrying out university-enterprise collaboration in areas such as big data for building curtain walls, intelligentization, complex steel structure systems, and new material performance research. Both parties fully leverage their respective technical strengths in building curtain walls and finite element simulation analysis to continuously supply high-caliber R&D talent for the high-end curtain wall sector. In 2026, the Company plans to recruit multiple highly educated graduates for targeted reserve training, further solidifying the R&D talent pipeline. During the reporting period, the Company established an AI Research and Application Promotion Team to cultivate cross-disciplinary composite technical talent and advance the deep integration of AI technology with the curtain wall industry. The Company continues to recruit high-end international technical professionals in regions such as Australia and the Middle East, injecting strong momentum into overseas market expansion and technological innovation. The Company has established a comprehensive incentive mechanism and evaluation system for the commercialization of scientific and technological achievements, fully stimulating the innovation vitality of R&D personnel. By continuously optimizing career development pathways, the Company leverages technological innovation to support and drive quality improvement and efficiency enhancement, 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 one of the earliest domestic enterprises engaged in the design, manufacturing, and integration of BIPV systems, the Company took the lead in deploying solar photovoltaic curtain wall technology over two decades ago, accumulating profound technical expertise and extensive project experience.

The new energy sector is highly synergistic with the Company's core smart curtain wall business. Distributed photovoltaic systems integrate seamlessly with building structures, creating complementary effects across 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. During the reporting period, the Company continued to deepen its engagement in the core BIPV sector, providing a photovoltaic power generation system solution for the Shenzhen Qianhai Financial Holdings Tower. The project is expected to generate an average of 105,000 kWh annually, further consolidating the Company's technological leadership in high-end building BIPV applications. The application of green and eco-friendly materials, including BIPV photovoltaic components, accounts for an increasing proportion of smart curtain wall projects. The successful delivery of projects such as the Shenzhen Qianhai Financial Holdings Tower and the Guangzhou Kugou Music Building has effectively reduced building energy consumption and carbon emissions. For the Australian market, the Company has completed the design of the BIPV power generation unit curtain wall system and is currently advancing sample fabrication and fire performance testing. Leveraging its dual technical accumulation in construction and photovoltaics, along with industrial chain synergies, the Company is accelerating the large-scale application of green energy in building scenarios, continuously strengthening its core competitiveness in the Building Integrated Photovoltaics (BIPV)

(IV) Commercial Management and Services

The Company is deeply engaged in commercial management and property services. Leveraging high-quality assets in core cities such as Shenzhen and Nanchang, it adheres to a dual-engine strategy of "precise positioning + digital empowerment." Through coordinated operations across diverse business formats, the Company has established a business model featuring "simultaneous leasing and sales, with complementary commercial and office spaces," effectively mitigating risks from single-market fluctuations and maintaining a solid operational foundation.

The Company is comprehensively advancing the digital upgrade of "AI + Property Services" by integrating service data to enable one-click access to high-frequency services such as fee inquiries and repair requests, driving the transformation of property services from isolated smart solutions to integrated intelligent operations. In commercial operations, through refined support measures and differentiated operating strategies, occupancy rates remain at industry-leading levels, while commercial formats continue to be refreshed and upgraded, further enhancing brand vitality. Empowered by a professional operations team honed over years of experience and advanced digital tools, the Company is well-positioned to continuously enhance brand value and consolidate its dominant position in regional markets.

III. Industry Situation During the Reporting Period

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

1. Industry development

China's rail transit industry is undergoing a critical transition from "scale expansion" to "quality enhancement." The combined force of multiple policies—including the Transport Power strategy, integrated urban cluster development, and the "Dual Carbon" goals—is accelerating the industry's shift toward a new stage of high-quality development. In 2026, eight ministries including the Ministry of Transport jointly issued the Implementation Plan for Improving Intercity Commuting Efficiency in Metropolitan Areas (2026–2030). The policy calls for "promoting the integrated connection of eligible trunk railways, intercity railways, metropolitan (suburban) railways, and urban rail transit systems, forming multi-line and multi-point transfer networks with urban rail transit." The integration of different rail transit systems imposes higher requirements on interface compatibility and multi-train-type adaptability for platform screen door systems, creating broader application opportunities for the Company's technological advantages in screen door system integration and standard adaptation. The issuance of the National Standard Plan Technical Requirements for Energy Conservation in Urban Rail Transit Operations provides unified technical specifications for energy conservation and carbon reduction across the industry. These policies mark a comprehensive industry transformation from an emphasis on construction to a balanced focus on both construction and operation, with improved quality and efficiency. Retrofitting existing lines, smart upgrades, and the application of green energy-saving technologies have become key themes, providing clear policy guidance and market opportunities for the Company to deepen its presence in emerging segments such as stock asset renovation, intelligent O&M, and green energy-saving technologies.

According to data from the Ministry of Transport, as of June 2026, 54 cities nationwide had opened 346 urban rail transit lines, with a total operating mileage of 11,848.8 km, an increase of 138.5 km from the end of 2025. During the 15th Five-Year Plan period, some urban rail lines are expected to enter an upgrade and retrofit phase, opening up significant market potential for stock asset renovation and post-operation O&M services.

As countries along the Belt and Road continue to increase investment in urban rail transit infrastructure, Chinese high-end equipment manufacturers face important strategic opportunities. With robust demand for rail transit construction in emerging markets such as Southeast Asia, the Middle East, and South America, China's rail transit equipment is transitioning from a "product export" model to a globalized model featuring "technical standards + branding."

As a leader in the construction and O&M of rail transit platform screen door systems, the Company will continue to be guided by national strategies and relevant industrial policies, align with industry trends and market demands, intensify technological innovation, deepen its engagement in new growth areas such as stock asset renovation and smart upgrades, actively expand overseas incremental markets, and sustain its global leadership, contributing "Chinese Solutions" to the development of urban rail transit worldwide.

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

Platform screen door systems for urban rail transit are installed along the edges of metro and light rail station platforms. They physically separate the track area from the passenger waiting area and are equipped with continuously movable door barriers that correspond to train doors and support multi-level control for opening and closing. The Company offers a comprehensive product portfolio covering three major series: full-height enclosed, full-height non-enclosed, and half-height platform screen doors, capable of meeting the requirements of urban rail transit lines across different transit systems and climatic conditions.

In terms of safety, the platform screen door system effectively prevents passengers from accidentally falling onto the tracks and blocks unauthorized access to tunnel areas. In the event of fire or other emergencies, the system can coordinate with environmental monitoring, signaling, and other systems to swiftly switch to smoke extraction and passenger evacuation modes, providing multiple layers of safety protection. In terms of environmental improvement, the system significantly blocks dust, noise, and piston wind pressure from the tunnel from transmitting to the platform waiting area, creating a quiet, comfortable, and temperature-controlled environment for passengers. In terms of smart services, the Company's products innovatively integrate intelligent passenger flow counting functionality, enabling dynamic guidance during peak hours to evenly distribute passengers across lower-density carriages. Meanwhile, the door platform can be equipped with multimedia interactive terminals supporting diverse functions such as information announcements, news feeds, and commercial advertising, serving as a key interactive interface for smart stations.

② High-Speed Railway Platform Safety Door Systems

In 2025, the Company successfully launched the world's first intelligent AI fully-sliding platform screen door system for high-speed railways. Specially developed for the complex operating environment of high-speed rail, this system achieves a key technological breakthrough in the field of platform safety doors. Leveraging AI visual recognition and an intelligent control system, the system identifies different incoming high-speed train models to achieve millimeter-level positioning accuracy and millisecond-level response control. It precisely aligns with train door positions to enable automatic opening and closing of platform safety doors, effectively resolving the longstanding industry challenge posed by diverse high-speed train models and non-standardized door positions. 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.

During the Reporting Period, the Company's high-speed railway platform screen door business achieved a critical leap from benchmark demonstration projects to large-scale replication. In July 2026, the Company successively won bids for the platform screen door installation projects at Platforms 11 and 12 of Shenzhen North Station and Platforms 1–4 of Humen High-Speed Railway Station, becoming the first domestic manufacturer to achieve full coverage of both full-height and half-height platform screen door systems on high-speed railway platforms. Following the commissioning of Futian High-Speed Railway Station, train handling capacity increased by 50%, average passenger entry time was reduced by 5 minutes, and the station successfully withstood heavy passenger flows during the Spring Festival travel rush and the May Day holiday.

③ Full-Lifecycle Operation & Maintenance Services

Leveraging its independently developed intelligent O&M management platform and global service network, the Company provides full-lifecycle O&M services, including remote fault diagnosis, on-site inspection and maintenance, spare parts supply, and system upgrades. These capabilities enable real-time monitoring and trend prediction of equipment conditions, effectively improving fault response efficiency and ensuring the long-term safe and stable operation of transit lines.

(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. During the Reporting Period, all sections of the India NCRTC project commenced through-service operations, with Indian Prime Minister Modi officiating the inauguration ceremony. Platform 4 at Hong Kong Airport Express Station was officially commissioned. Construction of Hong Kong Project 1254 accelerated, and the project was awarded the MTR "2025 Safety Gold Award" (the sole gold award recipient). 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 with fully 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 (GB/T 46749-2025), which officially came into effect on May 1, 2026. 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.

Leveraging its outstanding technical capabilities and product quality, the Company's urban rail transit platform safety doors were recognized by the Ministry of Industry and Information Technology as a "Manufacturing Single Champion Product." During the Reporting Period, the Company was named among the "Top 100 Shenzhen Brands" for four consecutive years and received the advanced honor of "Outstanding Shenzhen Brand Enterprise." Its products were among the first to pass the Shenzhen "Three Identicals" (identical production line, identical standards, identical quality) certification, earning the "Premium Shenzhen Product" designation. In addition, the Company has successively received multiple honors and qualifications, 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 Screen Doors," "Shenzhen Municipal Science and Technology Progress Award," and "Shenzhen Specialized, Refined, Distinctive, and Innovative Enterprise." It also took the lead in obtaining IRIS management system and RAMS certifications under international railway industry standards. During the Reporting Period, the

Company successfully passed the annual audits for all four management systems—IRIS, ISO 14001, ISO 45001, and ISO 27001—ensuring the effective operation of these systems and the continued validity of their certificates. 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 the first half of 2026, driven by the in-depth implementation of the "Dual Carbon" strategy and the ongoing guidance of the "Good Housing" policy, China's curtain wall industry is accelerating its comprehensive transformation from scale expansion to high-quality development.

Regarding the policy environment, the State continues to strengthen mandatory constraints on green buildings. As a foundational mandatory standard in the field of building energy efficiency, the General Code for Energy Efficiency and Renewable Energy Application in Buildings (GB 55015-2025) officially came into effect on June 1, 2026. It comprehensively raises energy efficiency performance requirements for building envelopes, further lowers the heat transfer coefficient limits for exterior walls, roofs, doors, and windows, and mandates the design and installation of solar energy systems in new buildings. The Guidelines for the Construction of "Good Housing" (Trial) (Draft for Comments) issued by the Ministry of Housing and Urban-Rural Development specifies that "good housing" in the new era should feature safety, comfort, greenness, and intelligence. As the core system ensuring building safety, energy efficiency, and comfort, the building envelope is subject to higher performance requirements. The 15th Five-Year Plan for Urban Renewal issued by the State Council sets targets to renovate 4,000 urban villages and upgrade 1,500 old neighborhoods and industrial zones during the 15th Five-Year Plan period. Urban renewal is shifting from large-scale incremental expansion to quality improvement and efficiency enhancement of existing stock, injecting new structural growth momentum into the curtain wall industry. The National Energy Administration issued the Action Plan for Energy Conservation and Carbon Reduction in the Energy Sector (2026–2028), which promotes pilot projects for Building Integrated Photovoltaics (BIPV) design and construction, supports energy-saving and carbon-reducing retrofits of existing buildings, and facilitates the transition of buildings from energy consumers to energy producers. The General Offices of the CPC Central Committee and the State Council issued the Opinions on Advancing Energy Conservation and Carbon Reduction at a Higher Level and with Higher Quality, proposing strict energy efficiency management for new buildings, promoting the scaled development of ultra-low energy consumption buildings, and advancing the orderly construction of BIPV. This comprehensive policy package has unlocked significant incremental market space for high-performance energy-efficient curtain walls and BIPV systems.

In terms of market landscape, the industry as a whole still faces considerable competitive pressure. Overcapacity in the construction sector continues to squeeze profit margins, and resources are increasingly concentrating in leading enterprises with strong R&D capabilities and solid financial strength. Industry competition has escalated from single-product price competition to a contest of comprehensive capabilities across the entire industrial chain—encompassing R&D, design, manufacturing, installation, and O&M. The ability to provide integrated solutions has become a key benchmark for measuring an enterprise's core competitiveness.

On technological innovation, building curtain walls are rapidly evolving from traditional envelope structures toward greener, smarter, and lower-carbon solutions. The penetration rate of green products such as BIPV, smart dimming glass, and ultra-low energy consumption curtain wall systems is steadily increasing, and high-performance energy-efficient curtain walls have become standard for new public buildings. The deep integration of digital technologies has emerged as a new industry trend. Technologies including forward BIM design, IoT sensing, drone inspection, and AI visual detection are increasingly applied throughout the full lifecycle of curtain walls—from design and production to construction and O&M—driving a comprehensive upgrade from traditional manufacturing to intelligent manufacturing.

In overseas markets, seizing infrastructure development opportunities along the Belt and Road and in emerging markets, the Company continues to deepen its global footprint. With accelerating urbanization in Southeast Asia, the Middle East, and other regions, demand for high-end curtain walls continues to grow. The model of "regional manufacturing centers plus localized services" is becoming a vital pathway for the industry's overseas expansion. During the reporting period, the Company pursued dual-track development in both domestic and international markets. In the domestic market, the Company has precisely capitalized on policy opportunities arising from urban renewal and green building initiatives, continuously consolidating its brand influence and market position in the high-end curtain wall sector. In overseas business, the Company has steadily implemented its internationalization strategy, achieving leapfrog breakthroughs in orders from its two core regional markets—Australia and the Middle East—and continuing to deepen its presence in overseas markets.

2. Business Status

(1) Main products and purposes

The Company's intelligent curtain wall systems are widely applied in exterior wall and roof projects for urban public buildings and high-end residential properties, including premium office buildings, corporate headquarters, urban complexes, hotels, large-scale venues, and government office buildings. The products integrate modern building technology with intelligent systems, incorporating coordinated control of HVAC, daylighting, ventilation, power supply, and other supporting building technologies. Through digitalization and artificial intelligence, they enable precise optimization of building energy consumption, enhancing architectural aesthetics while significantly improving energy-saving and carbon-reduction performance. The Company's intelligent curtain wall projects have won top industry awards such as the Luban Award (National Quality Engineering Award) on multiple occasions. Its competitiveness consistently ranks among the forefront of the global industry, and it is widely recognized as a leading brand in the global curtain wall sector, fully demonstrating the high-quality characteristics of new quality 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. During the Reporting Period, with the official implementation of the General Code for Energy Efficiency and Renewable Energy Application in Buildings (GB 55015-2025) and the continued rollout of urban renewal policies, market demand for energy-efficient retrofits of existing buildings accelerated, opening up new growth opportunities for the Company's building maintenance and energy-efficient retrofit business.

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. During the Reporting Period, the Company continued to advance technological innovation in new materials and optimize production capacity, further enhancing product performance and market competitiveness, thereby providing robust support for the industry's green and low-carbon transition.

(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. Against the backdrop of overall pressure on the construction industry, some clients are facing liquidity constraints, resulting in an increase in accounts receivable and uncertainty in collection. Additionally, raw material price volatility and rising labor costs may adversely affect project profitability. In response to these challenges, during the Reporting Period, the Company continued to optimize its client structure by prioritizing high-quality clients with strong financial strength and good credit, as well as government-backed projects. Meanwhile, the Company strengthened full-lifecycle capital budgeting and collection tracking for projects, enhanced risk identification and response capabilities, and ensured healthy and stable operating cash flow.

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

In the first half of 2026, amid ongoing macroeconomic adjustments and profound policy reforms, the architectural curtain wall industry exhibited a competitive landscape characterized by "intensified competition over existing market share and accelerated consolidation among leading players." In the domestic market, affected by the deep adjustment of the real estate sector, slowing growth in new projects, and increasingly fierce competition in the existing market, the industry faced overall revenue pressure and narrowing profit margins, making cash flow management critical to corporate survival. Some SMEs with weaker risk resilience encountered operational difficulties or even exited the market. Industry resources further consolidated toward leading enterprises with robust financial strength and outstanding technical capabilities, driving a continuous rise in market concentration.

In response to structural adjustments in the domestic market, the Company firmly advanced its internationalization strategy, intensifying expansion efforts in overseas markets including the Middle East, Southeast Asia, and Australia. Its increasingly refined global layout has effectively hedged against operational risks arising from domestic market volatility.

During the Reporting Period, leveraging its profound technological accumulation, superior service quality, and continuously growing brand influence, the Company further solidified its position among the industry leaders. Facing a complex and volatile market environment, the Company continued to strengthen its core competitiveness through measures such as optimizing its client structure, deepening regional penetration, accelerating overseas expansion, and advancing intelligent manufacturing. The Company's intelligent curtain wall products have won top national awards such as the Luban Award on multiple occasions, and it has been consecutively ranked among the "Top 500 Enterprises in Shenzhen" and the "Top 500 Manufacturing Enterprises in Guangdong." It maintains leading brand awareness and market reputation in the global curtain wall sector, fully demonstrating the comprehensive strength and counter-cyclical resilience of an industry leader.

(3) New energy industry

As a key pathway for building energy efficiency and carbon reduction, Building-Integrated Photovoltaics (BIPV) is accelerating its transition from "technology demonstration" to a new phase of "large-scale application". In the first half of 2026, the National Energy Administration issued the Action Plan for Energy Conservation and Carbon Reduction in the Energy Sector (2026–2028), which explicitly calls for pilot promotion of BIPV design and construction, supports energy-efficient and low-carbon retrofits of existing buildings, and promotes the transformation of buildings from energy consumers to energy producers The General Office of the CPC Central Committee and the General Office of the State Council issued the Opinions on Advancing Energy Conservation and Carbon Reduction at a Higher Level and with Greater Quality, which calls for stringent energy efficiency management of new buildings, promotes the large-scale development of ultra-low energy consumption buildings, and advances the orderly implementation of BIPV construction. Against this policy backdrop, the BIPV market continues to unlock significant potential, emerging as a key direction for the green transformation of the construction industry.

BIPV transforms buildings from "energy consumers" into "energy producers" by deeply integrating photovoltaic power generation with building material functions. It enables on-site consumption of clean energy while meeting the performance requirements of the building envelope. With the continued decline in PV module costs, steady improvements in power generation efficiency, and the intensive rollout of supportive policies, the economic viability of BIPV systems has improved significantly. The penetration rate is expected to rise further, injecting sustained growth momentum into the industry. The Company will continue to monitor technological developments and market opportunities in the BIPV sector, actively advancing related business deployment and industrialization exploration.

(IV) Commercial Management and Services

1. Industry development

In the first half of 2026, under the macro-policy tone of "promoting the stable and healthy development of the real estate market," the commercial real estate market continued its trajectory of "structural optimization and value reshaping." Regional divergence intensified further, highlighting the value of premium commercial assets in core cities. As the core engine of the Greater Bay Area, Shenzhen maintains active demand for office buildings and commercial properties, underpinned by its robust industrial base and sustained net population inflows. Technology companies remain the primary source of demand, with emerging sectors such as software development, artificial intelligence, and big data showing outstanding performance. The deepening integration of Shenzhen and Hong Kong provides strong support for cross-border operations and industrial collaboration among enterprises. With the accelerating integration of the Guangdong-Hong Kong-Macao Greater Bay Area and the deepening advancement of urban renewal in Shenzhen, commercial real estate in core areas still holds substantial development potential.

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 business model combining self-development, partial sales, and partial self-held ownership. Currently, the Company's developed products mainly comprise office spaces, commercial properties, and apartments. Through years of professional operation, the Company has established a lean and efficient management team, comprehensive management processes, and advanced information systems, enabling it to provide high-quality commercial operation and management services. Its professional capabilities, brand awareness, occupancy rates, and revenue levels have continued to improve.

Leveraging the brand advantages, differentiated positioning, and prime location of its commercial projects, the Company maintains a solid market position in the regional market. However, the Company must still navigate multiple risks going forward, including property price volatility, policy regulation, and market competition. The Company will mitigate operational and management risks and ensure robust, sustainable development through refined management, flexible adjustment of business strategies, precise capitalization on policy opportunities, and continued strengthening of brand building and marketing promotion.

III. Core business analysis

Overview

See I. Major businesses of the Company during the Report Period

Year-on-year changes in major financial data

In RMB

	This report period	Same period last year	YOY change (%)	Reason
Turnover	1,551,057,757.28	1,598,286,450.04	-2.95%	
Operating cost	1,263,984,601.43	1,307,537,649.28	-3.33%	
Sales expense	25,412,850.11	22,633,578.48	12.28%	
Administrative expense	82,094,951.56	90,172,531.38	-8.96%	
Financial expenses	46,105,794.26	37,580,544.45	22.69%	
Income tax expenses	9,569,899.61	-2,457,491.76	489.42%	Mainly due to an increase in total profit

R&D investment	55,615,640.54	61,514,176.71	-9.59%	
Cash flow generated by business operations, net	7,667,221.67	-266,347,227.85	102.88%	This was primarily attributable to an increase in net cash flow from operating activities of the curtain wall systems and materials business compared to the same period last year.
Cash flow generated by investment activities, net	-48,776,755.10	32,549,961.22	-249.85%	The net cash outflow from investing activities in the current period was primarily attributable to expenditures on the purchase of bank wealth management products and the acquisition and construction of long-term assets; the net cash inflow from investing activities in the prior period was primarily attributable to cash received from the refund of land use rights by Fangda Zhiyuan.
Net cash flow generated by financing activities	-382,287,020.09	-41,832,513.28	-813.85%	The net cash outflow from financing activities in the current period was primarily attributable to net repayment of bank borrowings and expenditures on share repurchases; the decrease compared to the prior year was primarily attributable to a decline in net cash flows from bank borrowings.
Net increase in cash and cash equivalents	-429,703,769.32	-272,127,188.36	-57.91%	Mainly due to changes in net cash flows from operating, investing, and financing activities.
Credit impairment ("-" for loss)	-11,064,393.24	-59,005,981.56	81.25%	This was primarily attributable to a decrease in bad debt provisions for accounts receivable accrued in the current period.
Net profit attributable	54,501,089.34	17,289,598.23	215.22%	Net profit attributable

to the shareholders of the parent company				to shareholders of the parent company increased compared to the same period last year, primarily due to improved operating performance and further strengthened management of receivables. Receivables decreased from the beginning of the year during the Reporting Period, resulting in a corresponding reduction in impairment provisions for receivables.

Major changes in profit composition or sources during the report period

□ Applicable ☑ Inapplicable

The profit composition or sources of the Company have remained largely unchanged during the report period.

Turnover composition

In RMB

	This report period		Same period last year		YOY change (%)
	Amount	Proportion in operating costs (%)	Amount	Proportion in operating costs (%)	
Total turnover	1,551,057,757.28	100%	1,598,286,450.04	100%	-2.95%
Industry					
Metal production	1,199,918,537.87	77.36%	1,184,916,485.51	74.14%	1.27%
Railroad industry	255,530,920.39	16.47%	316,923,499.00	19.83%	-19.37%
Commercial services	80,450,997.96	5.19%	79,515,183.06	4.98%	1.18%
New energy industry	7,756,241.31	0.50%	9,228,271.51	0.58%	-15.95%
Others	7,401,059.75	0.48%	7,703,010.96	0.48%	-3.92%
Product					
Curtain wall system and new materials	1,199,918,537.87	77.36%	1,184,916,485.51	74.14%	1.27%
Subway screen door and service	255,530,920.39	16.47%	316,923,499.00	19.83%	-19.37%
Real estate rental and sales and property services	80,450,997.96	5.19%	79,515,183.06	4.98%	1.18%
PV power generation products	7,756,241.31	0.50%	9,228,271.51	0.58%	-15.95%
Others	7,401,059.75	0.48%	7,703,010.96	0.48%	-3.92%
District					
In China	1,272,446,026.69	82.04%	1,459,381,780.51	91.31%	-12.81%
Out of China	278,611,730.59	17.96%	138,904,669.53	8.69%	100.58%

Industries, Products, or Regions 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	1,199,918,537.87	1,060,944,155.94	11.58%	1.27%	0.55%	0.62%
Railroad industry	255,530,920.39	176,959,630.39	30.75%	-19.37%	-21.80%	2.15%
Commercial services	80,450,997.96	22,154,320.50	72.46%	1.18%	-0.76%	0.54%
Product						
Curtain wall system and new materials	1,199,918,537.87	1,060,944,155.94	11.58%	1.27%	0.55%	0.62%
Subway screen door and service	255,530,920.39	176,959,630.39	30.75%	-19.37%	-21.80%	2.15%
Real estate rental and sales and property services	80,450,997.96	22,154,320.50	72.46%	1.18%	-0.76%	0.54%
District						
In China	1,272,446,026.69	1,069,505,455.46	15.95%	-12.81%	-12.48%	-0.32%
Out of China	278,611,730.59	194,479,145.97	30.20%	100.58%	127.24%	-8.19%

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

□ Applicable ☑ Inapplicable

IV. Non-core business analysis

☑ Applicable □ Inapplicable

In RMB

	Amount	Profit percentage	Reason	Whether continuous
Investment income	-739,746.64	-1.15%		No
Gain/loss caused by changes in fair value	2,413,712.01	3.77%	Primarily represents fair value changes transferred upon disposal of investment properties.	No
Assets impairment	7,490,908.24	11.69%	Reversal of impairment provisions for contract assets.	No
Non-operating revenue	329,521.20	0.51%		No
Non-business expenses	370,452.58	0.58%		No
Credit impairment loss	-11,064,393.24	-17.26%	Primarily due to the provision for bad debts on accounts receivable.	No

V. Assets and Liabilities

1. Major changes in assets composition

In RMB

	End of the report period		End of last year		Change (%)	Notes
	Amount	Proportion in total assets	Amount	Proportion in total assets		
Monetary capital	1,307,061,214.67	10.65%	1,401,292,102.72	11.14%	-0.49%	
Account receivable	768,077,027.19	6.26%	885,516,557.23	7.04%	-0.78%	
Contract assets	1,900,353,208.42	15.49%	1,998,091,151.43	15.89%	-0.40%	
Inventory	677,752,245.52	5.52%	685,058,418.56	5.45%	0.07%	
Investment real estate	5,598,103,817.83	45.62%	5,548,371,426.50	44.12%	1.50%	
Long-term share equity investment	32,953,385.52	0.27%	32,988,644.63	0.26%	0.01%	
Fixed assets	927,689,776.20	7.56%	940,980,113.90	7.48%	0.08%	
Construction in process	497,646.04	0.00%	1,214,530.34	0.01%	-0.01%	
Use right assets	16,870,707.96	0.14%	13,470,006.41	0.11%	0.03%	
Short-term loans	1,509,124,058.02	12.30%	1,202,846,497.03	9.57%	2.73%	
Contract liabilities	313,538,993.72	2.56%	350,155,877.61	2.78%	-0.22%	
Long-term loans	1,230,000,000.00	10.02%	1,290,000,000.00	10.26%	-0.24%	
Lease liabilities	10,078,800.17	0.08%	8,979,546.87	0.07%	0.01%	
Transactional financial assets	31,505,968.50	0.26%	410.06	0.00%	0.26%	
Notes receivable	32,981,099.69	0.27%	121,778,063.00	0.97%	-0.70%	
Prepayment	60,424,946.92	0.49%	20,407,968.16	0.16%	0.33%	
Notes payable	638,320,019.04	5.20%	429,110,637.53	3.41%	1.79%	
Employees' wage payable	36,238,023.94	0.30%	67,812,846.09	0.54%	-0.24%	
Taxes payable	26,053,466.76	0.21%	40,439,297.75	0.32%	-0.11%	
Non-current liabilities due in 1 year	104,661,339.49	0.85%	379,089,194.66	3.01%	-2.16%	

2. Major foreign assets

□ Applicable ☑ Inapplicable

3. 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 financial assets)	410.06							31,505,968.50
2. Derivative financial assets	1,459,950.00							899,846.25
3. Receivable financing	0.00							16,748,225.96
4. Other non-current financial assets	6,516,131.63	217,294.72					-722,459.92	6,010,966.43
Subtotal	7,976,491.69	217,294.72	0.00	0.00	0.00	0.00	-722,459.92	55,165,007.14
Investment real estate	5,548,371,426.50	2,196,417.29	216,172,597.57		62,791,141.98	15,255,167.94		5,598,103,817.83
Total	5,556,347,918.19	2,413,712.01	216,172,597.57	0.00	62,791,141.98	15,255,167.94	-722,459.92	5,653,268,824.97
Financial liabilities	0.00							4,250,400.00

Details of other changes: Other changes in other non-current financial assets amounting to RMB -722,459.92 represent the impact of the return of corresponding equity value due to capital reduction by investee companies.

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

□ Yes ☑ No

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

Item	Book value on June 30, 2026 (RMB)	Reason
Monetary capital	645,799,436.10	Various deposits, judicially frozen funds, etc.

Notes receivable	16,530,347.51	Bills endorsed or discounted but not yet due
Account receivable	36,256,465.60	Loan by pledge
Fixed assets	422,580,043.08	Loan by pledge
Intangible assets	22,487,074.11	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	4,493,144,064.40	

VI. 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
Aluminum futures contract	3,851.06	3,851.06	-571.04	-425.04	10,858.8	6,403.96	8,305.89	1.50%
Forward foreign exchange contract			6.83	9.56	15,900.69	9,080.27	6,820.42	1.23%
Total	3,851.06	3,851.06	-564.21	-415.48	26,759.49	15,484.23	15,126.31	2.73%
Accounting policies and specific accounting principles of hedging business during the reporting period, as well as whether there are significant changes compared with the previous reporting period	The aluminum futures and forward foreign exchange businesses of the Company meet the applicable conditions of hedge accounting specified in the accounting standards and are applicable to hedge accounting, which are classified as cash flow hedging. The corresponding accounting policies and accounting principles have not changed from the previous reporting period.							
Description of actual 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 RMB-828,000; 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,	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.							

liquidity, credit, operation and legal risks)	
Changes in the market price or fair value of the derivative in the report period, the analysis of the derivative's fair value should disclose the method used and related assumptions and parameters.	Fair value of derivatives are measured at open prices in the open market
Lawsuit (if any)	None
Disclosure date of derivative investment approval by the Board of Directors	April 08, 2026

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

□ Applicable ☑ Inapplicable

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

5. Use of raised capital

□ Applicable ☑ Inapplicable

The Company used no raised capital in the report period.

VII. 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

VIII. 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	4,783,572,360.92	1,561,101,483.90	966,227,723.74	-5,922,211.54	805,287.72
Fangda Intelligent Manufacturing	Subsidiaries	Curtain wall system materials	250,000,000.00	651,673,996.61	205,601,480.30	135,740,128.45	-9,346,457.22	-7,480,107.60
Fangda Zhiyuan	Subsidiaries	Subway screen door and service	105,000,000.00	1,071,489,078.51	464,466,186.24	255,530,920.39	40,178,877.44	35,219,577.40
Fangda Property	Subsidiaries	Real estate sales	200,000,000.00	5,362,964,404.58	2,460,831,765.95	41,934,842.85	6,045,498.07	4,433,616.43
Fangda Property Management	Subsidiaries	Property Management Service	10,000,000.00	109,487,382.54	90,267,321.43	35,229,999.92	12,612,272.13	9,325,105.06

Acquisition and disposal of subsidiaries in the report period

□ Applicable ☑ Inapplicable

Major joint-stock companies

During the Reporting Period, Jiangxi Intelligent Manufacturing Company recorded operating revenue of RMB 135,740,128.45, including main business revenue of RMB 129,996,574.78; its operating profit was RMB -9,346,457.22, including main business profit of RMB -9,736,239.94. During the Reporting Period, Zhiyuan Technology Company recorded operating revenue of RMB 255,530,920.39, including main business revenue of RMB 252,491,598.11; its operating profit was RMB 40,178,877.44, including main business profit of RMB 39,684,349.72. During the Reporting Period, Fangda Property Management Company recorded operating revenue of RMB 35,229,999.92, all of which was main business revenue; its operating profit was RMB 12,612,272.13, all of which was main business profit.

IX. Structural entities controlled by the Company

□ Applicable ☑ Inapplicable

X. Risks facing the Company and measures

1. Risks of macro environment and policy changes

The Company's core business is closely correlated with macroeconomic trends and industry policy orientations, making its overall operating performance susceptible to fluctuations in the external macro environment. As the Company continues to expand its overseas business footprint, should domestic and global macroeconomic recovery fall short of expectations or infrastructure investment weaken, compounded by intertwined uncertainties such as sustained geopolitical tensions and frequent regional conflicts, downstream sectors including rail transit equipment and architectural curtain walls may face demand contraction or intensified competition for existing market share. This could adversely affect the Company's order acquisition, profitability, and operational stability.

To address these risks, the Company will continuously monitor domestic and global economic trends, industrial policy adjustments, and shifts in the international political landscape to proactively identify risk signals and flexibly adjust operational strategies. Meanwhile, adhering to a technology-driven development path, the Company will accelerate digital and intelligent transformation, deepen the application of artificial intelligence (AI) across R&D design, production operations, and corporate management, continuously forge core competitive advantages, enhance operational resilience and risk resistance, and ensure stable and sustainable development.

2. Market competition risks

The Company's core businesses cover rail transit platform screen door systems and high-end architectural curtain walls, operating in highly market-oriented industries with increasingly fierce competition. In the rail transit platform screen door sector, the continuous enhancement of technical capabilities among leading domestic manufacturers has strengthened overall industry supply capacity, intensifying market competition. The architectural curtain wall industry is characterized by low market concentration and intense competition for high-end projects, placing the Company under pressure to maintain and expand its market share amid competition for existing projects. Should the Company fail to sustain leadership in product iteration, customer service, and brand influence, or fail to effectively respond to challenges from new entrants and alternative technologies, its market position and profitability could be materially affected.

To mitigate these risks, the Company will adhere to an innovation-driven development strategy, continuously increase R&D investment, promote product performance enhancement and cost optimization, and strengthen the differentiated competitiveness of core products. It will deepen cooperation with universities and research institutions to accelerate the industrialization of new technologies and processes. Upholding the philosophy of high-quality and high-efficiency development, the Company will continuously optimize internal management processes to improve operational efficiency and responsiveness. Meanwhile, building on deep cultivation of the domestic market, the Company will actively seize market opportunities arising from infrastructure development in Belt and Road partner countries, step up overseas market expansion, foster a business pattern where domestic and international circulations reinforce each other, enhance overall risk resistance, and continuously consolidate and expand its competitive edge in the industry.

3. Production and operation risks

The Company's production and operations are susceptible to macroeconomic fluctuations and changes in downstream market demand. Additionally, factors such as price volatility of key raw materials and rising labor costs directly impact product costs, introducing uncertainty to profit stability and operational continuity.

To this end, the Company will adopt a combination of measures to address the aforementioned risks: locking in raw material cost ranges through futures hedging instruments, and flexibly adjusting procurement pacing and inventory strategies based on market trend forecasts to reasonably control procurement costs; continuously optimizing the supplier management system to strengthen strategic partnerships and bargaining power; and accelerating automation and intelligent upgrades in production processes, optimizing manufacturing workflows, reducing resource waste, and improving per capita productivity. Meanwhile, the Company will advance the development of a digital construction system, actively promote the application of new technologies and processes, and strengthen multi-skill training for frontline employees. On the premise of ensuring safe production, the Company will continuously improve product quality and delivery efficiency, thereby enhancing the overall risk resilience of production and operations.

4. Management risks

As the Company continues to expand its operational scale and extend its overseas business footprint, the complexity of group-level cross-regional and cross-cultural management has increased accordingly, posing greater challenges in organizational coordination, resource allocation, and internal control. Concurrently, capital market laws, regulations, and regulatory requirements are becoming increasingly stringent, imposing higher standards on the effectiveness of the corporate governance system as well as the timeliness and accuracy of information disclosure.

To address these risks, the Company will deepen management reform, continuously optimize its organizational structure and division of responsibilities, improve internal control systems, and strengthen full-process risk management to ensure compliant and orderly operations across all businesses. The Company will also strengthen talent pipeline development, focusing on attracting and cultivating versatile professionals with international perspectives, cross-cultural management capabilities, and specialized technical expertise, thereby optimizing talent structure and solidifying the management foundation. Furthermore, the Company will continuously enhance corporate governance, improve scientific decision-making mechanisms, and boost organizational effectiveness and execution capability, providing robust support for achieving high-quality and sustainable development.

XI. Formulation and Implementation of the 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 Valuation Enhancement Plan of Fangda Group Co., Ltd. on CNINFO (http://www.cninfo.com.cn), outlining specific measures formulated to enhance valuation. Closely aligned with the Company's actual conditions and development strategy, this plan is conducive to improving operating quality and investment value, enhancing investor returns, and promoting long-term stable development.

XII. Implementation 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

In the first half of 2026, the Company thoroughly implemented the "Dual Enhancement of Quality and Returns" special action plan, making solid progress in areas including operating quality, technological innovation, and governance standardization, and achieving phased results.

(I) Focusing on Core Business Cultivation to Steadily Improve Operating Quality

The Company continued to promote the synergistic development of its two core businesses—intelligent rail transit platform screen doors and high-end smart curtain walls—and achieved significant results in its global layout. During the Reporting Period, the high-speed railway platform screen door business transitioned from benchmark demonstration to batch replication, successively winning bids for Shenzhen North Station and Humen High-Speed Railway Station projects, making the Company the first domestic manufacturer to achieve full coverage of both full-height and half-height systems. The curtain wall business also recorded outstanding progress in overseas market expansion, with orders from Australia and key Middle Eastern regions increasing significantly. In terms of financial performance, net profit attributable to owners of the parent company reached RMB 54,501,100 in the first half of the year, representing a year-on-year increase of 215.22%. Net cash flow from operating activities turned positive from negative year-on-year, increasing by RMB 274 million. Newly signed overseas orders accounted for 56.03%

of total new orders, and order backlog at period-end stood at RMB 6,460,882,300, laying a solid foundation for subsequent earnings realization.

(II) Strengthening Innovation-Driven Development and Empowering New Quality Productive Forces with AI

The Company continued to increase R&D investment and deepen the integration of AI technology with its core businesses. In the rail transit sector, the Company built the industry's first intelligent robotic assembly production line. Multiple achievements, including AI visual recognition and an AI-powered condition monitoring system for intelligent O&M, have been successfully deployed. The national standard for platform screen doors, led by the Company, officially came into effect in May 2026. In the smart curtain wall sector, an AI Research and Application Promotion Team was established, and the Company deepened cooperation with Huawei Cloud to upgrade its MES system. Its independently developed "Vertical Offset Curtain Wall Finishing System" and "Super-Large High-Vanadium Cable Curtain Wall Technology" were selected as "Shenzhen Enterprise Innovation (China) Records," while its "Ultra-High Suspended Curtain Wall Construction Technology" was named among the Top 10 Innovative Applications in the curtain wall industry. With cumulative patented technologies reaching 721, technological innovation has significantly driven industrial upgrading.

(III) Improving the Governance System to Enhance Standardized Operations

During the Reporting Period, the Company continuously improved its corporate governance structure, strengthened accountability constraints on "key minorities" including the controlling shareholder, directors, and senior management, and refined the mechanism linking compensation to operating performance. Independent directors fully exercised their oversight and checks-and-balances functions to effectively safeguard the legitimate rights and interests of minority investors, ensuring the standardized and effective operation of the governance system.

(IV) Enhancing Information Disclosure Quality to Consolidate the Foundation for Sustainable Development

The Company has consistently fulfilled its information disclosure obligations in strict accordance with the principles of "truthfulness, accuracy, completeness, timeliness, and fairness," continuously improving the precision and transparency of disclosures. Its information disclosure work has received the highest Grade A rating from the Shenzhen Stock Exchange for four consecutive years. Meanwhile, the Company continued to strengthen investor relations management by diversifying communication channels. Through earnings briefings, investor site visits, hotline calls, and the Interactive Easy platform, the Company proactively listened to investor concerns, earnestly addressed market inquiries, and actively collected and analyzed feedback from various parties. These efforts have enhanced the market's understanding and recognition of the Company's investment value and effectively bolstered investor confidence.

Looking ahead, the Company will continue to thoroughly implement high-quality development requirements, promoting effective improvement in quality and reasonable growth in scale. It remains committed to delivering sustained and stable returns to investors, providing a platform for employees to realize their value and achieve career growth, and actively fulfilling social responsibilities to contribute social value. The Company will further advance digital and intelligent transformation to enhance core competitiveness and intrinsic value, make every effort to drive high-quality, sound, and sustainable development, and effectively deliver on the "Dual Enhancement of Quality and Returns," thereby making positive contributions to the stable and healthy development of the capital market.

Chapter IV Corporate Governance, Environment, and Society

I. Changes in Directors and Senior Management of the Company

☑ Applicable □ Inapplicable

Name	Job	Type	Date	Reason
Cao Zhongxiong	Independent director	Leaving office	28 April 2026	Re-election
Guo Wanda	Independent director	Elected	28 April 2026	Re-election

II. Profit Distribution and Reserve Capitalization in the Report Period

□ Applicable ☑ Inapplicable

The Company distributed no cash dividends or bonus shares and has no reserve capitalization plan.

III. Share Incentive Schemes, Staff Shareholding Program or Other Incentive Plans

□ Applicable ☑ Inapplicable

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

IV. Disclosure of Environmental Information

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

□ Yes ☑ No

V. Social Responsibility

While creating economic value, the Company actively fulfills its corporate social responsibilities, strives to give back to society, and has carried out a series of public welfare and charitable initiatives, contributing to the realization of the national strategies for rural revitalization and common prosperity. The Company has set a positive example in ecological protection and social development, demonstrating the sense of responsibility expected of an industry leader. The Company has successively implemented industrial assistance programs in Guangdong, Shaanxi, Guizhou, Jiangxi, and Tibet, adapting measures to local conditions to help underdeveloped regions cultivate cash crops such as tea tree mushrooms and lilies. It has supported rural collective aquaculture and livestock projects, and constructed greenhouse photovoltaic power stations and distributed photovoltaic power stations as "self-sustaining" rural industrial projects. These efforts have fostered new drivers for rural economic development and contributed to building beautiful countryside areas in the new era that feature thriving industries, pleasant living environments, civilized rural customs, effective governance, and prosperous livelihoods, achieving positive social outcomes and earning widespread acclaim from all sectors of society. The Company has been honored as an "Outstanding Enterprise in Fulfilling Social Responsibilities" for multiple consecutive years.

Chapter 5 Significant Events

I. 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

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. Engaging and dismissing of CPA

Whether the interim financial report is audited

□ Yes ☑ No

The interim report for H1 2015 has not been audited.

V. Statement of the Board on the “non-standard auditors' report” issued by the CPA on the current report period

□ Applicable ☑ Inapplicable

VI. Statement of the Board of Directors on the Non-standard Auditor's Report for H1 2014

□ Applicable ☑ Inapplicable

VII. Bankruptcy and capital reorganizing

□ Applicable ☑ Inapplicable

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

VIII. Lawsuit

Significant lawsuit and arbitration

□ Applicable ☑ Inapplicable

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

Other lawsuit

☑ Applicable □ Inapplicable

Basic information of litigation (arbitration)	Amount (in RMB10,000)	Whether estimated liabilities are formed	Progress of litigation (arbitration)	Litigation (arbitration) hearing results and impact	Enforcement of litigation (arbitration) judgment	Date of disclosure	Index for information disclosure
Summary of matters in which the subsidiaries as the plaintiff fail to meet the disclosure standards of major litigation (arbitration)	51,610.71	No	Filing, trial, or execution phases	Some cases are under trial and are not expected to have a significant impact on the Company's operations and financial condition; some judgments have taken effect, with the final actual impact dependent on the execution results.	Some cases are in the execution phase		
Summary of matters where the Company and its subsidiaries as defendants fail to meet the disclosure standards of major litigation (arbitration)	3,090.43	No	Under trial or arbitration	The case has not been closed yet, and it is not expected to have a significant impact on the company's operation and financial status	Inapplicable		

IX. Punishment and rectification

□ Applicable ☑ Inapplicable

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

X. 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.

XI. 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.

XII. 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										
Total of external guarantee approved in the report term (A1)		0	Total of external guarantee actually occurred in the report term (A2)		0					
Total of external guarantee approved as of end of report term (A3)		0	Total balance of external guarantees at the end of the Reporting Period (A4)		0					
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	April 22, 2025	133,000.00	December 23, 2025	51,751.82	Joint and several liability guarantee	None	None	since engage of contract to 3 years upon due of debt	No	Yes
Fangda Construction Technology	April 08, 2026	35,000.00	April 28, 2026	20,996.63	Joint and several liability guarantee	None	None	since engage of contract to 3 years upon due of debt	No	Yes
Fangda Construction Technology	April 22, 2025	20,000.00	December 09, 2025	10,860.91	Joint and several liability guarantee	None	None	since engage of contract to 3 years upon due of debt	No	Yes
Fangda Construction Technology	April 22, 2025	50,000.00	July 16, 2025	24,625.36	Joint and several liability guarantee	None	None	since engage of contract to 3 years upon due of debt	No	Yes
Fangda	April 22,		January		Joint and	None	None	since	No	Yes

Construction Technology	2025	39,000.00	21, 2026	19,152.19	several liability guarantee			engage of contract to 3 years upon due of debt		
Fangda Construction Technology	April 22, 2025	15,000.00	July 01, 2025	15,000.00	Joint and several liability guarantee	None	None	since engage of contract to 3 years upon due of debt	No	Yes
Fangda Construction Technology	April 22, 2025	48,000.00	January 06, 2026	36,189.81	Joint and several liability guarantee	None	None	since engage of contract to 3 years upon due of debt	No	Yes
Fangda Construction Technology	April 02, 2024	60,000.00	December 19, 2024	30,000.00	Joint and several liability guarantee	None	None	since engage of contract to 3 years upon due of debt	No	Yes
Fangda Construction Technology	April 22, 2025	11,150.00	November 17, 2025	-	Joint and several liability guarantee	None	None	since engage of contract to 3 years upon due of debt	No	Yes
Fangda Construction Technology	April 22, 2025	20,000.00	January 19, 2026	3,098.00	Joint and several liability guarantee	None	None	since engage of contract to 3 years upon due of debt	No	Yes
Fangda Construction Technology	April 22, 2025	40,000.00	August 07, 2025	5,300.00	Joint and several liability guarantee	None	None	since engage of contract to 3 years upon due of debt	No	Yes
Fangda Construction Technology	April 22, 2025	25,000.00	December 25, 2025	-	Joint and several liability guarantee	None	None	since engage of contract to 3	No	Yes

								years upon due of debt		
Fangda Zhiyuan	April 08, 2026	31,000.00	June 02, 2026	17,646.41	Joint and several liability guarantee	None	None	since engage of contract to 3 years upon due of debt	No	Yes
Fangda Zhiyuan	April 08, 2026	20,000.00	April 28, 2026	6,197.81	Joint and several liability guarantee	None	None	since engage of contract to 3 years upon due of debt	No	Yes
Fangda Zhiyuan	April 22, 2025	10,000.00	December 09, 2025	1,142.08	Joint and several liability guarantee	None	None	since engage of contract to 3 years upon due of debt	No	Yes
Fangda Zhiyuan	April 22, 2025	15,000.00	July 16, 2025	4,228.43	Joint and several liability guarantee	None	None	since engage of contract to 3 years upon due of debt	No	Yes
Fangda Zhiyuan	April 22, 2025	10,000.00	July 01, 2025	2,174.00	Joint and several liability guarantee	None	None	since engage of contract to 3 years upon due of debt	No	Yes
Fangda Zhiyuan	April 22, 2025	18,000.00	January 06, 2026	6,064.48	Joint and several liability guarantee	None	None	since engage of contract to 3 years upon due of debt	No	Yes
Fangda Zhiyuan	April 22, 2025	15,475.00	November 17, 2025	4,160.13	Joint and several liability guarantee	None	None	since engage of contract to 3 years upon due of debt	No	Yes

Fangda Zhiyuan	April 22, 2025	15,000.00	January 27, 2026	590.86	Joint and several liability guarantee	None	None	since engage of contract to 3 years upon due of debt	No	Yes
Fangda Zhiyuan	April 22, 2025	10,000.00	November 20, 2025	3,000.00	Joint and several liability guarantee	None	None	since engage of contract to 3 years upon due of debt	No	Yes
Fangda Yunzhu	April 08, 2026	300.00	April 28, 2026	5.00	Joint and several liability guarantee	None	None	since engage of contract to 3 years upon due of debt	No	Yes
Fangda Yunzhu	April 08, 2026	1,000.00	May 27, 2026	600.00	Joint and several liability guarantee	None	None	since engage of contract to 3 years upon due of debt	No	Yes
Fangda New Material	April 02, 2024	8,500.00	February 27, 2025	1,540.00	Joint and several liability guarantee	None	None	since engage of contract to 3 years upon due of debt	No	Yes
Fangda Dongguan New Material	April 22, 2025	5,000.00	July 01, 2025	3,760.00	Joint and several liability guarantee	None	None	since engage of contract to 3 years upon due of debt	No	Yes
Fangda Property	December 23, 2023	110,000.00	April 02, 2025	106,000.00	Joint and several liability guarantee	None	None	since engage of contract to 3 years upon due of debt	No	Yes
Fangda Zhijian	April 22, 2025	7,000.00	June 30, 2025	6,317.83	Joint and several liability guarante	None	None	since engage of contract	No	Yes

					e			to 3 years upon due of debt		
Fangda Intelligent Manufacturing	December 23, 2023	30,000.00	February 22, 2024	26,500.00	Joint and several liability guarantee	None	None	since engage of contract to 3 years upon due of debt	No	Yes
Fangda Zhiyuan	December 23, 2023	31,896.02	February 17, 2024	31,896.02	Joint and several liability guarantee	None	None	From the date the letter of guarantee is issued until the completion of the project contract	No	Yes
Fangda Zhiyuan	December 23, 2023	24,885.16	February 17, 2024	24,885.16	Joint and several liability guarantee	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)		237,300		Total of guarantee to subsidiaries actually occurred in the report term (B2)		194,804.95				
Total of guarantee to subsidiaries approved as of the report term (B3)		859,206.18		Total balance of guarantees provided to subsidiaries at the end of the Reporting Period (B4)		463,682.94				
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 to subsidiaries approved in the report term (C1)		0		Total of guarantee to subsidiaries actually occurred in the report term (C2)		0				
Total of guarantee to subsidiaries approved as of the report term (C3)		0		Total balance of guarantees provided to subsidiaries at the end of the Reporting		0				

		Period (C4)	
Total of guarantee provided by the Company (total of the above three)			
Total of guarantee approved in the report term (A1+B1+C1)	237,300	Total of guarantee occurred in the report term (A2+B2+C2)	194,804.95
Total of guarantee approved as of end of report term (A3+B3+C3)	859,206.18	Total balance of all guarantees at the end of the Reporting Period (A4+B4+C4)	463,682.94
Ratio of total outstanding guarantee balance (i.e., A4 + B4 + C4) to the Company's net assets		83.59%	
Including:			
Guarantees provided to the shareholders, substantial controllers and the related parties (D)		0	
Guarantee provided directly or indirectly to objects with over 70% of liability on asset ratio (E)		3,760	
Amount of guarantee over 50% of the net asset (F)		186,317.32	
Total of the above 3 (D+E+F)		186,317.32	
For the unexpired guarantee contract, the guarantee liability has occurred during the reporting period or there is evidence that it is possible to bear joint and several repayment liability (if any)		None	
Statement of external guarantees violating the procedure (if any)		None	

Note of compound guarantee

None

The Company's new guarantees for subsidiaries in the second quarter of 2026 are as follows:

No.	Guarantor	Creditor	Guarantee Amount (RMB10,000)	Actual date	Guarantee Details
1	China Fangda Group Co., Ltd.	Industrial Bank Co., Ltd., Shenzhen Branch	35,000.00	April 28, 2026	Subsidiary annual credit
2		Industrial Bank Co., Ltd., Shenzhen Branch	300.00	April 28, 2026	
3		Industrial Bank Co., Ltd., Shenzhen Branch	20,000.00	April 28, 2026	
4		China Everbright Bank Co., Ltd., Shenzhen Branch	1,000.00	May 27, 2026	
5		China Construction Bank Corporation, Shenzhen Branch	31,000.00	June 02, 2026	

3. Entrusted wealth management

☑ Applicable □ Inapplicable

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	3,111.13	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

4. Other significant contract

□ Applicable ☑ Inapplicable

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

XIII. Record of Research Visits, Communications, and Interviews During the Reporting Period

☑ Applicable □ Inapplicable

Time/date	Place	Way	Visitor	Visitor	Main content involved and materials provided	Disclosure of information
16 April 2026	Network platform	Online communication on online platforms	Others	Investors participating in the Company's 2025 Performance Presentation	Business and future development	Investor Relationship Record Form on www.cninfo.com.cn

XIV. Description of Other Significant Matters

□ Applicable ☑ Inapplicable

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

XV. Significant Matters of 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

Progress in the implementation of share repurchase

☑ Applicable □ Inapplicable

1. On June 1, 2026, the Company convened the Second Meeting of the Eleventh Board of Directors, which deliberated and approved the Proposal on Repurchasing A-Shares via Centralized Bidding. The Board agreed that the Company use its own funds to repurchase A-shares through centralized bidding for the purpose of implementing an equity incentive plan. For details, please refer to the relevant announcement disclosed by the Company on June 8, 2026, in China Securities Journal, Shanghai Securities News, Securities Times, Securities Daily, and on CNINFO (http://www.cninfo.com.cn).

2. On June 8, 2026, the Company made its first repurchase of A-shares via centralized bidding through a dedicated repurchase account. For details, please refer to the relevant announcement disclosed by the Company on June 9, 2026, on CNINFO (http://www.cninfo.com.cn). During the repurchase period, the Company disclosed the progress of the repurchase in accordance with relevant regulations.

3. As of June 26, 2026, the Company had repurchased 16,500,050 A-shares via centralized bidding through its dedicated securities repurchase account, representing 1.54% of the total share capital as of the disclosure date of this report. The highest transaction price was RMB 3.76/share and the lowest was RMB 3.33/share, with a total transaction amount of RMB 59,938,011.28 (including transaction fees). The implementation of this repurchase plan has now been completed. The actual repurchase period was from June 8, 2026, to June 26, 2026. This repurchase complies with the Company's share repurchase plan and applicable laws and regulations. For details, please refer to the relevant announcement disclosed by the Company on June 27, 2026, on CNINFO (http://www.cninfo.com.cn).

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

□ 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

□ Applicable ☑ Inapplicable

III. Shareholders and shareholding

In share

Number of shareholders of common shares at the end of the report period	44,124	Number of shareholders of preferred stocks of which voting rights recovered in the report period (if any)	0

Shareholdings of shareholders holding more than 5% or the top 10 shareholders (excluding shares lent through refinancing)								
Name of shareholder	Nature of shareholder	Shareholding percentage	Number of shares held at the end of the reporting period	Change in the reporting period	Conditional shares	Amount of shares without sales restriction	Pledge, marking or freezing	
							Share status	Quantity
Shenzhen Banglin Technologies Development Co., Ltd.	Domestic non-state legal person	11.11%	119,332,846	0	0	0	Inapplicable	0
Shengjiu Investment Ltd.	Foreign legal person	10.94%	117,454,303	2,204,350	0	0	Inapplicable	0
Fang Wei	Domestic natural person	4.39%	47,126,039	1,187,300	0	0	Inapplicable	0
Xu Lei	Domestic	1.40%	15,000,000	2,780,000	0	0	Inapplicabl	0

	natural person						e	
Xu Zhe	Domestic natural person	1.16%	12,500,000	3,500,000	0	0	Inapplicable	0
Zhou Youming	Domestic natural person	0.70%	7,508,210	-2,256,000	0	0	Inapplicable	0
Shenwan Hongyuan Securities (Hong Kong) Co., Ltd.	Foreign legal person	0.55%	5,943,171	0	0	0	Inapplicable	0
Xiong Jianming	Domestic natural person	0.48%	5,110,257	0	3,832,693	1,277,564	Inapplicable	0
GUOTAI JUNAN SECURITIES (HONG KONG) LIMITED	Foreign legal person	0.37%	4,026,226	0	0	0	Inapplicable	0
Shanghai Silver Leaf Investment Co., Ltd.-Silver Leaf Quantitative Hedging Phase 1 Private Securities Investment Fund	Others	0.33%	3,575,500	0	0	0	Inapplicable	0
Strategic investors or general legal persons becoming top 10 shareholders due to new share placements (if any)		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 instructions on the existence of special repurchase account among the top 10 shareholders (if any)		Among the top 10 shareholders, the "Fangda Group Co., Ltd. Dedicated Securities Repurchase Account" holds 16,500,050 A-shares of the Company, accounting for 1.54% of the total share capital, and is excluded from the list of the top 10 shareholders.						
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.	117,454,303	Domestically listed foreign shares	117,454,303
Fang Wei	47,126,039	RMB common shares	47,126,039
Xu Lei	15,000,000	RMB common shares	15,000,000
Xu Zhe	12,500,000	RMB common shares	12,500,000
Zhou Youming	7,508,210	RMB common shares	7,508,210
Shenwan Hongyuan Securities (Hong Kong) Co., Ltd.	5,943,171	Domestically listed foreign shares	5,943,171
GUOTAI JUNAN SECURITIES (HONG KONG) LIMITED	4,026,226	Domestically listed foreign shares	4,026,226
Shanghai Silver Leaf Investment Co., Ltd.- Silver Leaf Quantitative Hedging Phase 1 Private Securities Investment Fund	3,575,500	RMB common shares	3,575,500
Li Hao	3,518,300	RMB common shares	3,518,300
Explanation of the relationship or acting in concert among the top 10 shareholders without sales restrictions, and between the top 10 shareholders without sales restrictions and the top 10 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 margin trade (if any) (see note 4)	Fang Wei holds 47,126,039 shares of the Company through a customer credit transaction guarantee securities account with CITIC Securities Co., Ltd.; Xu Lei holds 15,000,000 shares of the Company through the Client Credit Trading Guarantee Securities Account of Guolian Minsheng Securities Co., Ltd.; Xu Zhe holds 12,000,000 shares of the Company through the Client Credit Trading Guarantee Securities Account of Guolian Minsheng Securities Co., Ltd.; Shanghai Yinye Investment Co., Ltd. – Yinye Quantitative Hedging Phase I Private Securities Investment Fund holds 3,575,500 shares of the Company through the Client Credit Trading		

	Guarantee Securities Account of Xiangcai Securities Co., Ltd.; Li Hao holds 3,518,300 shares of the Company through the Client Credit Trading Guarantee Securities Account of Guotai Haitong 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

IV. Changes in shareholding of Directors and Senior Management

□ Applicable ☑ Inapplicable

The Company's Directors and senior management shareholding has remained unchanged during the report period. For details, please refer to the 2025 annual report.

V. Changes in controlling shareholder or actual controller

Where the Company has previously disclosed that the actual controller is planning a change of control that remains incomplete, please describe the progress of such change of control.

□ Applicable ☑ Inapplicable

Changes in the controlling shareholder in the reporting period

□ Applicable ☑ Inapplicable

No change in the controlling shareholder in the report period

Change in the actual controller in the report period

□ Applicable ☑ Inapplicable

No change in the actual shareholder in the report period

VI. Preferred 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

Whether the interim report is audited

□ Yes ☑ No

The financial statements for H1 2014 have not been audited.

II. Financial statements

Unit for statements in notes to financial statements: RMB yuan

1. Consolidated Balance Sheet

Prepared by: China Fangda Group Co., Ltd.

June 30, 2026

In RMB

Item	Closing balance	Opening balance
Current asset:		
Monetary capital	1,307,061,214.67	1,401,292,102.72
Settlement provision		
Outgoing call loan		
Transactional financial assets	31,505,968.50	410.06
Derivative financial assets	899,846.25	1,459,950.00
Notes receivable	32,981,099.69	121,778,063.00
Account receivable	768,077,027.19	885,516,557.23
Receivable financing	16,748,225.96	
Prepayment	60,424,946.92	20,407,968.16
Insurance receivable		
Reinsurance receivable		
Provisions of Reinsurance contracts receivable		
Other receivables	128,940,277.57	120,173,307.70
Including: interest receivable		
Dividend receivable		
Repurchasing of financial assets		
Inventory	677,752,245.52	685,058,418.56
Among them: data resources		
Contract assets	1,900,353,208.42	1,998,091,151.43
Assets held for sales		
Non-current assets due in 1 year		
Other current assets	261,435,012.93	296,646,964.92
Total current assets	5,186,179,073.62	5,530,424,893.78

Non-current assets:		
Loan and advancement provided		
Debt investment		
Other debt investment		
Long-term receivables		
Long-term share equity investment	32,953,385.52	32,988,644.63
Investment in other equity tools		
Other non-current financial assets	6,010,966.43	6,516,131.63
Investment real estate	5,598,103,817.83	5,548,371,426.50
Fixed assets	927,689,776.20	940,980,113.90
Construction in process	497,646.04	1,214,530.34
Productive biological assets		
Gas & petrol		
Use right assets	16,870,707.96	13,470,006.41
Intangible assets	80,715,712.43	82,258,834.99
Among them: data resources		
R&D expense		
Among them: data resources		
Goodwill		
Long-term amortizable expenses	6,981,647.91	6,562,494.97
Deferred income tax assets	275,768,058.05	266,869,033.36
Other non-current assets	139,115,235.76	145,743,957.24
Total of non-current assets	7,084,706,954.13	7,044,975,173.97
Total of assets	12,270,886,027.75	12,575,400,067.75
Current liabilities		
Short-term loans	1,509,124,058.02	1,202,846,497.03
Loans from Central Bank		
Call loan received		
Transactional financial liabilities		
Derivative financial liabilities	4,250,400.00	
Notes payable	638,320,019.04	429,110,637.53
Account payable	1,647,662,603.78	2,040,691,220.16
Prepayment received	3,467,916.54	3,517,539.83
Contract liabilities	313,538,993.72	350,155,877.61
Selling of repurchased financial assets		
Deposit received and held for others		
Entrusted trading of securities		
Entrusted selling of securities		
Employees' wage payable	36,238,023.94	67,812,846.09
Taxes payable	26,053,466.76	40,439,297.75
Other payables	142,080,215.85	125,372,728.24
Including: interest payable		

Dividend payable		
Fees and commissions payable		
Reinsurance fee payable		
Liabilities held for sales		
Non-current liabilities due in 1 year	104,661,339.49	379,089,194.66
Other current liabilities	38,912,867.08	60,918,938.51
Total current liabilities	4,464,309,904.22	4,699,954,777.41
Non-current liabilities:		
Insurance contract provision		
Long-term loans	1,230,000,000.00	1,290,000,000.00
Bond payable		
Including: preferred stock		
Perpetual bond		
Lease liabilities	10,078,800.17	8,979,546.87
Long-term payable		
Long-term employee benefits payable		
Anticipated liabilities	3,548,078.18	1,455,390.21
Deferred earning	25,127,360.71	26,304,277.69
Deferred income tax liabilities	942,148,443.25	941,080,689.22
Other non-current liabilities		
Total of non-current liabilities	2,210,902,682.31	2,267,819,903.99
Total liabilities	6,675,212,586.53	6,967,774,681.40
Owners' 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	59,938,011.28	
Other miscellaneous income	154,510,936.45	161,046,834.50
Special reserves		
Surplus reserve	85,368,328.00	85,368,328.00
Common risk provisions		
Undistributed profit	4,289,138,882.25	4,234,637,792.91
Total owners' equity attributable to the parent company	5,547,312,310.75	5,559,285,130.74
Minor shareholders' equity	48,361,130.47	48,340,255.61
Total of owners' equity	5,595,673,441.22	5,607,625,386.35
Total liabilities and owners' equity	12,270,886,027.75	12,575,400,067.75

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	3,088,968.72	20,613,570.12
Transactional financial assets		
Derivative financial assets		
Notes receivable		
Account receivable	5,850,720.90	5,225,854.36
Receivable financing		
Prepayment	86,015.64	342,719.99
Other receivables	1,092,664,677.23	1,131,454,187.78
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	1,822,218.15	2,482,430.99
Total current assets	1,103,512,600.64	1,160,118,763.24
Non-current assets:		
Debt investment		
Other debt investment		
Long-term receivables		
Long-term share equity investment	1,706,562,530.00	1,706,562,530.00
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	376,551,400.00
Fixed assets	44,109,795.15	44,963,441.98
Construction in process		
Productive biological assets		
Gas & petrol		
Use right assets	2,069,776.87	3,449,628.07
Intangible assets	1,370,237.39	1,266,785.86
Among them: data resources		
R&D expense		
Among them: data resources		
Goodwill		
Long-term amortizable expenses	10,953.60	104,570.72
Deferred income tax assets		
Other non-current assets		
Total of non-current assets	2,160,674,694.01	2,162,898,357.63
Total of assets	3,264,187,294.65	3,323,017,120.87
Current liabilities		

Short-term loans		
Transactional financial liabilities		
Derivative financial liabilities		
Notes payable		
Account payable	899,767.71	845,545.88
Prepayment received	849,774.26	758,736.42
Contract liabilities		
Employees' wage payable	873,617.21	1,883,259.98
Taxes payable	774,916.91	248,881.74
Other payables	997,733,826.39	1,005,650,528.32
Including: interest payable		
Dividend payable		
Liabilities held for sales		
Non-current liabilities due in 1 year	2,160,836.77	2,839,640.73
Other current liabilities	263,918.70	259,291.84
Total current liabilities	1,003,556,657.95	1,012,485,884.91
Non-current liabilities:		
Long-term loans		
Bond payable		
Including: preferred stock		
Perpetual bond		
Lease liabilities		727,265.94
Long-term payable		
Long-term employee benefits payable		
Anticipated liabilities		
Deferred earning		
Deferred income tax liabilities	49,410,214.77	46,328,991.71
Other non-current liabilities		
Total of non-current liabilities	49,410,214.77	47,056,257.65
Total liabilities	1,052,966,872.72	1,059,542,142.56
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	59,938,011.28	
Other miscellaneous income	39,731,740.46	39,731,740.46
Special reserves		
Surplus reserve	85,368,328.00	85,368,328.00
Undistributed profit	1,071,823,302.23	1,064,139,847.33
Total of owners' equity	2,211,220,421.93	2,263,474,978.31
Total of liabilities and owner's interest	3,264,187,294.65	3,323,017,120.87

3. Consolidated Income Statement

In RMB

Item	H1 2026	H1 2025
1. Total revenue	1,551,057,757.28	1,598,286,450.04
Incl. Business income	1,551,057,757.28	1,598,286,450.04
Interest income		
Insurance fee earned		
Fee and commission received		
2. Total business cost	1,490,927,514.67	1,536,129,791.61
Incl. Business cost	1,263,984,601.43	1,307,537,649.28
Interest expense		
Fee and commission paid		
Insurance discharge payment		
Net claim amount paid		
Net insurance policy responsibility reserves provided		
Insurance policy dividend paid		
Reinsurance expenses		
Taxes and surcharges	17,713,676.77	16,691,311.31
Sales expense	25,412,850.11	22,633,578.48
Administrative expense	82,094,951.56	90,172,531.38
R&D cost	55,615,640.54	61,514,176.71
Financial expenses	46,105,794.26	37,580,544.45
Including: interest cost	37,038,622.14	36,331,469.54
Interest income	2,953,634.90	5,980,063.68
Add: other gains	5,753,213.63	6,902,959.39
Investment gains ("-" for loss)	-739,746.64	-680,394.74
Incl. Investment gains from affiliates and joint ventures	-35,259.11	-35,164.25
Financial assets derecognized as a result of amortized cost	-1,233,163.38	-696,903.65
Exchange gains ("—" for loss)		
Net open hedge gains ("-" for loss)		
Gains from change of fair value ("-" for loss)	2,413,712.01	2,766,545.64
Credit impairment ("-" for loss)	-11,064,393.24	-59,005,981.56
Investment impairment loss ("-" for loss)	7,490,908.24	4,589,393.55
Investment gains ("-" for loss)	149,689.17	-1,522,602.22
3. Operating profit ("-" for loss)	64,133,625.78	15,206,578.49
Plus: non-operational income	329,521.20	219,391.05
Less: non-operational expenditure	370,452.58	576,871.24
4. Gross profit ("-" for loss)	64,092,694.40	14,849,098.30
Less: Income tax expenses	9,569,899.61	-2,457,491.76

5. Net profit ("-" for net loss)	54,522,794.79	17,306,590.06
(1) By operating consistency		
1. Net profit from continuous operation ("-" for net loss)	54,522,794.79	17,306,590.06
2. Net profit from discontinuous operation ("-" for net loss)		
(2) By ownership		
1. Net profit attributable to the shareholders of the parent company ("-" for net loss)	54,501,089.34	17,289,598.23
2. Gains and losses of minority shareholders ("-" for net loss)	21,705.45	16,991.83
6. After-tax net amount of other misc. incomes	-6,536,728.64	1,859,278.02
After-tax net amount of other misc. incomes attributed to parent's owner	-6,535,898.05	1,859,020.93
(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	-6,535,898.05	1,859,020.93
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	-4,088,928.19	1,358,491.26
6. Translation difference of foreign exchange statement	-2,446,969.86	578,581.44
7. Others		-78,051.77
After-tax net of other misc. income attributed to minority shareholders	-830.59	257.09
7. Total of misc. incomes	47,986,066.15	19,165,868.08
Total of misc. incomes attributable to the owners of the parent company	47,965,191.29	19,148,619.16
Total misc gains attributable to the minor shareholders	20,874.86	17,248.92
8. Earnings per share:		
(1) Basic earnings per share	0.0508	0.0161
(2) Diluted earnings per share	0.0508	0.0161

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	H1 2026	H1 2025
1. Turnover	24,585,328.55	11,205,926.52
Less: Operation cost	3,361.57	0.00
Taxes and surcharges	628,588.72	631,890.33
Sales expense		

Administrative expense	13,260,605.96	13,655,557.07
R&D cost		
Financial expenses	50,814.20	-140,903.66
Including: interest cost	57,878.68	133,932.04
Interest income	11,016.57	200,370.07
Add: other gains	87,739.60	58,615.83
Investment gains ("-" for loss)	34,765.14	25,548,151.98
Incl. Investment gains from affiliates and joint ventures		
Financial assets derecognized as a result of amortized cost ("-" for loss)		
Net open hedge gains ("-" for loss)		
Gains from change of fair value ("-" for loss)		
Credit impairment ("-" for loss)	-6,528.16	-26,336.24
Investment impairment loss ("-" for loss)		
Investment gains ("-" for loss)		32,377.91
2. Operational profit ("-" for loss)	10,757,934.68	22,672,192.26
Plus: non-operational income	7,948.41	6,681.42
Less: non-operational expenditure	1,205.13	
3. Gross profit ("-" for loss)	10,764,677.96	22,678,873.68
Less: Income tax expenses	3,081,223.06	-471,772.92
4. Net profit ("-" for net loss)	7,683,454.90	23,150,646.60
(1) Net profit from continuous operation ("-" for net loss)	7,683,454.90	23,150,646.60
(2) Net profit from discontinuous operation ("-" for net loss)		
5. After-tax net amount of other misc. incomes		
(1) Other misc. incomes that cannot be re-classified into gain and loss		
1. Re-measure the change in the defined benefit plan		
2. Other comprehensive income that cannot be transferred to profit or loss under the equity method		
3. Fair value change of investment in other equity tools		
4. Fair value change of the Company's credit risk		
5. Others		
(2) Other misc. incomes that will be re-classified into gain and loss		
1. 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		
6. Total of misc. incomes	7,683,454.90	23,150,646.60
7. Earnings per share:		
(1) Basic earnings per share		
(2) Diluted earnings per share		

5. Consolidated Cash Flow Statement

In RMB

Item	H1 2026	H1 2025
1. Net cash flow from business operations:		
Cash received from sales of products and providing of services	1,782,320,125.25	1,644,864,672.27
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	73,377,250.18	3,765,227.06
Other cash received from business operation	40,602,023.06	76,539,611.68
Sub-total of cash inflow from business operations	1,896,299,398.49	1,725,169,511.01
Cash paid for purchasing products and services	1,400,192,734.25	1,406,952,767.91
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	249,210,262.87	266,473,149.48
Taxes paid	94,110,280.26	87,939,225.95
Other cash paid for business activities	145,118,899.44	230,151,595.52
Sub-total of cash outflow from business operations	1,888,632,176.82	1,991,516,738.86
Cash flow generated by business operations, net	7,667,221.67	-266,347,227.85
2. Cash flow generated by investment:		
Cash received from investment recovery	688,773,640.90	
Cash received as investment profit	716,712.77	54,562.28
Net cash retrieved from disposal of fixed assets, intangible assets, and other long-term assets	4,453,700.00	47,639,388.99
Net cash received from disposal of subsidiaries or other operational units		
Other investment-related cash received		
Sub-total of cash inflow generated from investment	693,944,053.67	47,693,951.27
Cash paid for construction of fixed assets, intangible assets and other long-term assets	23,369,359.22	15,143,990.05
Cash paid as investment	719,351,449.55	
Net increase of loan against pledge		
Net cash paid for acquiring subsidiaries and other operational units		
Other cash paid for investment		
Subtotal of cash outflows	742,720,808.77	15,143,990.05
Cash flow generated by investment activities, net	-48,776,755.10	32,549,961.22
3. Cash flow generated by financing activities:		

Cash received from investment		15.06
Incl. Cash received from investment attracted by subsidiaries from minority shareholders		
Cash received from borrowed loans	1,256,571,505.53	1,893,093,229.99
Other cash received from financing activities		191,000,000.00
Subtotal of cash inflow from financing activities	1,256,571,505.53	2,084,093,245.05
Cash paid to repay debts	1,261,480,000.00	1,947,980,500.00
Cash paid as dividend, profit, or interests	39,126,592.53	88,294,367.10
Incl. Dividend and profit paid by subsidiaries to minority shareholders		
Other cash paid for financing activities	338,251,933.09	89,650,891.23
Subtotal of cash outflow from financing activities	1,638,858,525.62	2,125,925,758.33
Net cash flow generated by financing activities	-382,287,020.09	-41,832,513.28
4. Influence of exchange rate changes on cash and cash equivalents	-6,307,215.80	3,502,591.55
5. Net increase in cash and cash equivalents	-429,703,769.32	-272,127,188.36
Plus: Balance of cash and cash equivalents at the beginning of term	1,090,965,547.89	1,031,725,216.34
6. Balance of cash and cash equivalents at the end of the period	661,261,778.57	759,598,027.98

6. Cash Flow Statement of the Parent Company

In RMB

Item	H1 2026	H1 2025
1. Net cash flow from business operations:		
Cash received from sales of products and providing of services	40,321,203.52	7,261,020.96
Tax refunded		
Other cash received from business operation	86,648,571.79	559,232,320.99
Sub-total of cash inflow from business operations	126,969,775.31	566,493,341.95
Cash paid for purchasing products and services	1,651,599.12	1,382,148.25
Cash paid to and for the staff	7,789,581.25	9,831,037.86
Taxes paid	603,533.59	561,987.88
Other cash paid for business activities	72,768,103.35	516,801,634.20
Sub-total of cash outflow from business operations	82,812,817.31	528,576,808.19
Cash flow generated by business operations, net	44,156,958.00	37,916,533.76
2. Cash flow generated by investment:		
Cash received from investment recovery	39,000,000.00	
Cash received as investment profit	34,765.14	25,551,041.10
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	39,034,765.14	25,551,041.10
Cash paid for construction of fixed assets, intangible assets and other long-term assets	314,906.20	79,143.94
Cash paid as investment	39,000,000.00	
Net cash paid for acquiring subsidiaries and other operational units		
Other cash paid for investment		
Subtotal of cash outflows	39,314,906.20	79,143.94
Cash flow generated by investment activities, net	-280,141.06	25,471,897.16
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		
Cash paid as dividend, profit, or interests		53,693,711.35
Other cash paid for financing activities	61,401,418.34	51,209,383.00
Subtotal of cash outflow from financing activities	61,401,418.34	104,903,094.35
Net cash flow generated by financing activities	-61,401,418.34	-104,903,094.35
4. Influence of exchange rate changes on cash and cash equivalents		79,727.97
5. Net increase in cash and cash equivalents	-17,524,601.40	-41,434,935.46
Plus: Balance of cash and cash equivalents at the beginning of term	20,363,570.12	45,501,906.05
6. Balance of cash and cash equivalents at the end of the period	2,838,968.72	4,066,970.59

7. Consolidated Statement of Changes in Owners' Equity

Amount of the Current Term

In RMB

Item	H1 2026														
	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		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
2. Balance at the beginning of current year	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
3. Change amount in the current period ("-" for decrease)						59,938,011.28	-6,535,898.05				54,501,089.34		-11,972,819.99	20,874.86	-11,951,945.13
(1) Total of misc. incomes							-6,535,898.05				54,501,089.34		47,965,191.29	20,874.86	47,986,066.15
(2) Investment or decreasing of capital by owners						59,938,011.28							-59,938,011.28		-59,938,011.28
1. Common shares invested by owners						59,938,011.28							-59,938,011.28		-59,938,011.28
(3) Profit allotment															
(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	59,938,011.28	154,510,936.45		85,368,328.00		4,289,138,882.25		5,547,312,310.75	48,361,130.47	5,595,673,441.22

Amount of Last Year

In RMB

Item	H1 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. Change amount in the current period ("-" for decrease)							1,859,020.93				-36,404,113.12		-34,545,092.19	17,248.92	-34,527,843.27
(1) Total of misc. incomes							1,859,020.93				17,289,598.23		19,148,619.16	17,248.92	19,165,868.08
(II) Profit distribution											-53,693,711.35		-53,693,711.35		-53,693,711.35
1. 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		160,264,035.45		83,974,716.22		4,768,787,887.16		6,091,258,814.16	48,324,320.96	6,139,583,135.12

8. Statement of Changes in Owners' Equity of the Parent Company

Amount of the Current Term

In RMB

Item	H1 2026											
	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		85,368,328.00	1,064,139,847.33		2,263,474,978.31
2. Balance at the beginning of current year	1,073,874,227.00	0.00	0.00	0.00	360,835.52	0.00	39,731,740.46	0.00	85,368,328.00	1,064,139,847.33		2,263,474,978.31
3. Change amount in						59,938,011.28				7,683,454.90		-52,254,55

the current period ("-" for decrease)												6.38
(1) Total of misc. incomes							0.00			7,683,454.90		7,683,454.90
(2) Investment or decreasing of capital by owners						59,938,011.28						-59,938,011.28
1. Common shares invested by owners						59,938,011.28						-59,938,011.28
(3) Profit allotment												0.00
(4) Internal carry-over of owners' equity												0.00
(5) Special reserves												0.00
(6) Others												0.00
4. Balance at the end of this period	1,073,874,227.00				360,835.52	59,938,011.28	39,731,740.46		85,368,328.00	1,071,823,302.23		2,211,220,421.93

Amount of Last Year

In RMB

Item	H1 2025											
	Share capital	Other equity tools			Capital reserves	Less: Shares in stock	Other miscellaneous income	Special reserves	Surplus reserve	Undistributed profit	Others	Total of owners' equity
		Preferred share	Perpetual bond	Others								
1. Balance at the end of last year	1,073,874,227.00				360,835.52		39,731,740.46		83,974,716.22	1,105,291,052.65		2,303,232,571.85
2. Balance at the beginning of current year	1,073,874,227.00	0.00	0.00	0.00	360,835.52		39,731,740.46		83,974,716.22	1,105,291,052.65		2,303,232,571.85
3. Change amount in the current period ("-" for decrease)										-30,543,064.75		-30,543,064.75
(1) Total of misc. incomes										23,150,646.60		23,150,646.60
(II) Profit distribution										-53,693,711.35		-53,693,711.35
1. Distribution to owners (or shareholders)										-53,693,711.35		-53,693,711.35
(4) Internal carry-over of owners' equity												
(5) Special reserves												
(6) Others												
4. Balance at the end of this period	1,073,874,227.00				360,835.52		39,731,740.46		83,974,716.22	1,074,747,987.90		2,272,689,507.10

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. In August 2018, the Company repurchased and canceled 28,160,568 B-shares; in January 2019, the Company repurchased and canceled 32,097,497 B-shares; in May 2020, the Company repurchased and canceled 35,105,238 B-shares; and in April 2021, the Company repurchased and canceled 14,404,724 B-shares. In June 2026, the Company repurchased 16,500,050 A-shares, which are temporarily held as treasury shares. The current registered capital is RMB 1,073,874,227.00.

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 Authorization for Issue of Financial Statements: These financial statements were authorized for issue by a resolution of the Board of Directors of the Company on August 21, 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

The financial statements prepared by the Company comply with the requirements of the Accounting Standards for Business Enterprises, and present fairly and completely the financial position, results of operations, changes in owners' equity, and cash flows of the Company.

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

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

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

20. Fixed assets

(1) Recognition conditions

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

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

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

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

(2) Depreciation method

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

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

(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 an 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 is 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 are 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 is 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 is 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

(3) Implementation of new accounting standards adjustment for the first time starting from 2026, 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)	25%
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., Ltd (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	25%

& Holding")	
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 December 2024 to December 2027), 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 December 2024 to December 2027), the income tax will be levied at 15%.

(3) 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 November 2023 to November 2026) after obtaining the qualification of high tech enterprise, the income tax will continue to be charged at 15%.

(4) On November 15, 2023, the subsidiary Fangda Yunzhu Technology 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 November 2023 to November 2026), the income tax will be levied at 15%.

(5) On October 29, 2025, the subsidiary Jiangxi Fangda Intelligent Manufacturing Technology Co., Ltd. obtained the High and New Technology Enterprise Certificate jointly issued by the Department of Science and Technology of Jiangxi Province, the Department of Finance of Jiangxi Province, and the Jiangxi Provincial Tax Service of the State Taxation Administration (Certificate No.: GR202536000847). For a period of three years from the date of qualification as a high and new technology enterprise (from October 2025 to October 2028), the corporate income tax rate applicable to the subsidiary is 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 2026 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
Bank deposits	681,319,564.35	1,122,843,849.53
Other monetary capital	625,741,650.32	278,447,555.29
Total	1,307,061,214.67	1,401,292,102.72
Including: total amount deposited in	128,681,665.07	53,171,687.00

overseas		

Others:

(1) The total restricted funds included in the ending balance of bank deposits amounted to RMB 41,122,581.22, comprising judicially frozen funds of RMB 23,669,412.26, time deposit interest of RMB 25,776.40, earmarked funds in supervised accounts of RMB 17,394,614.02, and other restricted funds of RMB 32,778.54. The restricted funds included in the ending balance of other monetary funds amounted to RMB 604,676,854.88, primarily consisting of acceptance bill deposits, interim guarantee deposits, letters of guarantee 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	31,505,968.50	410.06
Of which: Bank wealth management products and so on	31,505,968.50	410.06
Total	31,505,968.50	410.06

3. Derivative financial assets

In RMB

Item	Closing balance	Opening balance
Futures contracts		1,459,950.00
Forward foreign exchange contract	899,846.25	
Total	899,846.25	1,459,950.00

4. Notes receivable

(1) Classification of notes receivable

In RMB

Item	Closing balance	Opening balance
Bank acceptance	19,729,508.99	57,188,013.94
Commercial acceptance	13,251,590.70	64,590,049.06
Total	32,981,099.69	121,778,063.00

(2) Disclosure by bad debt accrual method

In RMB

Type	Closing balance			Opening balance		
	Remaining book value	Bad debt provision	Book value	Remaining book value	Bad debt provision	Book value

	Amount	Proportion	Amount	Provision rate		Amount	Proportion	Amount	Provision rate	
Notes receivable with provision for bad debts by portfolio	35,855,014.35	100.00%	2,873,914.66	8.02%	32,981,099.69	135,779,716.10	100.00%	14,001,653.10	10.31%	121,778,063.00
Including:										
Bank acceptance	19,729,508.99	55.03%		0.00%	19,729,508.99	57,188,013.94	42.12%		0.00%	57,188,013.94
Commercial acceptance	16,125,505.36	44.97%	2,873,914.66	17.82%	13,251,590.70	78,591,702.16	57.88%	14,001,653.10	17.82%	64,590,049.06
Total	35,855,014.35	100.00%	2,873,914.66	8.02%	32,981,099.69	135,779,716.10	100.00%	14,001,653.10	10.31%	121,778,063.00

Provision for bad debts by category: bank acceptance bills

In RMB

Name	Closing balance		
	Remaining book value	Bad debt provision	Provision rate
Bank acceptance	19,729,508.99	0.00	0.00%
Total	19,729,508.99	0.00	

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

Provision for bad debts by category: commercial acceptance bills

In RMB

Name	Closing balance		
	Remaining book value	Bad debt provision	Provision rate
Commercial acceptance	16,125,505.36	2,873,914.66	17.82%
Total	16,125,505.36	2,873,914.66	

Group recognition basis:

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	14,001,653.10	-11,127,738.44				2,873,914.66
Total	14,001,653.10	-11,127,738.44				2,873,914.66

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		13,480,793.77
Commercial acceptance		3,238,878.02
Total		16,719,671.79

5. Account receivable

(1) Account age

In RMB

Age	Closing balance of book value	Opening balance of book value
Within 1 year (inclusive)	332,686,353.56	376,385,477.08
1-2 years	154,970,574.83	227,631,352.53
2-3 years	131,103,673.49	157,587,249.50
Over 3 years	765,599,381.90	726,362,340.42
3-4 years	164,678,632.97	155,218,151.25
4-5 years	83,333,718.70	120,919,200.03
Over 5 years	517,587,030.23	450,224,989.14
Total	1,384,359,983.78	1,487,966,419.53

(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	194,516,057.75	14.05%	172,523,425.01	88.69%	21,992,632.74	194,500,400.69	13.07%	172,387,766.73	88.63%	22,112,633.96
Including:										
Customer 1	54,873,223.21	3.96%	54,873,223.21	100.00%		54,873,223.21	3.69%	54,873,223.21	100.00%	
Customer 2	45,267,082.58	3.27%	42,794,881.22	94.54%	2,472,201.36	45,507,085.02	3.06%	42,914,882.44	94.30%	2,592,202.58
Customer 3	38,886,078.45	2.81%	23,331,647.07	60.00%	15,554,431.38	38,886,078.45	2.61%	23,331,647.07	60.00%	15,554,431.38
Customer 4	19,977,913.64	1.44%	19,977,913.64	100.00%		19,722,254.14	1.33%	19,722,254.14	100.00%	
Customer 5	13,461,834.96	0.97%	13,461,834.96	100.00%		13,461,834.96	0.90%	13,461,834.96	100.00%	
Customer 6	9,915,000.00	0.72%	5,949,000.00	60.00%	3,966,000.00	9,915,000.00	0.67%	5,949,000.00	60.00%	3,966,000.00
Customer 7	7,096,421.00	0.51%	7,096,421.00	100.00%		7,096,421.00	0.48%	7,096,421.00	100.00%	
Other customers	5,038,503.91	0.36%	5,038,503.91	100.00%		5,038,503.91	0.34%	5,038,503.91	200.00%	
Account receivable for	1,189,843,926.03	85.95%	443,759,531.58	37.30%	746,084,394.45	1,293,466,018.84	86.93%	430,062,095.57	33.25%	863,403,923.27

which bad debt provision is made by group										
Including:										
1. Portfolio 1: Curtain wall business receivables	836,496,241.93	60.42%	391,450,834.90	46.80%	445,045,407.03	929,090,693.39	62.44%	382,281,446.58	41.15%	546,809,246.81
2. Portfolio 2: Platform screen door business receivables	154,794,998.85	11.18%	42,935,596.60	27.74%	111,859,402.25	177,576,351.40	11.93%	38,295,527.37	21.57%	139,280,824.03
3. Portfolio 3: New materials business receivables	114,577,688.49	8.28%	4,331,027.98	3.78%	110,246,660.51	108,037,986.27	7.26%	4,269,005.77	3.95%	103,768,980.50
4. Portfolio 4: New energy business receivables	29,394,546.10	2.12%	1,469,735.10	5.00%	27,924,811.00	26,263,129.43	1.77%	1,313,156.47	5.00%	24,949,972.96
5. Portfolio 5: Commercial real estate and other receivables	54,580,450.66	3.94%	3,572,337.00	6.55%	51,008,113.66	52,497,858.35	3.53%	3,902,959.38	7.43%	48,594,898.97
Total	1,384,359,983.78	100.00%	616,282,956.59	44.52%	768,077,027.19	1,487,966,419.53	100.00 %	602,449,862.30	40.49%	885,516,557.23

Provision for bad debts by individual item: individual provision

In RMB

Name	Opening balance		Closing balance			
	Remaining book value	Bad debt provision	Remaining book value	Bad debt provision	Provision rate	Reason
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	45,507,085.02	42,914,882.44	45,267,082.58	42,794,881.22	94.54%	
3. Customer 3	38,886,078.45	23,331,647.07	38,886,078.45	23,331,647.07	60.00%	
4. Customer 4	19,722,254.14	19,722,254.14	19,977,913.64	19,977,913.64	100.00%	
5. Customer 5	13,461,834.96	13,461,834.96	13,461,834.96	13,461,834.96	100.00%	
6. Customer 6	9,915,000.00	5,949,000.00	9,915,000.00	5,949,000.00	60.00%	
7. Customer 7	7,096,421.00	7,096,421.00	7,096,421.00	7,096,421.00	100.00%	
8. Other customers	5,038,503.91	5,038,503.91	5,038,503.91	5,038,503.91	100.00%	
Total	194,500,400.69	172,387,766.73	194,516,057.75	172,523,425.01		

Category of bad debt provision assessed on a collective basis: Group 1: Curtain wall business receivables

In RMB

Name	Closing balance		
	Remaining book value	Bad debt provision	Provision rate
Less than 1 year	153,083,794.58	7,654,856.10	5.00%
1-2 years	88,716,050.25	17,743,210.05	20.00%
2-3 years	75,765,073.64	18,941,268.42	25.00%
3-4 years	118,692,862.65	41,542,501.93	35.00%
4-5 years	50,973,780.72	22,938,201.32	45.00%
5-6 years	131,914,476.63	79,148,685.98	60.00%
6-7 years	92,453,949.13	78,585,856.77	85.00%

Over 7 years	124,896,254.33	124,896,254.33	100.00%
Total	836,496,241.93	391,450,834.90	

Category of bad debt provision assessed on a collective basis: Group 2: Platform screen door business receivables

In RMB

Name	Closing balance		
	Remaining book value	Bad debt provision	Provision rate
Less than 1 year	48,402,354.33	484,023.54	1.00%
1-2 years	25,958,990.44	2,076,719.24	8.00%
2-3 years	30,262,485.73	6,052,497.15	20.00%
3-4 years	21,077,525.81	8,431,010.32	40.00%
4-5 years	10,674,320.62	7,472,024.43	70.00%
Over 5 years	18,419,321.92	18,419,321.92	100.00%
Total	154,794,998.85	42,935,596.60	

Category of bad debt provision assessed on a collective basis: Group 3: New materials business receivables

In RMB

Name	Closing balance		
	Remaining book value	Bad debt provision	Provision rate
Less than 1 year	79,875,406.18	798,754.07	1.00%
1-2 years	23,785,969.07	1,189,298.46	5.00%
2-3 years	6,539,872.55	653,987.26	10.00%
3-4 years	3,180,195.99	636,039.20	20.00%
4-5 years	286,591.43	143,295.72	50.00%
Over 5 years	909,653.27	909,653.27	100.00%
Total	114,577,688.49	4,331,027.98	

Category of bad debt provision assessed on a collective basis: Group 4: New energy business receivables

In RMB

Name	Closing balance		
	Remaining book value	Bad debt provision	Provision rate
Less than 1 year	12,100,647.91	605,040.20	5.00%
1-2 years	10,941,389.07	547,069.45	5.00%
2-3 years	5,863,622.84	293,181.14	5.00%
3-4 years	488,886.28	24,444.31	5.00%
Total	29,394,546.10	1,469,735.10	

Category of bad debt provision assessed on a collective basis: Group 5: Commercial real estate and other receivables

In RMB

Name	Closing balance		
	Remaining book value	Bad debt provision	Provision rate
Less than 1 year	37,708,356.05	377,083.56	1.00%
1-2 years	3,834,442.76	191,722.14	5.00%
2-3 years	7,737,017.72	1,160,552.66	15.00%
3-4 years	4,936,845.98	1,481,053.79	30.00%
4-5 years	4,658.26	2,794.96	60.00%
Over 5 years	359,129.89	359,129.89	100.00%
Total	54,580,450.66	3,572,337.00	

If the provision for bad debts on accounts receivable is being made based on the expected credit loss general model:

□ Applicable ☑ Inapplicable

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

Bad debt provision made in the period:

In RMB

Type	Opening balance	Change in the period				Closing balance
		Provision	Written-back or recovered	Canceled	Others	
Separate bad debt provision	172,387,766.73	61,356.08	181,357.30		-255,659.50	172,523,425.01
Provision for bad debts by combination	430,062,095.57	21,490,083.85		7,794,086.21	-1,438.37	443,759,531.58
Total	602,449,862.30	21,551,439.93	181,357.30	7,794,086.21	-257,097.87	616,282,956.59

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	Accounts receivable aged over three years (RMB)	Balance of provision for bad debts (RMB)	Reason of the age	Whether there is a risk of recovery
Customer 1	123,111,261.70	81,554,847.42	Customer credit status deteriorates	Yes
Customer 2	54,873,223.21	54,873,223.21	Customer credit status deteriorates	Yes
Customer 3	35,216,578.58	21,129,947.15	Customer credit status deteriorates	Yes
Customer 4	30,990,545.96	10,846,691.09	Customer credit status deteriorates	Yes
Customer 5	28,809,949.90	21,663,572.10	Customer credit status deteriorates	Yes
Customer 6	28,793,219.55	28,491,561.21	Customer credit status deteriorates	Yes
Customer 7	28,703,796.47	24,448,536.55	Customer credit status deteriorates	Yes
Customer 8	13,458,028.84	4,710,310.09	Long settlement cycle	No
Customer 9	20,239,681.65	12,780,869.21	Long settlement cycle	No
Customer 10	18,764,370.73	18,764,370.73	Customer credit status deteriorates	Yes
Customer 11	19,541,985.85	17,140,051.06	Customer credit status deteriorates	No
Customer 12	16,492,469.99	9,383,535.37	Customer credit status deteriorates	Yes
Customer 13	17,374,148.42	17,374,148.42	Customer credit status deteriorates	Yes
Customer 14	13,367,704.59	7,833,325.46	Long settlement cycle	No
Customer 15	13,461,834.96	13,461,834.96	Customer credit status deteriorates	Yes
Customer 16	11,154,105.00	11,154,105.00	Customer credit status deteriorates	Yes
Customer 17	10,565,637.41	4,562,419.24	Long settlement cycle	No
Total	484,918,542.81	360,173,348.27		

(4) Written-off account receivable during the period

In RMB

Item	Amount
Account receivable written off	7,794,086.21

Significant accounts receivable written off:

In RMB

Entity	Nature of accounts receivable	Amount	Reason	Writing-off procedure	Related transaction
Zhongtian Urban Development Group Guiyang International Financial Center Co., Ltd.	Engineering receivables	6,972,056.21	The customer underwent bankruptcy restructuring. Cash of RMB 300,000 and stocks valued at RMB 394,625.60 were recovered, and the remaining unrecovered accounts receivable were written off.	Approved by the senior management	No
Total		6,972,056.21			

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

In RMB

Entity	Closing balance of accounts receivable	Closing balance of contract assets	Closing balance of accounts receivable and contract assets	Percentage of total ending balance of accounts receivable and contract assets	Closing balance of provision for bad debts on accounts receivable and impairment of contract assets
No.1	123,432,623.99		123,432,623.99	3.40%	81,635,188.00
No.2	30,753,651.67	56,884,964.06	87,638,615.73	2.42%	6,182,645.81
No.3	15,958,294.63	68,116,089.93	84,074,384.56	2.32%	17,300,742.94
No.4	8,967,200.00	66,626,539.51	75,593,739.51	2.08%	13,989,174.08
No.5		69,521,171.71	69,521,171.71	1.92%	2,085,635.15
Total	179,111,770.29	261,148,765.21	440,260,535.50	12.14%	121,193,385.98

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	1,958,670,367.01	193,158,701.03	1,765,511,665.98	2,007,031,514.79	197,762,492.62	1,809,269,022.17
Quality guarantee deposit that fails to meet the collection conditions	285,174,625.10	25,003,699.03	260,170,926.07	332,521,906.40	27,924,265.40	304,597,641.00
Less: Contract assets shown	134,870,104.48	9,540,720.85	125,329,383.63	125,214,302.34	9,438,790.60	115,775,511.74

in other non-current assets						
Total	2,108,974,887.63	208,621,679.21	1,900,353,208.42	2,214,339,118.85	216,247,967.42	1,998,091,151.43

(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	-43,757,356.19	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	-44,426,714.93	Mainly attributable to the decrease in warranty deposits for which collection conditions have not been met
Less: Contract assets shown in other non-current assets	9,553,871.89	Mainly due to the increase in warranty deposits for completed projects that have not yet matured
Total	-97,737,943.01	——

(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	8,748,016.30	0.41%	8,748,016.30	100.00%	0.00	8,992,352.88	0.41%	8,992,352.88	100.00%	0.00
Including:										
Customer 1	4,531,356.49	0.21%	4,531,356.49	100.00%		4,520,033.57	0.20%	4,520,033.57	100.00%	0.00
Customer 2	1,683,276.51	0.08%	1,683,276.51	100.00%		1,683,276.51	0.08%	1,683,276.51	100.00%	0.00
Customer 3	755,465.43	0.04%	755,465.43	100.00%		1,011,124.93	0.05%	1,011,124.93	100.00%	0.00
Customer 4	1,777,917.87	0.08%	1,777,917.87	100.00%		1,777,917.87	0.08%	1,777,917.87	100.00%	0.00
Provision for bad debts by combination	2,100,226,871.33	99.59%	199,873,662.91	9.52%	1,900,353,208.42	2,205,346,765.97	99.59%	207,255,614.54	9.40%	1,998,091,151.43
Including:										
Completed and unsettled project funds that fail to meet the collection conditions	1,950,677,816.14	92.49%	185,166,150.16	9.49%	1,765,511,665.98	1,998,039,161.91	90.23%	188,770,139.73	9.45%	1,809,269,022.18
Quality guarantee deposit that fails to meet the collection conditions	149,549,055.19	7.09%	14,707,512.75	9.83%	134,841,542.44	207,307,604.06	9.36%	18,485,474.81	8.92%	188,822,129.25
Total	2,108,974,887.63	100.00%	208,621,679.21	9.89%	1,900,353,208.42	2,214,339,118.85	100.00%	216,247,967.42	9.77%	1,998,091,151.43

Provision for bad debts by individual item: individual provision

In RMB

Name	Opening balance		Closing balance			
	Remaining book value	Bad debt provision	Remaining book value	Bad debt provision	Provision rate	Reason
Customer 1	4,520,033.57	4,520,033.57	4,531,356.49	4,531,356.49	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	1,683,276.51	1,683,276.51	100.00%	
Customer 3	1,011,124.93	1,011,124.93	755,465.43	755,465.43	100.00%	
Customer 4	1,777,917.87	1,777,917.87	1,777,917.87	1,777,917.87	100.00%	
Total	8,992,352.88	8,992,352.88	8,748,016.30	8,748,016.30		

Category of bad debt provision assessed on a collective basis: Group 1: Completed but unsettled project payments not yet meeting collection conditions

In RMB

Name	Closing balance		
	Remaining book value	Bad debt provision	Provision rate
Completed and unsettled project funds that fail to meet the collection conditions	1,950,677,816.14	185,166,150.16	9.49%
Total	1,950,677,816.14	185,166,150.16	

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

Category of bad debt provision assessed on a collective basis: Group 2: Warranty deposits not yet meeting collection conditions

In RMB

Name	Closing balance		
	Remaining book value	Bad debt provision	Provision rate
Quality guarantee deposit that	149,549,055.19	14,707,512.75	9.83%

fails to meet the collection conditions			
Total	149,549,055.19	14,707,512.75	

Provision for bad debts based on general model of expected credit losses

□ Applicable ☑ Inapplicable

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

In RMB

Item	Provision	Recovered or reversed during the period	Written off in the current period	Reason
Separate bad debt provision	-244,336.58			
Provision for bad debts by combination	-7,381,951.63			
Total	-7,626,288.21			

7. Receivable financing

(1) Presentation of receivables financing classification

In RMB

Item	Closing balance	Opening balance
Notes receivable	16,748,225.96	0.00
Total	16,748,225.96	0.00

(2) Disclosure by bad debt accrual method

In RMB

Type	Closing balance					Opening balance				
	Remaining book value		Bad debt provision		Book value	Remaining book value		Bad debt provision		Book value
	Amount	Proportion	Amount	Provision rate		Amount	Proportion	Amount	Provision rate	
Including:										
Provision for bad debts by combination	16,748,225.96	100.00%	0.00	0.00%	16,748,225.96					
Including:										
Bank acceptance	16,748,225.96	100.00%	0.00	0.00%	16,748,225.96					
Total	16,748,225.96	100.00%	0.00	0.00%	16,748,225.96					

Provision for bad debts by category: bank acceptance bills

In RMB

Name	Closing balance		
	Remaining book value	Bad debt provision	Provision rate
Bank acceptance	16,748,225.96	0.00	0.00%
Total	16,748,225.96	0.00	

(3) Receivables financing that has been endorsed or discounted by the Company and remains outstanding as of the balance sheet date

In RMB

Item	De-recognized amount	Not de-recognized amount
Bank acceptance	10,230,878.72	
Total	10,230,878.72	

8. Other receivables

In RMB

Item	Closing balance	Opening balance
Other receivables	128,940,277.57	120,173,307.70
Total	128,940,277.57	120,173,307.70

(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	86,516,382.51	78,067,608.63
Construction borrowing and advanced payment	35,901,069.03	37,322,734.05
Staff borrowing and petty cash	3,162,354.30	2,942,771.01
VAT refund receivable	494,021.58	527,217.36
Refundable advance payments		2,713,230.50
Others	15,499,110.63	10,806,871.89
Total	141,572,938.05	132,380,433.44

(2) Account age

In RMB

Age	Closing balance of book value	Opening balance of book value
Within 1 year (inclusive)	37,214,774.36	17,089,433.93
1-2 years	3,843,403.46	7,682,149.15
2-3 years	1,333,059.82	10,634,476.62
Over 3 years	99,181,700.41	96,974,373.74
3-4 years	1,323,982.43	2,289,785.12
4-5 years	2,075,517.24	3,229,224.11
Over 5 years	95,782,200.74	91,455,364.51
Total	141,572,938.05	132,380,433.44

(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	141,572,938.05	100.00%	12,632,660.48	8.92%	128,940,277.57	132,380,433.44	100.00%	12,207,125.74	9.22%	120,173,307.70
Including:										
First stage	125,790,123.68	88.85%	2,568,651.49	2.04%	123,221,472.19	114,617,240.74	86.59%	1,928,103.44	1.68%	112,689,137.30
Second stage	7,706,270.89	5.44%	3,181,507.25	41.28%	4,524,763.64	9,603,537.62	7.25%	3,379,335.58	35.19%	6,224,202.04
Third stage	8,076,543.48	5.70%	6,882,501.74	85.22%	1,194,041.74	8,159,655.08	6.16%	6,899,686.72	84.56%	1,259,968.36
Total	141,572,938.05	100.00%	12,632,660.48	8.92%	128,940,277.57	132,380,433.44	100.00%	12,207,125.74	9.22%	120,173,307.70

Provision for bad debts by category: Stage one

In RMB

Name	Closing balance		
	Remaining book value	Bad debt provision	Provision rate
First stage	125,790,123.68	2,568,651.49	2.04%
Total	125,790,123.68	2,568,651.49	

Category of bad debt provision assessed on a collective basis: Stage 2

In RMB

Name	Closing balance		
	Remaining book value	Bad debt provision	Provision rate
Second stage	7,706,270.89	3,181,507.25	41.28%
Total	7,706,270.89	3,181,507.25	

Category of bad debt provision assessed on a collective basis: Stage 3

In RMB

Name	Closing balance		
	Remaining book value	Bad debt provision	Provision rate
Third stage	8,076,543.48	6,882,501.74	85.22%
Total	8,076,543.48	6,882,501.74	

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 Thursday, January 1, 2026	1,928,103.44	3,379,335.58	6,899,686.72	12,207,125.74
Balance on Thursday, January 1, 2026 in the current period				
-- transferred to the second stage	-2,512.92	2,512.92		
-- transferred to the third stage	-745.00		745.00	
-- transferred back to		45,000.00	-45,000.00	

second stage				
Provision	644,883.38	-245,313.95	73,468.12	473,037.55
Canceled in the current period			46,398.10	46,398.10
Other change	1,077.41	27.30		1,104.71
Balance on Tuesday, June 30, 2026	2,568,651.49	3,181,507.25	6,882,501.74	12,632,660.48

Criteria for stage division and provision ratios for bad debts

Other receivables	Basis	Curtain wall business	Platform screen door business	New materials business	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 and credit impairment has occurred	Individual recognition				

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	12,207,125.74	473,037.55		46,398.10	1,104.71	12,632,660.48
Total	12,207,125.74	473,037.55		46,398.10	1,104.71	12,632,660.48

5) Other receivable written off in the current period

In RMB

Item	Amount
Other receivable written off	46,398.10

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	70,062,675.83	Over 5 years	49.49%	700,626.76
		6,000,000.00	3-4 years	4.24%	60,000.00
China Merchants Futures Brokerage Co., Ltd.	Deposit	13,343,381.75	Less than 1 year	9.43%	667,169.09
Shenzhen Dakang Joint-Stock	Deposit	8,000,000.00	Over 5 years	5.65%	80,000.00

Cooperative Company					
Shenzhen Ganshang Joint Investment Co., Ltd.	Others	3,791,089.25	Over 5 years	2.68%	2,597,047.51
Shenzhen Tongmeng Decoration Technology Co., Ltd.	Reimbursable expenses	2,473,230.50	1-2 years	1.75%	494,646.10
Total		103,670,377.33		73.23%	4,599,489.46

Others:

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	1,767,770.51	1,767,770.51	Customer credit status deteriorates	Yes
Customer 2	1,086,520.17	1,086,520.17	Performance bond	No
Total	2,854,290.68	2,854,290.68		

9. Prepayment

(1) Account ages of prepayments

In RMB

Age	Closing balance		Opening balance	
	Amount	Proportion	Amount	Proportion
Less than 1 year	52,984,546.06	87.69%	15,477,666.96	75.85%
1-2 years	2,309,897.88	3.82%	527,430.05	2.58%
2-3 years	2,060,866.88	3.41%	1,346,844.99	6.60%
Over 3 years	3,069,636.10	5.08%	3,056,026.16	14.97%
Total	60,424,946.92		20,407,968.16	

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 aggregate amount of the top five prepayments by payee at the end of the current period was RMB 31,346,436.30, accounting for 51.88% of the total ending balance of prepayments.

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	202,021,658.94		202,021,658.94
Development products	115,312,805.61	23,008,606.37	92,304,199.24	116,643,162.68	23,306,214.74	93,336,947.94
Contract performance costs	85,633,095.25		85,633,095.25	81,997,883.89		81,997,883.89
Raw materials	136,270,872.37		136,270,872.37	111,622,459.00		111,622,459.00
Product in process	52,351,127.50		52,351,127.50	100,255,413.90		100,255,413.90
Finished goods in stock	88,284,919.42		88,284,919.42	41,225,785.96		41,225,785.96
OEM materials	16,129,692.95		16,129,692.95	19,692,260.21		19,692,260.21
Goods delivered	1,112,302.16		1,112,302.16	27,530,506.85		27,530,506.85
Materials in transit	3,644,377.69		3,644,377.69	7,375,501.87		7,375,501.87
Total	700,760,851.89	23,008,606.37	677,752,245.52	708,364,633.30	23,306,214.74	685,058,418.56

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	202,021,658.94				202,021,658.94			Own funds and bank loans
Total			3,600,000,000.00	202,021,658.94				202,021,658.94			

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 Fangda Center	April 27, 2021	101,110,656.71		1,330,357.07	99,780,299.64	3,870,214.08	
Total		116,643,162.68		1,330,357.07	115,312,805.61	4,419,223.96	

(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			297,608.37		23,008,606.37	
Total	23,306,214.74			297,608.37		23,008,606.37	

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	23,306,214.74			297,608.37		23,008,606.37	
Total	23,306,214.74			297,608.37		23,008,606.37	

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

As of June 30, 2026, the capitalized amount of borrowing costs included in inventory balances was RMB4,419,223.96. 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	245,513,468.60	280,607,689.94
Overpayment and prepayment of income tax	14,566,376.95	13,030,950.36
Other prepaid taxes		4,482.73
Payment to be collected on behalf of suppliers	1,355,167.38	3,003,841.89
Total	261,435,012.93	296,646,964.92

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 investme	Decreased inves	Investment gain and loss recognized using the	Other miscellaneous income	Other equity change	Cash dividend or profit announc	Impairment provisi	Others		

			nt	tment	equity method	adjust ment		ed	on			
1. Joint venture												
2. Associate												
Shenzhen Ganshang Joint Investment Co., Ltd.	2,403,252.46				150.48						2,403,402.94	
Jiangxi Business Innovative Property Joint Stock Co., Ltd.	30,585,392.17				-35,409.59						30,549,982.58	
Subtotal	32,988,644.63				-35,259.11						32,953,385.52	
Total	32,988,644.63				-35,259.11						32,953,385.52	

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 value with variations accounted into current income account	6,010,966.43	6,516,131.63
Total	6,010,966.43	6,516,131.63

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	5,548,371,426.50	5,548,371,426.50
II. Change in this period	49,732,391.33	49,732,391.33
Add: external purchase	62,791,141.98	62,791,141.98
Less: disposal	15,255,167.94	15,255,167.94
Change in fair value	2,196,417.29	2,196,417.29
III. Closing balance	5,598,103,817.83	5,598,103,817.83

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

Disclosure of investment real estate measured at fair value by projects

In RMB

Item	Location	Completion time	Building area (m^2)	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	39,161,157.39	4,630,949,866.00	4,630,949,866.00	0.00%	
Fangda Building	Shenzhen	28 December 2002	20,464.75	7,401,059.75	376,551,400.00	376,551,400.00	0.00%	
Nanchang Fangda Center	Nanchang	December 10, 2020	38,165.36	6,510,875.11	327,427,177.00	327,427,177.00	0.00%	
Nanchang Fangda Technology Park	Nanchang	2 August 2005	85,472.88	3,838,276.14	185,877,848.00	186,153,077.36	0.15%	
Others	Dongguan, Zhuhai, Shaoguan, etc.		3,364.53	27,522.95	27,565,135.50	77,022,297.47	179.42%	Mainly due to additions and disposals during the current period.
Total			239,938.10	56,938,891.34	5,548,371,426.50	5,598,103,817.83	0.90%	

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.	56,406,817.34	56,406,817.34	55,857,617.00	01 May 2026	Changes in fair value recognized in profit or loss for the period.
Total		56,406,817.34	56,406,817.34	55,857,617.00		

15. Fixed assets

In RMB

Item	Closing balance	Opening balance
Fixed assets	927,689,776.20	940,980,113.90
Total	927,689,776.20	940,980,113.90

(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	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
2. Increase in this	2,472,458.24	1,421,584.04	850,485.26	1,597,828.57		6,342,356.11

period						
(1) Purchase		1,421,584.04	850,485.26	1,206,952.42		3,479,021.72
(2) Transfer-in of construction in progress	2,472,458.24			390,876.15		2,863,334.39
3. Decrease in this period		264,957.28	213,831.24	601,964.81		1,080,753.33
(1) Disposal or retirement		264,957.28	201,110.33	598,514.00		1,064,581.61
(2) Other decrease			12,720.91	3,450.81		16,171.72
4. Closing balance	882,513,012.40	140,369,834.22	21,325,001.34	56,626,831.56	129,567,536.24	1,230,402,215.76
II. Accumulative depreciation						
1. Opening 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
2. Increase in this period	9,930,875.41	4,125,401.09	426,443.65	1,892,658.86	3,089,063.34	19,464,442.35
(1) Provision	9,930,875.41	4,125,401.09	426,443.65	1,892,658.86	3,089,063.34	19,464,442.35
3. Decrease in this period		238,461.55	181,042.20	492,998.12		912,501.87
(1) Disposal or retirement		238,461.55	170,743.21	491,642.30		900,847.06
(2) Other decrease			10,298.99	1,355.82		11,654.81
4. Closing balance	117,013,285.99	70,096,089.95	15,819,662.15	35,410,001.50	61,718,318.77	300,057,358.36
III. Impairment provision						
1. Opening balance		2,655,081.20				2,655,081.20
2. Increase in this period						
3. Decrease in this period						
4. Closing balance		2,655,081.20				2,655,081.20
IV. Book value						
1. Closing book value	765,499,726.41	67,618,663.07	5,505,339.19	21,216,830.06	67,849,217.47	927,689,776.20
2. Opening 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) Fixed assets without ownership certificate

In RMB

Item	Book value	Reason
Yuehai Office Building C 502	91,170.57	Historical reasons

(3) Impairment testing of property, plant and equipment

□ Applicable ☑ Inapplicable

16. Construction in process

In RMB

Item	Closing balance	Opening balance
Construction in process	497,646.04	1,214,530.34
Total	497,646.04	1,214,530.34

(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
Songshan lake production base exhibition hall renovation				583,502.56		583,502.56
Software and other information technology projects	497,646.04		497,646.04	497,646.04		497,646.04
Total	497,646.04		497,646.04	1,214,530.34		1,214,530.34

(2) Impairment testing of construction in progress

□ Applicable ☑ Inapplicable

17. Use right assets

(1) Right-to-use assets

In RMB

Item	Houses & buildings	Transportation facilities	Total
I. Book value			
1. Opening balance	19,291,059.98	7,145,090.97	26,436,150.95
2. Increase in this period	7,104,650.46		7,104,650.46
3. Decrease in this period	5,663,983.31	274,263.53	5,938,246.84
4. Closing balance	20,731,727.13	6,870,827.44	27,602,554.57
II. Accumulative depreciation			
1. Opening balance	10,998,874.85	1,967,269.69	12,966,144.54
2. Increase in this period	2,330,299.98	597,488.57	2,927,788.55
(1) Provision	2,330,299.98	597,488.57	2,927,788.55

3. Decrease in this period	5,086,573.05	75,513.43	5,162,086.48
(1) Disposal	5,086,573.05	75,513.43	5,162,086.48
4. Closing balance	8,242,601.78	2,489,244.83	10,731,846.61
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	12,489,125.35	4,381,582.61	16,870,707.96
2. Opening book value	8,292,185.13	5,177,821.28	13,470,006.41

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

□ Applicable ☑ Inapplicable

18. Intangible assets

(1) Intangible assets

In RMB

Item	Land using right	Trademarks, patents and know-how	Software	Others	Total
I. Book value					
1. Opening balance	93,679,271.92	7,473,720.85	28,266,672.93	720,000.00	130,139,665.70
2. Increase in this period			1,023,134.52		1,023,134.52
(1) Purchase			1,023,134.52		1,023,134.52
3. Decrease in this period					
4. Closing balance	93,679,271.92	7,473,720.85	29,289,807.45	720,000.00	131,162,800.22
II. Accumulative amortization					
1. Opening balance	23,472,483.77	7,351,364.49	16,876,982.45	180,000.00	47,880,830.71
2. Increase in this period	1,273,146.84	9,251.55	1,193,858.69	90,000.00	2,566,257.08
(1) Provision	1,273,146.84	9,251.55	1,193,858.69	90,000.00	2,566,257.08
3. Decrease in this period					
4. Closing balance	24,745,630.61	7,360,616.04	18,070,841.14	270,000.00	50,447,087.79
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	68,933,641.31	113,104.81	11,218,966.31	450,000.00	80,715,712.43

2. Opening book value	70,206,788.15	122,356.36	11,389,690.48	540,000.00	82,258,834.99

(2) Impairment test of intangible assets

□ Applicable ☑ Inapplicable

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.	6,562,494.97	2,168,335.34	1,749,182.40		6,981,647.91
Total	6,562,494.97	2,168,335.34	1,749,182.40		6,981,647.91

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	243,820,432.11	39,220,071.65	251,624,427.59	40,453,268.46
Unrealized profit of internal transactions	118,765,208.84	28,132,618.45	122,552,188.00	28,685,612.51
Deductible loss	549,768,158.85	100,885,007.34	486,268,366.84	91,973,864.74
Credit impairment provision	629,192,293.50	100,926,501.86	626,126,565.76	100,493,765.98
Anticipated liabilities	4,017,884.67	602,682.70	7,214,622.24	1,082,193.35
Unrealized investment income	281,712,399.15	55,842,834.35	281,712,399.15	55,842,834.35
Deferred earning	20,902,905.51	3,362,908.30	21,913,458.18	3,518,841.84
Change in fair value	14,475,940.07	2,171,391.01	10,239,089.49	1,535,863.42
Lease liabilities	16,863,651.86	2,877,084.07	13,623,096.04	2,469,342.96
Accrued and unpaid land tax	15,043,321.06	3,760,830.27	15,043,321.06	3,760,830.27
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	7,107,678.07	2,132,303.44	7,121,041.73	2,136,312.52
Total	1,938,259,413.11	345,402,664.36	1,880,028,115.50	337,441,161.32

(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	4,018,560,421.17	1,001,335,988.12	4,014,727,945.14	1,000,546,168.91
Acquire premium to form inventory	1,535,605.48	383,901.37	1,535,605.48	383,901.37
Use right assets	16,604,367.28	2,817,522.25	13,470,006.41	2,564,776.55
Estimated gross margin when Fangda Town records income, but does not reach the taxable income level	5,842,377.15	1,460,594.30	8,000,812.74	2,000,203.19
Rental income	23,140,174.07	5,785,043.53	24,631,068.63	6,157,767.16
Total	4,065,682,945.15	1,011,783,049.57	4,062,365,438.40	1,011,652,817.18

(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	69,634,606.31	275,768,058.05	70,572,127.96	266,869,033.36
Deferred income tax liabilities	69,634,606.31	942,148,443.25	70,572,127.96	941,080,689.22

(4) Details of unrecognized deferred income tax assets

In RMB

Item	Closing balance	Opening balance
Deductible temporary difference	2,597,238.50	2,555,701.75
Deductible loss	20,471,094.22	20,249,356.74
Total	23,068,332.72	22,805,058.49

(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
2026	36,426.09	36,426.09	
2027	566,465.76	566,465.76	
2028	196,742.94	196,742.94	
2029	19,136,478.27	19,136,478.27	
2030	313,243.68	313,243.68	
2031 and later	221,737.48		
Total	20,471,094.22	20,249,356.74	

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	134,870,104.48	9,540,720.85	125,329,383.63	125,214,302.34	9,438,790.60	115,775,511.74
Prepaid house and equipment amount	13,785,852.13		13,785,852.13	29,968,445.50		29,968,445.50
Total	148,655,956.61	9,540,720.85	139,115,235.76	155,182,747.84	9,438,790.60	145,743,957.24

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	645,799,436.10	645,799,436.10	For pledge or restricted use	Various deposits, judicially frozen funds, etc.	310,326,554.83	310,326,554.83	For pledge or restricted use	Various deposits, judicially frozen funds, etc.
Notes receivable	16,719,671.79	16,530,347.51	For endorsement or discounting	Bills endorsed or discounted but not yet due	40,781,530.88	39,012,200.04	For endorsement or discounting	Bills endorsed or discounted but not yet due
Fixed assets	444,308,110.13	422,580,043.08	Used as collateral	Loan by pledge	205,663,759.54	192,954,910.15	Used as collateral	Loan by pledge
Intangible assets	24,179,649.75	22,487,074.11	Used as collateral	Loan by pledge	24,179,649.75	22,728,870.63	Used as collateral	Loan by pledge
Account receivable	37,452,837.90	36,256,465.60	For pledge	Loan by pledge	17,452,160.26	17,261,724.13	For pledge	Loan by pledge
Investment real estate	3,349,490,698.00	3,349,490,698.00	Used as collateral	Loan by pledge	3,349,490,698.00	3,349,490,698.00	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	4,517,950,403.67	4,493,144,064.40			3,947,894,353.26	3,931,774,957.78		

23. Short-term borrowings

(1) Classification of short-term borrowings

In RMB

Item	Closing balance	Opening balance
Guarantee loan	844,279,211.77	674,220,527.58
Guarantee and pledge loan	664,844,846.25	528,625,969.45
Total	1,509,124,058.02	1,202,846,497.03

Notes to classification of short-term borrowings

① Among the guaranteed borrowings at the end of the period, RMB 162,079,172.25 and RMB 676,200,039.52 represent guarantees provided by the Company for its subsidiaries Fangda Zhiyuan Technology Co., Ltd. and Shenzhen Fangda Construction Technology Group Co., Ltd., respectively; RMB 6,000,000.00 represents a guarantee provided by the Company for its subsidiary Shenzhen Fangda Yunzhu Technology Co., Ltd.

② Among the guaranteed and pledged borrowings at the end of the period, RMB 645,863,340.72 is secured by a guarantee from the Company for its subsidiary Fangda Construction Technology, together with a pledge of margin deposits held by Fangda

Construction Technology; RMB 18,981,505.53 is secured by a guarantee from the Company for its subsidiary Fangda Zhijian, together with a pledge of receivable project payments from external parties held by Fangda Construction Technology in favor of Fangda Zhijian.

24. Transactional financial liabilities

None

25. Derivative financial liabilities

In RMB

Item	Closing balance	Opening balance
Futures contracts	4,250,400.00	
Total	4,250,400.00	

26. Notes payable

In RMB

Type	Closing balance	Opening balance
Commercial acceptance	387,068.42	598,808.42
Bank acceptance	637,932,950.62	428,511,829.11
Total	638,320,019.04	429,110,637.53

The total amount of notes payable that were due but unpaid at the end of the period was RMB 387,068.42, all of which were commercial acceptance bills. This arose because the holders did not timely apply to the bank for payment. As of the date of disclosure of this report, such amounts have been paid in full.

27. Account payable

(1) Account payable

In RMB

Item	Closing balance	Opening balance
Account repayable and engineering repayable	1,135,620,345.67	1,456,091,905.06
Payable installation and implementation fees	478,488,989.79	540,158,310.89
Construction payable	9,981,096.27	17,642,579.41
Others	23,572,172.05	26,798,424.80
Total	1,647,662,603.78	2,040,691,220.16

（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.

28. Other payables

In RMB

Item	Closing balance	Opening balance
Other payables	142,080,215.85	125,372,728.24
Total	142,080,215.85	125,372,728.24

(1) Other payables

1) Other payables presented by nature

In RMB

Item	Closing balance	Opening balance
Performance and quality deposit	44,160,329.59	39,447,699.46
Deposit	31,573,053.71	23,547,532.18
Reserved expense	1,141,085.14	3,689,432.93
Others	65,205,747.41	58,688,063.67
Total	142,080,215.85	125,372,728.24

(2) Significant other accounts payable older than 1 year or past due

In RMB

Item	Closing balance	Reason
Shenzhen Yikang Real Estate Co. Ltd.	26,159,711.72	Payment paid as agreed in the contract
Total	26,159,711.72	

29. Prepayment received

(1) Prepayment received

In RMB

Item	Closing balance	Opening balance
Rent received in advance	3,467,916.54	3,517,539.83
Total	3,467,916.54	3,517,539.83

30. Contract liabilities

In RMB

Item	Closing balance	Opening balance
Project funds collected in advance	309,694,409.56	347,809,670.83
Material loan	2,372,950.00	979,539.70
Others	1,471,634.16	1,366,667.08
Total	313,538,993.72	350,155,877.61

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	-38,115,261.27	Mainly due to a decrease in advance receipts from construction projects.
Total	-38,115,261.27	

31. Employees' wage payable

(1) Employees' wage payable

In RMB

Item	Opening balance	Increase	Decrease	Closing balance
1. Short-term remuneration	61,667,989.02	201,179,063.37	229,004,170.64	33,842,881.75
2. Retirement pension program-defined contribution plan	712,664.95	14,458,789.26	14,531,212.86	640,241.35
3. Dismiss compensation	5,432,192.12	1,407,219.57	5,084,510.85	1,754,900.84
Total	67,812,846.09	217,045,072.20	248,619,894.35	36,238,023.94

(2) Short-term remuneration

In RMB

Item	Opening balance	Increase	Decrease	Closing balance
1. Wage, bonus, allowance and subsidies	60,322,686.83	184,765,043.00	212,565,124.94	32,522,604.89
2. Employee welfare	2,073.36	4,322,693.89	4,324,767.25	
3. Social insurance	135,100.92	6,447,088.22	6,457,051.12	125,138.02
Including: medical insurance	121,567.83	4,550,426.03	4,559,340.34	112,653.52
Labor injury insurance	7,660.59	582,366.44	583,009.83	7,017.20
Breeding insurance	5,872.50	345,238.15	345,643.35	5,467.30
Unemployment insurance		969,057.60	969,057.60	
4. Housing fund	87,481.20	5,232,912.24	5,217,993.58	102,399.86
5. Labor union budget and staff education fund	448,117.02	365,551.90	364,113.37	449,555.55
6. Short-term paid leave	672,529.69	45,774.12	75,120.38	643,183.43
Total	61,667,989.02	201,179,063.37	229,004,170.64	33,842,881.75

(3) Defined contribution plan

In RMB

Item	Opening balance	Increase	Decrease	Closing balance
1. Basic pension	705,597.92	13,840,695.64	13,912,600.86	633,692.70
2. Unemployment insurance	7,067.03	514,103.23	514,621.61	6,548.65
3. Others		103,990.39	103,990.39	
Total	712,664.95	14,458,789.26	14,531,212.86	640,241.35

32. Taxes payable

In RMB

Item	Closing balance	Opening balance
VAT	4,238,501.98	6,404,428.28
Enterprise income tax	9,385,668.46	12,238,129.74
Personal income tax	1,069,268.78	1,465,819.45
City maintenance and construction tax	151,228.73	701,639.13
Land using tax	580,491.55	427,736.41
Property tax	8,857,043.75	1,608,807.88
Education surtax	67,076.46	306,278.00
Local education surtax	44,717.59	204,185.33
Land VAT	1,077,152.75	15,043,321.06
Consumption service tax		1,469,363.12
Others	582,316.71	569,589.35
Total	26,053,466.76	40,439,297.75

33. Non-current liabilities due within 1 year

In RMB

Item	Closing balance	Opening balance
Long-term loans due within 1 year	96,254,152.78	368,687,783.34
Lease liabilities due within one year	6,924,438.81	4,642,179.29
Provisions expected to mature within one year	1,482,747.90	5,759,232.03
Total	104,661,339.49	379,089,194.66

34. Other current liabilities

In RMB

Item	Closing balance	Opening balance
Unterminated notes receivable	25,721,266.13	40,781,530.88
Substituted money on VAT	13,191,600.95	20,137,407.63
Total	38,912,867.08	60,918,938.51

35. Long-term borrowings

(1) Classification of long-term borrowings

In RMB

Item	Closing balance	Opening balance

Guarantee, mortgage and pledge loan	1,326,254,152.78	1,658,687,783.34
Less: Long-term loans due within 1 year	96,254,152.78	368,687,783.34
Total	1,230,000,000.00	1,290,000,000.00

Notes to classification of long-term borrowings:

Among the aforementioned guaranteed, mortgaged, and pledged borrowings, RMB 1,061,045,277.78 is secured by pledges of 100% equity interest in the subsidiary Fangda Real Estate directly and indirectly held by the Company, as well as receivable rental income from self-owned investment properties in Fangda Town; RMB 265,208,875.00 is secured by a guarantee from the Company for its subsidiary Fangda Intelligent Manufacturing, together with mortgages over fixed assets and industrial land use rights owned by Fangda Intelligent Manufacturing.

Other explanations, including interest rate range: The interest rate range for long-term borrowings is 2.1% to 3.65%.

36. Lease liabilities

In RMB

Item	Closing balance	Opening balance
Lease payments	17,810,321.86	15,229,706.15
Less: unrecognized financing expenses	807,082.88	1,607,979.99
Lease liabilities due within one year	6,924,438.81	4,642,179.29
Total	10,078,800.17	8,979,546.87

37. Anticipated liabilities

In RMB

Item	Closing balance	Opening balance	Reason
Product quality warranty	3,267,732.47	1,175,044.50	
Loss contract to be executed	280,345.71	280,345.71	
Total	3,548,078.18	1,455,390.21	

38. Deferred earning

In RMB

Item	Opening balance	Increase	Decrease	Closing balance	Reason
Government subsidy	26,304,277.69		1,176,916.98	25,127,360.71	See the following table
Total	26,304,277.69		1,176,916.98	25,127,360.71	

Others:

Item	December 31, 2025	Other misc. gains recorded in this period	June 30, 2026	Related to assets/earning
Major investment project prize from Industry and Trade Development Division of Dongguan Finance Bureau	1,280,953.10	28,571.40	1,252,381.70	Assets-related
Special subsidy for industrial transformation, upgrading and development	847,209.99	75,869.58	771,340.41	
Enterprise informationiz821 subsidy project of Shenzhen Small and Medium Enterprise Service Agency	180,000.00	24,000.00	156,000.00	

National Industry Revitalization and Technology Renovation Project fund	4,147,069.10	153,864.30	3,993,204.80	
Subsidy for new plant	882,352.90	13,071.90	869,281.00	
Land subsidy	4,565,451.72	58,611.78	4,506,839.94	
Central air pollution control fund award and subsidy	9,184,448.72	524,825.64	8,659,623.08	
Equipment special subsidy	5,216,792.16	298,102.38	4,918,689.78	
Total	26,304,277.69	1,176,916.98	25,127,360.71	

39. Capital share

In RMB

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

40. 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

41. Shares in stock

In RMB

Item	Opening balance	Increase	Decrease	Closing balance
Shares in stock		59,938,011.28		59,938,011.28
Total		59,938,011.28		59,938,011.28

42. Other miscellaneous income

In RMB

Item	Opening balance	Amount occurred in the current period						Closing balance
		Amount before income tax	Less: amount written into other gains and transferred into gain/loss in previous terms	Less: amount written into other gains and transferred into gain/loss in previous terms	Less: Income tax expenses	After-tax amount attributed to the parent	After-tax amount attributed to minority shareholders	
I. Other comprehensive income that will not be reclassified to	-3,779,277.52							-3,779,277.52

profit or loss								
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	164,826,112.02	-7,258,304.20			-721,575.56	-6,535,898.05	-830.59	158,290,213.97
Cash flow hedge reserve	1,264,159.61	-4,810,503.75			-721,575.56	-4,088,928.19		-2,824,768.58
Translation difference of foreign exchange statement	-237,041.20	-2,447,800.45				-2,446,969.86	-830.59	-2,684,011.06
Investment real estate measured at fair value	163,798,993.61							163,798,993.61
Other miscellaneous income	161,046,834.50	-7,258,304.20			-721,575.56	-6,535,898.05	-830.59	154,510,936.45

43. Surplus reserves

In RMB

Item	Opening balance	Increase	Decrease	Closing balance
Statutory surplus reserves	85,368,328.00			85,368,328.00
Total	85,368,328.00			85,368,328.00

44. Retained profit

In RMB

Item	Current period	Last period
Adjustment on retained profit of previous period	4,234,637,792.91	4,805,192,000.28
Retained profit adjusted at beginning of year	4,234,637,792.91	4,805,192,000.28
Plus: Net profit attributable to owners of the parent	54,501,089.34	17,289,598.23
Common share dividend payable		53,693,711.35
Undistributed profits at the end of the period	4,289,138,882.25	4,768,787,887.16

45. Operational revenue and costs

In RMB

Item	Amount occurred in the current period		Occurred in previous period	
	Income	Cost	Income	Cost
Main business	1,531,797,147.59	1,244,859,043.08	1,576,352,547.18	1,287,281,242.59
Other businesses	19,260,609.69	19,125,558.35	21,933,902.86	20,256,406.69
Total	1,551,057,757.28	1,263,984,601.43	1,598,286,450.04	1,307,537,649.28

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	Turnover	Operatin	Turn	Operati	Turnov	Operating

						cost		g cost	over	ng cost	er	cost
Business type	1,199,918,537.87	1,060,944,155.94	255,530,920.39	176,959,630.39	80,450,997.96	22,154,320.50	7,756,241.31	3,923,133.03	7,401,059.75	3,361.57	1,551,057,757.28	1,263,984,601.43
Including:												
Curtain wall system and materials	1,199,918,537.87	1,060,944,155.94									1,199,918,537.87	1,060,944,155.94
Subway screen door and service			255,530,920.39	176,959,630.39							255,530,920.39	176,959,630.39
Real estate rental and sales and property services					80,450,997.96	22,154,320.50					80,450,997.96	22,154,320.50
PV power generation products							7,756,241.31	3,923,133.03			7,756,241.31	3,923,133.03
Others									7,401,059.75	3,361.57	7,401,059.75	3,361.57
By operating region	1,199,918,537.87	1,060,944,155.94	255,530,920.39	176,959,630.39	80,450,997.96	22,154,320.50	7,756,241.31	3,923,133.03	7,401,059.75	3,361.57	1,551,057,757.28	1,263,984,601.43
Including:												
In China	1,014,430,744.04	913,821,764.16	162,406,983.63	129,602,876.20	80,450,997.96	22,154,320.50	7,756,241.31	3,923,133.03	7,401,059.75	3,361.57	1,272,446,026.69	1,069,505,455.46
Out of China	185,487,793.83	147,122,391.78	93,123,936.76	47,356,754.19							278,611,730.59	194,479,145.97

Others:

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

For the first half of 2026, revenue disaggregated by timing of recognition is as follows:

Item	Current period revenue (RMB)	Prior period revenue (RMB)
Revenue recognized at a certain point in time	286,010,657.00	143,194,843.52
Revenue recognized over a period of time	1,265,047,100.28	1,455,091,606.52
Total	1,551,057,757.28	1,598,286,450.04

(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:

As of the end of the reporting period, the transaction price allocated to remaining performance obligations under contracts signed but not yet fulfilled or partially fulfilled amounted to RMB 6,537,461,921.37, of which RMB 2,171,584,039.12 is expected to be recognized as revenue in the second half of 2026, RMB 2,100,437,131.07 in 2027, and RMB 2,265,440,751.19 in 2028 and thereafter.

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	69,599,658.27
2	Nanchang Fangda Center	9,369,086.87

46. Taxes and surcharges

In RMB

Item	Amount occurred in the current period	Occurred in previous period
City maintenance and construction tax	2,502,988.83	2,501,285.91
Education surtax	1,671,066.60	1,646,183.83
Property tax	11,011,329.98	10,156,874.34
Land using tax	1,123,498.22	951,661.75
Vehicle usage tax	12,720.00	8,280.00
Stamp tax	1,220,219.55	1,207,094.02
Land VAT	24,933.42	29,663.90
Others	146,920.17	190,267.56
Total	17,713,676.77	16,691,311.31

47. Management expense

In RMB

Item	Amount occurred in the current period	Occurred in previous period
Labor costs	55,092,833.68	62,759,919.24
Agencies	4,670,980.25	3,730,819.57
Depreciation and amortization	9,475,081.52	7,662,755.81
Office expense	3,488,093.02	5,757,836.53
Entertainment expense	2,783,199.15	2,885,580.60
Amortization of right of use assets and lease fees	1,239,494.47	2,048,192.67
Lawsuit	753,924.00	984,435.34
Travel expense	1,480,728.68	1,161,746.58
Others	3,110,616.79	3,181,245.04
Total	82,094,951.56	90,172,531.38

48. Sales expense

In RMB

Item	Amount occurred in the current period	Occurred in previous period
Labor costs	16,419,558.48	14,739,070.64
Sales agency fee	429,657.28	527,851.65
Entertainment expense	3,485,236.77	3,155,262.57
Travel expense	1,570,122.89	1,771,703.48
Advertisement and promotion fee	644,755.21	522,748.38
Amortization of right of use assets and lease fees	506,366.06	426,382.65
Others	2,357,153.42	1,490,559.11
Total	25,412,850.11	22,633,578.48

49. R&D cost

In RMB

Item	Amount occurred in the current period	Occurred in previous period
Labor costs	39,663,495.05	44,988,433.44
Material costs	11,033,578.62	10,230,946.89
Agencies	3,330,380.56	3,892,085.12
Depreciation costs	536,987.95	639,840.42
Amortization of intangible assets	64,233.69	210,522.27
Others	986,964.67	1,552,348.57
Total	55,615,640.54	61,514,176.71

50. Financial expense

In RMB

Item	Amount occurred in the current period	Occurred in previous period
Interest expense	37,038,622.14	36,331,469.54
Less: discount government subsidies	374,921.41	
Interest income	2,953,634.90	5,980,063.68
Acceptant discount	2,724,514.68	5,957,956.12
Exchange gain/loss	7,631,444.30	-393,308.06
Commission charges and others	2,039,769.45	1,664,490.53
Total	46,105,794.26	37,580,544.45

51. Other gains

In RMB

Source	Amount occurred in the current period	Occurred in previous period
Government subsidies related to deferred income (related to assets)	1,176,916.98	964,723.46
Government subsidies directly included in current profits and losses (related to income)	2,808,781.10	4,611,992.33
Other items related to daily activities and included in other income	1,767,515.55	1,326,243.60
Total	5,753,213.63	6,902,959.39

52. Income from fair value fluctuation

In RMB

Source of income from fluctuation of fair value	Amount occurred in the current period	Occurred in previous period
Investment real estate measured at fair value	2,196,417.29	2,763,052.08
Other non-current financial assets	217,294.72	3,493.56
Total	2,413,712.01	2,766,545.64

53. Investment income

In RMB

Item	Amount occurred in the current period	Occurred in previous period
Gains from long-term equity investment measured by equity	-35,259.11	-35,164.25
Investment income from trading financial assets	528,675.85	51,673.16
Financial assets derecognized as a result of amortized cost	-1,233,163.38	-696,903.65
Total	-739,746.64	-680,394.74

54. Credit impairment loss

In RMB

Item	Amount occurred in the current period	Occurred in previous period
Bad debt loss of other receivables	-473,037.55	-1,073,751.30
Bad debt loss of accounts receivable and notes receivable	-10,591,355.69	-57,932,230.26
Total	-11,064,393.24	-59,005,981.56

55. Assets impairment loss

In RMB

Item	Amount occurred in the current period	Occurred in previous period
Contract asset impairment loss	7,490,908.24	4,589,393.55

Total	7,490,908.24	4,589,393.55

56. Assets disposal gains

In RMB

Source	Amount occurred in the current period	Occurred in previous period
Disposition not classified as possession of fixed assets to be sold, construction in progress, productive biological assets and intangible assets	27,112.76	-1,119,266.83
Including: Fixed assets	27,112.76	-487,985.15
Intangible assets		-631,281.68
Disposal of use right assets	122,576.41	3,981.41
Others		-407,316.80
Total	149,689.17	-1,522,602.22

57. Non-business income

In RMB

Item	Amount occurred in the current period	Occurred in previous period	Amount accounted into the current accidental gain/loss
Penalty income	88,981.00	71,985.44	88,981.00
Compensation received	179,711.07	37,250.00	179,711.07
Others	60,829.13	110,155.61	60,829.13
Total	329,521.20	219,391.05	329,521.20

58. Non-business expenses

In RMB

Item	Amount occurred in the current period	Occurred in previous period	Amount accounted into the current accidental gain/loss
Donation	20,000.00	530,000.00	20,000.00
Loss from retirement of damaged non-current assets	58,447.14	20,260.37	58,447.14
Liquidated damages and penalties	290,602.47	6,018.23	290,602.47
Lawsuit indemnity	1,151.32		1,151.32
Others	251.65	20,592.64	251.65
Total	370,452.58	576,871.24	370,452.58

59. Income tax expenses

(1) Details about income tax expense

In RMB

Item	Amount occurred in the current period	Occurred in previous period
Income tax expenses in this period	16,679,594.70	23,819,854.49
Deferred income tax expenses	-7,109,695.09	-26,277,346.25
Total	9,569,899.61	-2,457,491.76

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

In RMB

Item	Amount occurred in the current period
Total profit	64,092,694.40
Income tax expenses calculated based on the legal (or applicable) tax rates	16,023,173.60
Impacts of different tax rates applicable for some subsidiaries	-803,534.19
Impacts of income tax before adjustment	945,248.87
Impact of non-taxable income	-109,244.76
Impacts of non-deductible cost, expense and loss	1,361,814.37
Impacts of using deductible loss of unrecognized deferred income tax assets	-53,949.04
Deductible temporary difference and deductible loss of unrecognized deferred income tax assets	38,397.40
Profit and loss of associates and joint ventures calculated using the equity method	8,814.78
Tax effect of super deduction for research and development expenses (indicated by "-")	-7,840,821.41
Income tax expenses	9,569,899.61

60. Other miscellaneous income

See Note 42, "Other Comprehensive Income," in Section VII, "Notes to Consolidated Financial Statements," of Part VIII for details.

61. Notes to the cash flow statement

(1) Cash inflow related to operation

Other cash received from business operations

In RMB

Item	Amount occurred in the current period	Occurred in previous period
Interest income	2,788,969.38	4,751,884.25
Subsidy income	1,592,586.81	20,397,030.14
Retrieving of bidding deposits	14,541,192.70	23,759,323.07
Other operating accounts	21,679,274.17	27,631,374.22
Total	40,602,023.06	76,539,611.68

Other cash paid for business operations

In RMB

Item	Amount occurred in the current period	Occurred in previous period
Cash expenses	30,012,503.46	23,490,472.45
Bidding deposit paid	22,816,891.24	14,048,043.41
Net draft deposit net paid	74,782,784.81	180,847,576.76
Court-frozen funds and other current accounts	17,506,719.93	11,765,502.90
Total	145,118,899.44	230,151,595.52

(2) Cash related to financing

Other cash received from financing activities

In RMB

Item	Amount occurred in the current period	Occurred in previous period
Recovery of loan deposits		191,000,000.00
Total		191,000,000.00

Other cash paid related to financing activities

In RMB

Item	Amount occurred in the current period	Occurred in previous period
Financing fee	997,044.45	1,692,816.72
Principal and interest of lease liabilities	4,479,337.91	4,272,274.51
Bill discount financing deposit	272,049,000.00	83,685,800.00
Share repurchase payments	59,937,469.76	
Others	789,080.97	
Total	338,251,933.09	89,650,891.23

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	1,202,846,497.03	1,256,571,505.53	12,965,232.25	942,228,902.10	21,030,274.69	1,509,124,058.02
Non-current liabilities due in 1 year	373,329,962.63		90,033,971.95	359,331,996.24	853,346.75	103,178,591.59
Long-term loans	1,290,000,000.00				60,000,000.00	1,230,000,000.00
Lease liabilities	8,979,546.87		9,171,342.51		8,072,089.21	10,078,800.17
Total	2,875,156,006.53	1,256,571,505.53	112,170,546.71	1,301,560,898.34	89,955,710.65	2,852,381,449.78

(3) Explanation of cash flows presented on a net basis

Item	Relevant factual information	Basis for adopting net presentation	Financial impact
Net margin paid on bills of exchange, etc.	Corresponding deposits for bills of exchange are presented on a net basis according to changes in their balances	Quick turnaround and short maturity	None
Net deposits received such as bills of exchange			

(4) 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

62. Supplementary data of cash flow statement

(1) Supplementary data of cash flow statement

In RMB

Supplementary information	Amount of the Current Term	Amount of the Previous Term
1. Net profit adjusted to cash flow related to business operations:		
Net profit	54,522,794.79	17,306,590.06
Plus: Asset impairment provision	3,573,485.00	54,416,588.01
Fixed asset depreciation, gas and petrol depreciation, production goods depreciation	19,043,038.83	18,240,913.35
Depreciation of right to use assets	2,927,788.55	3,753,092.34
Amortization of intangible assets	2,566,257.08	3,339,231.01
Amortization of long-term amortizable expenses	1,749,182.40	2,516,462.04
Losses on disposal of fixed assets, intangible assets, and other long-lived assets (gains indicated by "-")	-149,689.17	1,522,602.22
Losses on retirement of fixed assets (gains indicated by "-")	58,447.14	20,260.37
Losses on changes in fair value (gains indicated by "-")	-2,413,712.01	-2,766,545.64
Financial expenses (gains indicated by "-")	39,763,136.82	42,289,425.66
Investment losses (gains indicated by "-")	-493,416.74	-16,508.91
Decrease in deferred tax assets (increase indicated by "-")	-8,899,024.69	-18,354,312.72
Increase in deferred tax liabilities (decrease indicated by "-")	1,067,754.03	-7,697,073.63
Decrease in inventories (increase indicated by "-")	7,603,781.41	-39,908,231.42
Decrease in operating receivables (increase indicated by "-")	268,493,809.24	23,553,621.51
Increase in operating payables (decrease indicated by "-")	-266,267,292.03	-367,876,286.41
Others	-115,479,118.98	3,312,944.31
Cash flow generated by business operations, net	7,667,221.67	-266,347,227.85
2. Major investment and financing activities with no cash involved:		
Debt transferred to assets		
Convertible corporate bonds due within one year		
Fixed assets under finance leases		
3. Net change in cash and cash equivalents:		
Balance of cash at period end	661,261,778.57	759,598,027.98
Less: Initial balance of cash	1,090,965,547.89	1,031,725,216.34
Add: Ending balance of cash equivalents	0.00	0.00
Less: Ending balance of cash equivalents	0.00	0.00
Net increase in cash and cash equivalents	-429,703,769.32	-272,127,188.36

(2) Composition of cash and cash equivalents

In RMB

Item	Closing balance	Opening balance
I. Cash	661,261,778.57	1,090,965,547.89

Including: Cash in stock		697.90
Bank savings can be used at any time	640,196,983.13	1,078,821,930.02
Other monetary capital can be used at any time	21,064,795.44	12,142,919.97
2. Cash equivalents	0.00	0.00
III. Balance of cash and cash equivalents at end of term	661,261,778.57	1,090,965,547.89

(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 types of deposits	645,799,436.10	351,421,548.82	Use restricted
Total	645,799,436.10	351,421,548.82	

(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 conducts reverse factoring business through the "Rongtong E-Xin" supply chain finance platform provided by the Shenzhen Huaqiaocheng Sub-branch of Agricultural Bank of China Limited (hereinafter referred to as "ABC"), providing services to suppliers holding electronic debt certificates on the "Rongtong E-Xin" platform that are payable by the Company upon maturity. Suppliers transfer the accounts receivable underlying their electronic debt certificates issued by the Company to ABC and apply for "Rongtong E-Xin" services. Upon review and assessment, ABC provides "Rongtong E-Xin" services to eligible suppliers. The Company's obligation to fulfill payment under the electronic debt certificates is unconditional and irrevocable, unaffected by any commercial disputes among parties involved in the transfer of the electronic debt certificates. The Company will not claim offsets or defenses regarding this payment obligation. In accordance with the business rules of the "Rongtong E-Xin" platform, the Company will remit an amount equal to the face value of the electronic debt certificate on the committed payment date.

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	June 30, 2026	December 31, 2025
Account payable	368,242,942.33	535,521,368.29
Including: Amounts received by suppliers	237,318,264.71	449,522,342.67

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

Item	June 30, 2026	December 31, 2025
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

63. Foreign currency monetary items

(1) Foreign currency monetary items

In RMB

Item	Closing foreign currency	Exchange rate	Closing RMB balance

	balance		
Monetary capital			145,125,480.87
Including: USD	9,625,396.22	6.8109	65,557,162.49
Euro	136,419.93	7.7671	1,059,587.24
HK Dollar	19,556,494.58	0.8686	16,985,793.37
Australian Dollar	8,397,939.60	4.6804	39,305,716.50
Singapore Dollar	3,679,154.77	5.2605	19,354,193.66
Rupee	9,852,810.15	0.0720	709,786.59
Saudi Riyal	134,384.29	1.8104	243,286.72
Vietnamese Dong	1,487,320,578.00	0.0003	385,317.31
UAE Dirham	423,575.44	1.8511	784,064.81
Philippine Peso	6,661,738.85	0.1112	740,572.18
Account receivable			22,427,641.19
Including: USD	1,802,527.22	6.8109	12,276,832.64
HK Dollar	10,640,102.15	0.8686	9,241,460.72
Australian Dollar	192,664.39	4.6804	901,746.41
Singapore Dollar	1,445.00	5.2605	7,601.42
Contract assets			84,024,003.91
Including: USD	3,559,429.59	6.8109	24,242,873.05
HK Dollar	31,506,775.40	0.8686	27,365,209.77
Australian Dollar	3,756,758.92	4.6804	17,583,134.45
Singapore Dollar	2,421,321.88	5.2605	12,737,363.75
Rupee	7,326,896.46	0.0720	527,822.29
UAE Dirham	846,865.07	1.8511	1,567,600.60
Other receivables			4,250,542.70
Including: Hong Kong Dollar	966,311.54	0.8686	839,289.89
Australian Dollar	64,548.14	4.6804	302,111.11
Singapore Dollar	161,842.95	5.2605	851,374.83
Saudi Riyal	162,697.87	1.8104	294,545.08
UAE Dirham	94,361.80	1.8511	174,669.63
Philippine Peso	225,225.38	0.0788	17,752.13
Account payable			38,153,601.70
Including: USD	315,272.49	6.8109	2,147,289.40
HK Dollar	5,367,396.42	0.8686	4,661,852.16
Australian Dollar	5,545,847.14	4.6804	25,956,782.95
Singapore Dollar	717,458.97	5.2605	3,774,192.90
Rupee	5,675,063.76	0.0720	408,825.92
Saudi Riyal	72,916.69	1.8104	132,006.97
Malaysian Ringgit	74,109.25	1.6734	124,015.76
UAE Dirham	512,481.55	1.8511	948,635.64
Other payables			379,721.32
Including: USD	16,531.70	6.8109	112,595.75
Australian Dollar	50,971.02	4.6804	238,564.76
Singapore Dollar	5,357.10	5.2605	28,181.02
Rupee	2,658.38	0.0720	191.51
Saudi Riyal	104.00	1.8104	188.28
Other non-current assets			92,257.53
Including: USD	13,545.57	6.8109	92,257.53

(2) The nature and financial impact of the lack of exchangeability of currencies, the spot exchange rates used and the estimation process, and the risks to which the entity is exposed as a result of the lack of exchangeability

□ Applicable ☑ Inapplicable

(3) 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

(4) Lack of exchangeability between the functional currency of a foreign operation and the presentation currency of the entity

□ Applicable ☑ Inapplicable

64. Leasing

(1) The Company is the leasee

☑ Applicable □ Inapplicable

Variable lease payments not included in the measurement of the lease liability

□ Applicable ☑ Inapplicable

Lease costs for short-term leases or low-value assets with simplified treatment

☑ Applicable □ Inapplicable

Item	January-June 2026
Short term lease expenses with simplified treatment included in current profit and loss	20,829,440.47
Lease expenses of low value assets with simplified treatment included in current profit and loss (except short-term lease)	268,780.98
Interest expense on lease liabilities	303,570.03
Total cash outflow related to leasing	22,201,550.41

(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	56,993,937.20	191,914.02

Total	56,993,937.20	191,914.02

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	87,896,259.61	105,050,316.05
Second year	61,688,305.88	67,773,129.84
Third year	37,596,059.04	43,260,708.88
Fourth year	25,862,156.75	26,273,854.79
Fifth year	18,083,442.82	20,185,331.81
Total undiscounted lease receipts after five years	57,706,239.83	65,750,209.88

VIII. R&D expenses

In RMB

Item	Amount occurred in the current period	Occurred in previous period
Labor costs	39,663,495.05	44,988,433.44
Material costs	11,033,578.62	10,230,946.89
Agencies	3,330,380.56	3,892,085.12
Depreciation costs	536,987.95	639,840.42
Amortization of intangible assets	64,233.69	210,522.27
Others	986,964.67	1,552,348.57
Total	55,615,640.54	61,514,176.71
Including: Expensed R&D expenditure	55,615,640.54	61,514,176.71

IX. Change to Consolidation Scope

1. Disposal of subsidiaries

Were there any transactions or events resulting in loss of control over subsidiaries during the current period

□ Yes ☑ No

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

□ Yes ☑ No

2. Change to the consolidation scope for other reasons

Explanation of changes in the scope of consolidation due to other reasons (e.g., establishment of new subsidiaries, liquidation of subsidiaries, etc.) and related circumstances: None.

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 Construction Technology 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.	20,426,244.00	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) Property Development Co., Ltd.	100,000,000.00	Nanchang	Nanchang	Real estate development and operation		100.00%	Incorporation
Pingxiang Fangda Luxin New Energy Co., Ltd.	10,000,000.00	Pingxiang	Pingxiang	Design and construction of PV power plants		100.00%	Incorporation
Nanchang Xinjian Fangda New Energy Co., Ltd.	10,000,000.00	Nanchang	Nanchang	Design and construction of PV power plants		100.00%	Incorporation
Dongguan Fangda New Energy Co., Ltd.	10,000,000.00	Dongguan	Dongguan	Design and construction of PV power plants		100.00%	Incorporation
Shenzhen Qianhai Kechuangyuan Software Co., Ltd.	5,000,000.00	Shenzhen	Shenzhen	Software development		100.00%	Incorporation
Fangda Zhiyuan Technology (Hong Kong) Co., Ltd.	15,803,820.00	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	100,000,000.00	Shanghai	Shangh	Intelligent technology, new	30.00%	70.00%	Incorporation

Technology Co., Ltd			ai	energy, automated technology			
Shanghai Fangda Jianzhi Technology Co., Ltd.	50,000,000.00	Shanghai	Shanghai	Construction technology, intelligent technology, automation technology, design, production and installation of building curtain walls		100.00%	Incorporation
Shenzhen Zhongrong Litai Investment Co., Ltd.	121,000,000.00	Shenzhen	Shenzhen	Business service		55.00%	Purchase
Fangda Construction Technology 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., Ltd.	50,000,000.00	Shenzhen	Shenzhen	Installation and sales of building curtain walls		100.00%	Incorporation
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	6,747,930.31	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		99.00%	Incorporation
GENERAL RAIL TECHNOLOGY PHILIPPINES, INC.	1,521,564.25	Philippine	Philippine	Metro screen door sales and installation		100.00%	Incorporation
FANGDA GULF DMCC	788,545.80	Dubai	Dubai	Installation and sales of building curtain walls		100.00%	Incorporation
GLOBAL MEGA INTERNATIONAL HOLDINGS LIMITED	4,088,570.00	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	2,340,200.00	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%	21,588.47	0.00	48,364,829.54

(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	210,440,210.23	30,800.00	210,471,010.23	102,993,611.26		102,993,611.26	210,411,282.10	26,300.00	210,437,582.10	103,008,157.51		103,008,157.51

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	55,045.86	47,974.38	47,974.38	-13,071.87	55,045.86	39,623.84	39,623.84	-313,172.02

2. Interests in joint ventures or associates

(1) Financial summary of insignificant joint ventures and associates

In RMB

	Closing balance/amount occurred in this period	Opening balance/amount occurred in previous period
Joint venture:		
Total shareholding		
Associate:		
Total book value of investment	32,953,385.52	32,988,644.63
Total shareholding		
Net profit	-35,259.11	-35,164.25
--Total of misc. incomes	-35,259.11	-35,164.25

XI. Government Subsidies

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

☑ Applicable □ Inapplicable

Ending balance of receivables: RMB 1,442,414.75.
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	26,304,277.69			1,176,916.98		25,127,360.71	Assets-related
Total	26,304,277.69			1,176,916.98		25,127,360.71	

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	3,985,698.08	5,576,715.79
Financial expenses	374,921.41	
Total	4,360,619.49	5,576,715.79

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 top five customers' accounts receivable (including contract assets) at the end of the period accounted for 12.14% of the Company's total accounts receivable (beginning of the period: 12.02%); among the Company's other receivables, the top five debtors' other receivables at the end of the period accounted for 73.23% of the Company's total other receivables (beginning of the period: 70.50%).

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 June 30, 2026, the maturity of the Company's financial liabilities is as follows:

In RMB10,000

Item	June 30, 2026			
	Less than 1 year	Within 1-3 years	Over 3 years	Total
Short-term loans	150,912.41			150,912.41
Derivative financial liabilities	425.04			425.04
Notes payable	63,832.00			63,832.00
Account payable	158,692.33	5,237.24	836.69	164,766.26
Other payables	6,920.50	1,804.63	5,482.89	14,208.02
Non-current liabilities due in 1 year	10,466.13			10,466.13
Other current liabilities	3,891.29			3,891.29
Long-term loans		25,750.00	97,250.00	123,000.00
Lease liabilities		905.44	102.44	1,007.88
Total	395,139.70	33,697.31	103,672.02	532,509.03

(Continued)

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

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 the Hong Kong dollar, US dollar, Australian dollar, Vietnamese dong, euro, Indian rupee, UAE dirham, Philippine peso, or Singapore dollar for pricing and settlement, the Company's other major businesses are priced and settled in RMB.

As of Tuesday, June 30, 2026, the foreign currency financial assets and foreign currency financial liabilities of the Company at the end of the period are listed in the description of foreign currency monetary items in Note V, 63.

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

(2) Exchange rate risk

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

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

For the period ended June 30, 2026, assuming all other risk variables remained constant, if the interest rates on floating-rate borrowings had increased or decreased by 50 basis points, the Company's net profit for the current period would have decreased or increased by RMB 3.2406 million.

2. Hedging

(1) The Company conducts hedging business for risk management.

☑ Applicable □ Inapplicable

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

	operations, enhance the Company's overall ability to withstand risks, and strengthen the soundness of its operating activities.	expected foreign currency receivable exposure, and the ratio of the exposure* hedge is essentially the same as the receivable represented by the contract position.			

(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	-4,250,400.00	Inapplicable	Relevance of hedged items to hedging instruments	Derivative financial liabilities RMB 4,250,400.00, other comprehensive income RMB -3,589,637.89, deferred tax assets RMB 660,762.11
Exchange rate risk	899,846.25	Inapplicable	Relevance of hedged items to hedging instruments	Derivative financial assets RMB 899,846.25, other comprehensive income RMB 764,869.31, deferred tax liabilities RMB 134,976.94, financial expenses RMB 981,448.00
Type				
Cash flow hedging	-3,350,553.75	Inapplicable	Relevance of hedged items to hedging instruments	Derivative financial assets RMB 899,846.25, derivative financial liabilities RMB 4,250,400.00, other comprehensive income RMB -2,824,768.58, deferred tax assets RMB 660,762.11, deferred tax liabilities RMB 134,976.94, financial expenses RMB 981,448.00

(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	Outstanding promissory notes in notes receivable	16,719,671.79	Not derecognized	Promissory notes used for discounting or endorsement are accepted by banks or enterprises with low credit ratings, discounting or endorsement does not affect recourse, and the credit risk and deferred payment risk associated with the notes remain untransferred
Endorsement	Outstanding bankers' acceptances in receivables financing	10,230,878.72	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	53,213,699.71	Derecognization	Non-recourse factoring
Total		80,164,250.22		

(2) Financial assets derecognized due to transfers

☑ Applicable □ Inapplicable

In RMB

Item	Transfer method of financial assets	Amount of financial assets derecognized	Gain or loss related to the de-recognition
Outstanding bankers' acceptances in receivables financing	Endorsement	10,230,878.72	
Account receivable	Factoring	53,213,699.71	-1,233,163.38
Total		63,444,578.43	-1,233,163.38

(3) Transfer of financial assets with continuing involvement in assets

□ Applicable ☑ Inapplicable

Other note

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		32,405,814.75		32,405,814.75
1. Financial assets measured at fair value with variations accounted into current income account		32,405,814.75		32,405,814.75
(1) Derivative financial assets		899,846.25		899,846.25
2. Transactional financial assets		31,505,968.50		31,505,968.50
(II) Investment property			5,598,103,817.83	5,598,103,817.83
1. Leased building			5,598,103,817.83	5,598,103,817.83
(III) Receivables financing		16,748,225.96		16,748,225.96
(4) Other non-current financial assets			6,010,966.43	6,010,966.43
Total assets measured at fair value continuously		49,154,040.71	5,604,114,784.26	5,653,268,824.97
(5) Transactional financial liabilities		4,250,400.00		4,250,400.00
Including: Derivative financial liabilities		4,250,400.00		4,250,400.00
Total assets measured at fair value continuously		4,250,400.00		4,250,400.00
2. Discontinuous fair value measurement	--	--	--	--

2. Recognition basis of market value of continuous and discontinuous items measured at first level fair value

For the financial instruments traded in the active market, the Company determines their fair value based on their quoted prices in the active market; for the financial instruments not traded in the active market, the Company adopts valuation technology to determine their fair value. The valuation models are mainly cash flow discount model and market comparable company model.

The input value of valuation technology mainly includes risk-free interest rate, benchmark interest rate, exchange rate, credit point difference, liquidity premium, lack of liquidity discount, etc.

3. Valuation technique and qualitative and quantitative information for key parameters of continuous and discontinuous second level fair value items

For derivative financial assets and derivative financial liabilities with fair value of forward exchange contracts, the fair value is determined based on the market value of expected earnings at the balance sheet date.

Receivables financed at fair value through other comprehensive income are notes receivable, for which the fair value is determined based on the book value due to the short remaining maturity.

4. Valuation technique and qualitative and quantitative information for key parameters of continuous and discontinuous third level fair value items

Investment properties measured at fair value are appraised using the comparative and income approaches. Comparison method: It selects a certain number of comparable examples, compares them with the valuation object and processes the comparable instance transaction prices according to the difference to obtain the value or price of the valuation object. The income approach is a method of predicting the future earnings of the object of valuation, and using the rate of compensation or capitalization rate, income multiplier to convert the future earnings into value to get the value or price of the object of valuation.

5. For recurring fair value measurements, where transfers between levels occurred during the current period: reasons for such transfers and the policy for determining the timing of transfers

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 values of financial assets and financial 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	Business	Registered	Share of the parent	Voting power of

	address		capital	co. in the Company	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	10.94%	10.94%

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
Jiangxi Business Innovative Property Joint Stock Co., Ltd.	Affiliates of the Company
Shenzhen Ganshang Joint Investment Co., Ltd. (Shenzhen Ganshang)	Affiliates of the Company
Shenzhen Fangda Property Development Co., Ltd. (hereinafter Fangda Property Development)	Controlled subsidiaries
Shenzhen Qijian Technology Co., Ltd. (Qijian Technology)	Common actual controller
Director, manager and secretary of the Board	Key management

5. Related transactions

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

Sales of goods and services

In RMB

Affiliated party	Related transaction	Amount occurred in the	Occurred in previous period

		current period	
Qijian Technology	Property service and sales of goods	13, 438. 36	14,291.81

(2) Related leasing

The Company is the leasor:

In RMB

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

(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	1,030,000,000.00	January 17, 2025	Three years after the expiration date of debt performance	Yes
Fangda Construction Technology	350,000,000.00	21 April 2025	Three years after the expiration date of debt performance	Yes
Fangda Construction Technology	49,000,000.00	28 April 2025	Three years after the expiration date of debt performance	Yes
Fangda Construction Technology	390,000,000.00	January 14, 2025	Three years after the expiration date of debt performance	Yes
Fangda Construction Technology	250,000,000.00	January 10, 2025	Three years after the expiration date of debt performance	Yes
Fangda Construction Technology	300,000,000.00	27 March 2025	Three years after the expiration date of debt performance	Yes
Fangda Construction Technology	480,000,000.00	December 15, 2024	Three years after the expiration date of debt performance	Yes
Fangda Construction Technology	114,000,000.00	August 16, 2023	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	200,000,000.00	November 4, 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	150,000,000.00	11 May 2024	Three years after the expiration date of debt performance	Yes
Fangda Zhiyuan	358,000,000.00	June 19, 2025	Three years after the expiration date of debt performance	Yes
Fangda Zhiyuan	180,000,000.00	December 15, 2024	Three years after the expiration date of debt performance	Yes

Fangda Zhiyuan	200,000,000.00	21 April 2025	Three years after the expiration date of debt performance	Yes
Fangda Zhiyuan	200,000,000.00	November 11, 2024	Three years after the expiration date of debt performance	Yes
Fangda Zhiyuan	155,500,000.00	November 21, 2023	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	150,000,000.00	January 13, 2025	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
Fangda Zhijian	70,000,000.00	8 May 2024	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 Yunzhu	10,000,000.00	25 March 2025	Three years after the expiration date of debt performance	Yes
Fangda Yunzhu	7,000,000.00	21 April 2025	Three years after the expiration date of debt performance	Yes
Total amount of guarantee fulfilled	7,843,500,000.00			
Fangda Construction Technology	1,330,000,000.00	December 23, 2025	Three years after the expiration date of debt performance	No
Fangda Construction Technology	390,000,000.00	January 21, 2026	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	January 6, 2026	Three years after the expiration date of debt performance	No
Fangda Construction Technology	111,500,000.00	November 17, 2025	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	200,000,000.00	January 19, 2026	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	28 April 2026	Three years after the expiration date of debt performance	No
Fangda Construction Technology	250,000,000.00	December 25, 2025	Three years after the expiration date of debt performance	No
Fangda Construction Technology	600,000,000.00	December 19, 2024	Three years after the expiration date of debt performance	No
Fangda Zhiyuan	180,000,000.00	January 6, 2026	Three years after the expiration date of debt performance	No
Fangda Zhiyuan	310,000,000.00	June 2, 2026	Three years after the expiration date of debt performance	No
Fangda Zhiyuan	200,000,000.00	28 April 2026	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	No

			date of debt performance	
Fangda Zhiyuan	154,750,000.00	November 17, 2025	Three years after the expiration date of debt performance	No
Fangda Zhiyuan	150,000,000.00	January 27, 2026	Three years after the expiration date of debt performance	No
Fangda Zhiyuan	100,000,000.00	November 20, 2025	Three years after the expiration date of debt performance	No
Fangda Zhijian	70,000,000.00	June 30, 2025	Three years after the expiration date of debt performance	No
Fangda Yunzhu	10,000,000.00	27 May 2026	Three years after the expiration date of debt performance	No
Fangda Yunzhu	3,000,000.00	28 April 2026	Three years after the expiration date of debt performance	No
Fangda Dongguan New Material	50,000,000.00	Jul. 01, 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
Total amount of guarantee being performed	8,592,061,800.00			

(4) Remuneration of key management

In RMB

Item	Amount occurred in the current period	Occurred in previous period
Key management personnel compensation	4,508,813.02	5,025,036.51

(5) Other related party transactions

6. Receivable and payables due with related parties

(1) Receivable interest

In RMB

Item	Affiliated party	Closing balance		Opening balance	
		Remaining book value	Bad debt provision	Remaining book value	Bad debt provision
Account receivable	Qijian Technology	2,628.14	26.28	10,048.39	100.48
Other receivables	Ganshang Joint Investment	3,791,089.25	2,597,047.51	3,791,089.25	2,531,120.89
Other receivables	Shenzhen Yikang Real Estate Co. Ltd.	76,062,675.83	760,626.76	76,062,675.83	760,626.76

(2) Receivable interest

In RMB

Item	Affiliated party	Closing balance of book value	Opening balance of book value
Other payables	Shenzhen Yikang Real Estate Co. Ltd.	26,159,711.72	26,159,711.72
Other payables	Qijian Technology	19,760.00	19,760.00
Other payables	Ganshang Joint Investment	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 June 30, 2026, Fangda Property has paid project partners including Party B a total of RMB 50 million in security deposits, RMB 20 million in service fees, RMB 61,937,200 in equity transfer consideration, and RMB 81,862,200 in other related payments.

The Company has no other commitments that should be disclosed by June 30, 2026.

2. Contingencies

Significant contingencies on the balance sheet date:

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

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

② In March 2022, Xiangheng Real Estate (Jinan) Co., Ltd. filed an arbitration application with the Jinan Arbitration Commission, and subsequently amended its claims to request that Fangda Construction Technology bear deductions arising from quality issues in the specialized subcontracting works for aluminum alloy doors, windows, louvers, and curtain walls of the Jinan Kerry Comprehensive Development Project (Phases I & II), as well as costs for repairs, rectification, and rework totaling RMB 8,995,672.29, dismantling costs for construction gondolas of RMB 4,000, inspection and appraisal fees for engineering defects of RMB 323,271.91, and attorney’s fees of RMB 690,000.00. In April 2022, Fangda Construction Technology filed a counterclaim requesting Xiangheng Real Estate (Jinan) Co., Ltd. to pay project payments and related expenses totaling RMB 18,062,462.28. 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. As of the disclosure date of this report, the case is still under trial.

③ In August 2025, Fangda Construction Technology filed a lawsuit with the Wenjiang District People's Court of Chengdu, requesting Chengdu Wenjiang Yufu Wansheng Rail Transit City Development Co., Ltd. to pay project payments and interest for the Chengdu Wenjiang Xuhui Center Project totaling RMB 17,238,120.44, and requesting its sole shareholder, Chengdu Xinghuangfei Enterprise Management Co., Ltd., to assume joint and several liability, while also asserting priority of compensation for the project price. 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 disclosure of this report, Chengdu Wenjiang Yufu Wansheng Rail Transit City Development Co., Ltd., dissatisfied with the first-instance judgment, has filed an appeal. As of the date of disclosure of this report, the second-instance hearing has been held, and the case is pending judgment.

④ 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 date of disclosure of this report, first-instance judgments have been rendered regarding the completion payment for Plot A, the additional construction for Plot E, Plot D, and the additional construction for Plot D, awarding project payments of RMB 8.49 million. Shanghai Lianhong Real Estate Co., Ltd., dissatisfied with the first-instance judgments, has filed appeals in all cases. As of the date of disclosure of this report, these cases are pending second-instance proceedings.

⑤ 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 Fangda Construction Technology to pay liquidated damages for delay of RMB 9,250,070. Fangda Construction

Technology also added a claim requesting payment of overdue payment interest of RMB 5.75 million. As of the date of disclosure of this report, the first-instance hearing has been held, and the case is pending judgment.

⑥ In June 2026, Fangda Zhiyuan filed an arbitration application with the Lanzhou Arbitration Commission, requesting Lanzhou Rail Transit Co., Ltd. to pay taxes and interest for Phase I of Lanzhou Metro Line 2 totaling RMB 11,801,917.29. As of the date of disclosure of this report, the arbitration commission has accepted the case, and the hearing is pending.

⑦ In December 2025, Fangda Construction Technology filed a lawsuit with the Qingpu District People's Court of Shanghai, requesting Shanghai Yaojing Industrial Co., Ltd. to pay project payments and interest for the Hejing Life Science Valley Project totaling RMB 19,585,212.92, asserting priority of compensation for the construction project price, and claiming that its shareholder, Shanghai Xuanzhuo Health Technology Co., Ltd., shall bear joint and several liability for repayment to the extent of its unpaid capital contribution. As of the date of this report's disclosure, the case remains under trial.

⑧ In January 2026, the Qianhai Cooperation Zone People's Court of Shenzhen accepted the case filed by Fangda Construction Technology against Lianjian Construction Engineering Co., Ltd. and Shenzhen Qianhai Hengchang Technology Development Co., Ltd., requesting payment of project payments and interest for the Hengchang Technology Building Project totaling RMB 53,113,562.23, and asserting priority of compensation for the construction project price within the scope of construction. As of the date of this report's disclosure, the case remains under trial.

⑨ In April 2026, Shenzhen Jinshunyuan Industrial Group Co., Ltd. filed a lawsuit with the Longhua District People's Court of Shenzhen, requesting Shenzhen Fangda Yunzhu Technology Co., Ltd. and Shenzhen Fangda Construction Technology Group Co., Ltd. to pay losses arising from engineering quality issues of RMB 4,233,790.38, liquidated damages of RMB 3,680,150.73, and to bear the litigation costs and preservation fees of this case. In July 2026, Shenzhen Fangda Yunzhu Technology Co., Ltd. filed a counterclaim with the court, requesting Shenzhen Jinshunyuan Industrial Group Co., Ltd. to pay the settlement amount of RMB 3,520,071.13 and interest of RMB 163,644.20 (calculated on the basis of RMB 3,520,071.13 at the Loan Prime Rate from December 25, 2024, provisionally through June 30, 2026, amounting to RMB 163,644.20, and to be finally calculated through the date of full payment); the counterclaim also requests payment of the project quality warranty deposit of RMB 1,144,050.59 and interest of RMB 42,348.94 (calculated on the basis of RMB 1,144,050.59 at the Loan Prime Rate from April 14, 2025, provisionally through June 30, 2026, amounting to RMB 42,348.94, and to be finally calculated through the date of full payment); the counterclaim further requests payment of overdue payment interest on project progress payments of RMB 1,749,267.72; and seeks confirmation of priority of compensation over the proceeds from the discounted value or auction of the doors, windows, and curtain wall system works of the Jinshun Mingju Project involved in the case. As of the date of this report's disclosure, the case remains under trial.

(2) Pending major lawsuits

① In September 2022, Fangda Property 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 Property Co., Ltd. to Fangda Property Co., Ltd. for the purchase of building 3 # in Fangda Town, 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. Subsequently, both parties filed appeals. The second-instance court upheld the original judgment, and the case has entered the enforcement proceedings. As of the date of disclosure of this report, Hongtao Company has been ordered by the court to undergo bankruptcy liquidation.

② In April 2023, Fangda Construction Technology 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 Construction Technology, and claiming the priority right to receive compensation for the construction project price. As of the date of disclosure of this report, the court has issued a first-instance judgment, ruling that Kaide'er Company shall pay Fangda Construction Technology the principal of project payments amounting to RMB 113,529,244.60 together with corresponding interest, and that Fangda Construction Technology shall enjoy priority of compensation over the proceeds from the discounted value or auction of the project's curtain wall. As of the date of disclosure of this report, Kaide'er Company has been ordered by the court to undergo bankruptcy liquidation. Fangda Construction Technology has declared its creditors' rights and the liquidation is ongoing.

③ In September 2022, Fangda Construction Technology 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. As of the date of disclosure of this report, the case is under enforcement.

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 date of disclosure of this report, the case is under enforcement.

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. As of the date of disclosure of this report, the case is 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. As of the date of disclosure of this report, the case is under enforcement.

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 disclosure of this report, the case is under enforcement.

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

By June 30, 2026, 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	106,000.00	2025.04.02-2040.03.28
Fangda Intelligent Manufacturing	Guarantee	26,500.00	2024.03.15-2030.03.14
Fangda Construction Technology	Guarantee	4,000.00	2026.03.23-2027.03.23
Fangda Construction Technology	Guarantee	4,000.00	2026.06.15-2027.06.14
Fangda Construction Technology	Guarantee	7,000.00	2026.06.17-2027.06.17
Fangda Construction Technology	Guarantee	5,000.00	2026.06.18-2027.06.17
Fangda Yunzhu	Guarantee	600.00	2026.06.30-2027.06.29
Fangda Zhiyuan	Guarantee	5,000.00	2026.01.16-2027.01.15
Fangda Zhiyuan	Guarantee	3,000.00	2026.01.30-2027.01.29
Fangda Zhiyuan	Guarantee	1,200.00	2026.03.27-2027.03.26
Fangda Zhiyuan	Guarantee	4,000.00	2026.06.30-2027.06.29
Total		166,300.00	

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

Notes 2: The Company's property business provides periodic mortgage guarantee for property purchasers. The term of the periodic guarantee lasts from the effectiveness of guarantee contracts to the completion of mortgage registration and transfer of housing ownership certificates to banks. As of June 30, 2026, the Company's outstanding amount for the above-mentioned phased guarantees was RMB4.99 million.

3. Others

Status of non-revocation of company as at June 30, 2026:

Currency	Guarantee balance (original currency)	Deposit (RMB)	Credit line used (RMB)
CNY	676,143,847.81	970,931.76	675,172,916.05
INR	38,164,259.78		2,749,315.11
Hong Kong dollars (HKD)	22,259,665.45	15,000,000.00	6,001,405.56
United States dollars (USD)	3,856,632.43	1,395,593.19	24,871,544.62
SGD	16,064,258.00		84,506,029.21
AUD	7,678,500.00	9,540,000.00	26,398,451.40

EUR	1,257,254.67		9,765,222.75
Philippine Peso (PHP)	40,000,000.00		4,446,720.00
UAE Dirham (AED)	9,400,000.00		17,399,992.20
Total		26,906,524.95	851,311,596.90

XVI. Post-balance-sheet Events

1. Profit distribution

For the first half of 2026, the Company will not distribute cash dividends, issue bonus shares, or convert capital reserves into share capital.

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 August 21, 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 management of the Company regularly reviews the operating results of these reportable segments to make decisions on resource allocation and performance assessment.

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	1,205,464,094.14	255,530,920.39	84,542,258.27	8,128,059.55	24,581,328.55	27,188,903.62	1,551,057,757.28
Including: external transaction income	1,199,918,537.87	255,530,920.39	80,450,997.96	7,756,241.31	7,401,059.75		1,551,057,757.28
Inter-segment transaction income	5,545,556.28		4,091,260.31	371,818.24	17,180,268.80	27,188,903.62	
Including: major business turnover	1,186,786,855.75	252,491,598.11	84,435,140.69	8,128,059.55	24,581,328.55	24,625,835.06	1,531,797,147.59
Operating cost	1,069,983,355.15	179,023,452.99	23,760,428.90	3,923,133.03	3,361.57	12,709,130.21	1,263,984,601.43
Including: major business cost	1,053,031,304.84	176,478,658.43	23,731,928.90	3,923,133.03	3,361.57	12,309,343.69	1,244,859,043.08
Operation cost	136,322,112.06	36,328,589.96	38,016,916.46	261,001.28	14,166,176.55	2,155,266.24	222,939,530.07
Operating profit/(loss)	-841,373.07	40,178,877.44	22,764,912.91	3,943,925.24	10,411,790.43	12,324,507.17	64,133,625.78
Total assets	6,443,691,491.34	1,071,489,078.51	5,757,164,395.34	174,153,859.54	3,284,971,987.82	4,460,584,784.80	12,270,886,027.75
Total liabilities	4,167,898,846.80	607,022,892.27	3,129,432,611.45	44,885,527.59	1,123,392,773.82	2,397,420,065.39	6,675,212,586.53

(3) Others

Regional information on operating revenues:

In RMB

Item	H1 2026	H1 2025
In China	1,272,446,026.69	1,459,381,780.51

Out of China	278,611,730.59	138,904,669.53
Total	1,551,057,757.28	1,598,286,450.04

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)	5,909,819.09	5,278,640.77
Over 3 years	359,129.89	359,129.89
Including: more than 5 years	359,129.89	359,129.89
Total	6,268,948.98	5,637,770.66

(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	6,268,948.98	100.00%	418,228.08	6.67%	5,850,720.90	5,637,770.66	100.00%	411,916.30	7.31%	5,225,854.36
Including:										
Portfolio 5: Commercial Real Estate and Other Receivables	6,268,948.98	100.00%	418,228.08	6.67%	5,850,720.90	5,637,770.66	100.00%	411,916.30	7.31%	5,225,854.36
Total	6,268,948.98	100.00%	418,228.08	6.67%	5,850,720.90	5,637,770.66	100.00%	411,916.30	7.31%	5,225,854.36

Category of bad debt provision assessed on a collective basis: Group 5: Commercial real estate and other receivables

In RMB

Name	Closing balance		
	Remaining book value	Bad debt provision	Provision rate
Portfolio 5: Commercial Real Estate and Other Receivables	6,268,948.98	418,228.08	6.67%
Total	6,268,948.98	418,228.08	

Group recognition basis:

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 5: Commercial Real Estate and Other Receivables	411,916.30	6,311.78				418,228.08
Total	411,916.30	6,311.78				418,228.08

(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	2,424,244.30	0.00	2,424,244.30	38.67%	24,242.44
No.2	2,380,198.60	0.00	2,380,198.60	37.97%	23,801.99
No.3	597,256.39	0.00	597,256.39	9.53%	5,972.56
No.4	359,129.89	0.00	359,129.89	5.73%	359,129.89
No.5	144,373.66	0.00	144,373.66	2.30%	1,443.74
Total	5,905,202.84	0.00	5,905,202.84	94.20%	414,590.62

2. Other receivables

In RMB

Item	Closing balance	Opening balance
Other receivables	1,092,664,677.23	1,131,454,187.78
Total	1,092,664,677.23	1,131,454,187.78

(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	1,092,597,440.84	1,131,408,372.96
Others	67,915.55	46,277.60
Total	1,092,665,356.39	1,131,454,650.56

(2) Account age

In RMB

Age	Closing balance of book value	Opening balance of book value
Within 1 year (inclusive)	26,912,638.15	3,425,432.76
1-2 years	5,645,294.16	53,345,434.89
2-3 years	300,592,240.88	632,978,380.00
Over 3 years	759,515,183.20	441,705,402.91
3-4 years	390,809,310.00	92,577,980.00
4-5 years	277,090,969.57	318,667,629.82
Over 5 years	91,614,903.63	30,459,793.09
Total	1,092,665,356.39	1,131,454,650.56

(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	1,092,665,356.39	100.00%	679.16	0.00%	1,092,664,677.23	1,131,454,650.56	100.00%	462.78	0.00%	1,131,454,187.78
Including:										
First stage	67,915.55	0.00%	679.16	1.00%	67,236.39	46,277.60	0.00%	462.78	1.00%	45,814.82
Related party funds within the	1,092,597,440.84	100.00%			1,092,597,440.84	1,131,408,372.96	100.00%	0.00	0.00%	1,131,408,372.96

scope of consolidation										
Total	1,092,665,356.39	100.00%	679.16	0.00 %	1,092,664,677.23	1,131,454,650.56	100.00 %	462.78	0.00 %	1,131,454,187.78

Number of categories for which bad debt provisions are made on a collective basis: 2

Provision for bad debts by category: Stage one

In RMB

Name	Closing balance		
	Remaining book value	Bad debt provision	Provision rate
First stage	67,915.55	679.16	1.00%
Total	67,915.55	679.16	

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.

Name of category for which bad debt provisions are made on a collective basis: Related-party balances within the consolidation scope

In RMB

Name	Closing balance		
	Remaining book value	Bad debt provision	Provision rate
Related party funds within the scope of consolidation	1,092,597,440.84	0.00	0.00%
Total	1,092,597,440.84	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 Thursday, January 1, 2026	462.78			462.78
Balance on Thursday, January 1, 2026 in the current period				
Provision	216.38			216.38
Balance on Tuesday, June 30, 2026	679.16			679.16

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	

Portfolio 1: First stage	462.78	216.38				679.16
Total	462.78	216.38				679.16

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	25,723,694.54	Less than 1 year	2.35%	
		5,645,294.16	1-2 years	0.52%	
		300,592,240.88	2-3 years	27.51%	
		373,808,980.00	3-4 years	34.21%	
		188,892,267.17	4-5 years	17.29%	
Fangda (Jiangxi) Property Development Co., Ltd.		75,082.12	Less than 1 year	0.01%	
		17,000,000.00	3-4 years	1.56%	
		88,198,702.40	4-5 years	8.07%	
		61,155,110.54	Over 5 years	5.60%	
Shihui International Holding Co., Ltd.		30,459,793.09	Over 5 years	2.79%	
Fangda Zhiyuan Technology Co., Ltd.		898,929.64	Less than 1 year	0.08%	
Jiangxi Fangda Intelligent Manufacturing Technology Co., Ltd.		52,882.90	Less than 1 year	0.00%	
Total		1,092,502,977.44		99.99%	

3. Long-term share equity investment

In RMB

Item	Closing balance			Opening balance		
	Remaining book value	Impairment provision	Book value	Remaining book value	Impairment provision	Book value
Investment in subsidiaries	1,706,562,530.00		1,706,562,530.00	1,706,562,530.00		1,706,562,530.00
Total	1,706,562,530.00		1,706,562,530.00	1,706,562,530.00		1,706,562,530.00

(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	247,500,000.00						247,500,000.00	
Fangda Zhiyuan	237,554,277.00						237,554,277.00	
Total	1,706,562,530.00						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	24,585,328.55	3,361.57	11,205,926.52	
Total	24,585,328.55	3,361.57	11,205,926.52	

Breakdown of operating revenues and operating costs:

In RMB

Contract classification	Others		Total	
	Turnover	Operating cost	Turnover	Operating cost
Business type	24,585,328.55	3,361.57	24,585,328.55	3,361.57
Including: Other businesses	24,585,328.55	3,361.57	24,585,328.55	3,361.57
By operating region	24,585,328.55	3,361.57	24,585,328.55	3,361.57
Including: in China	24,585,328.55	3,361.57	24,585,328.55	3,361.57

Information related to the transaction price allocated to the remaining performance obligations:

As of the end of the reporting period, the transaction price allocated to remaining performance obligations under contracts signed but not yet fulfilled or not yet fully fulfilled amounted to RMB 50,772,364.89, of which RMB 7,181,943.80 is expected to be recognized as revenue in the second half of 2026, RMB 11,275,422.01 in 2027, and RMB 32,314,999.08 in 2028 and thereafter.

5. Investment income

In RMB

Item	Amount occurred in the current period	Occurred in previous period
Gains from long-term equity investment measured by costs		25,500,000.00
Investment income from disposal of trading financial assets, etc.	34,765.14	48,151.98
Total	34,765.14	25,548,151.98

XIX. Supplementary Materials

1. Detailed accidental gain/loss

☑ Applicable □ Inapplicable

In RMB

Item	Amount	Notes
Gain/loss of non-current assets	149,689.17	
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)	2,608,161.54	
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	745,970.57	
Gain/loss from change of fair value of investment property measured at fair value in follow-up measurement	2,196,417.29	
Other non-business income and expenditures other than the above	-40,931.38	
Less: Influenced amount of income tax	877,065.54	
Impact on minority interests (after tax)	0.00	
Total	4,782,241.65	--

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	Earnings per share	
		Basic earnings per share (yuan/share)	Diluted Earnings per share (yuan/share)
Net profit attributable to common shareholders of the Company	0.98%	0.0508	0.0508
Net profit attributable to the common owners of the PLC after deducting of non-recurring gains/losses	0.89%	0.0463	0.0463

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